

AUDITOR'S REPORT

To

The Members of M/s Woo Yang Electronics (India) Limited

We have audited the Balance Sheet of M/s Woo Yang Electronics (India) Limited as at 31st March 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. Preparation of financial statements is the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable base for our opinion.

1. As required by the Companies (Auditors' Report) Order 2003 (as amended) issued by the Company Law Board, in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the 'ANNEXURE', a statement on the matters specified in Para 4 of the said Order;
2. In addition to our comments in the 'ANNEXURE' referred to in paragraph 1 above, we report that: -
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; and
 - b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purpose of our audit; and
 - c) The said Balance Sheet and Profit and Loss Account are in agreement with the books of accounts and returns; and
 - d) In our opinion the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 *except as referred in Note No. 1(d) of Schedule No. 9*; and
 - e) On the basis of information and explanations given to us and representation received from the Directors of the Company, we report that none of the Directors is disqualified from being appointed as Directors of the company under Section 274(1)(g) of the Companies Act, 1956; and

(Cont...2)



f) In our opinion and to the best of our information and the explanations given to us, the said accounts, *subject to*: -

(i) *Note No. 1(d) of Schedule No. 9 regarding Non- Compliance of AS- 15 issued by the ICAI on 'Employment Benefits' with respect to provision for Gratuity; and*

(ii) *Note No. 2(a) of Schedule No. 9 regarding "going concern" assumption in accounts inspite of full erosion in company's net worth .*

together with other notes in schedule of '**Significant Accounting Policies and Notes on Accounts**' thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -

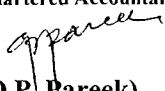
i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009; and

ii) In the case of the Profit and Loss Account, of the profit for the year ended on the date.

iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Signed for the purpose of identification

For V.N.Purohit & Co.
Chartered Accountants


(O.P. Pareek)
Partner
Membership No. 014238



New Delhi, the 4th day of May, 2009

“ANNEXURE” TO THE AUDITOR’S REPORT

(As referred in paragraphs of our report)

- (i) In respect of fixed assets: -
 - (a) The company is not owning any fixed assets during the year; and
 - (b) As the Company had disposed off its entire fixed assets during F.Y. 2006- 07, the question of its physical verification and discrepancies thereof does not arise; and
 - (c) As the Company had disposed off its entire fixed assets during F.Y. 2006- 07, According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has affected the going concern status of the Company;
- (ii) The Company holds no inventories at the end of year hence the provisions of said clause are not applicable to the Company;
- (iii) In our opinion and according to information and explanation given to us, the Company has neither granted nor taken any loan to/ from companies, firm and other parties covered under register maintained under section 301 of the Act and as such provision of said clause are not applicable to the Company;
- (iv) In our opinion and according to the explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of fixed assets and for sale of goods or supply of services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls;
- (v) In respect of contract and arrangements referred in section 301 of the Companies Act, 1956: -
 - (a) As per information and the explanations given to us, the Company has entered all entries regarding contracts or arrangements as referred in Section 301 of the Companies Act, 1956, in the register required to be maintained under that section, wherever applicable; and
 - (b) In our opinion and according to information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in register maintained under section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
- (vi) According to informations and explanations given to us, the Company has not accepted public deposits and the provision of section 58A, 58AA or other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable to the Company;
- (vii) The Company has an ‘in- house’ internal audit system commensurate with the size and nature of its business;
- (viii) Maintenance of cost records as prescribed under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company;
- (ix) In respect of timely deposit of statutory dues as applicable to Company: -
 - (a) The company is generally regular in payment of its undisputed statutory dues such as Income Tax, Provident Fund, Wealth Tax, Service Tax and other statutory dues as applicable, to the appropriate authorities. There is no statutory due outstanding as on last day of financial year for a period of more than six months; and
 - (b) According to information and explanation given to us, there is no outstanding statutory dues on the part of Company which is not deposited on account of dispute;

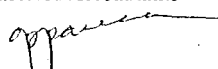
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- (x) The Company is carrying accumulated losses, which are more than fifty percent of its net worth at the end of financial year. The Company has not incurred any cash losses during the financial year covered by this report and immediately preceding financial year;
- (xi) According to information and explanation given to us, the company has not defaulted in repayment of dues to any bank or financial institution;
- (xii) According to information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) In our opinion, the company is not a Chit Fund or a Nidhi/ Mutual Benefit Society. Therefore, the provisions of said clause are not applicable to the company;
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debenture or any other investments. Therefore, the provisions of said clause are not applicable to the company;
- (xv) According to information and explanation given to us, the Company has not given guarantee for loan taken by others from bank or financial institutions;
- (xvi) According to information and explanation given to us, Company has not obtained any term loan during the year and no term loans are outstanding on the Company at the end of year;
- (xvii) According to information and explanation given to us, the company has not used any short-term fund for long- term investments;
- (xviii) During the year, the company has not made any preferential allotment to the parties covered in the register maintained under section 301 of the Companies Act, 1956, therefore the provisions of said clause are not applicable to the Company;
- (xix) The company has not issued any debentures during the year;
- (xx) The company has not raised money by way of public issue during the year;
- (xxi) During the course of our examination of books of accounts and according to information and explanation given to us, no fraud on or by the company has been noticed or informed during the year.

Signed for the purpose of identification

For V.N.Purohit & Co.
Chartered Accountants


(O.P. Pareek)
Partner
Membership No. 014238



New Delhi, the 4th day of May, 2009.

WOO YANG ELECTRONICS (INDIA) LIMITED
BALANCE SHEET AS AT 31ST MARCH 2009

	SCHEDULE	As at 31/03/2009		As at 31/03/2008	
		(Rupees)	(Rupees)	(Rupees)	(Rupees)
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		13,300,000		13,300,000
Reserves and Surplus	2		378,500		378,500
			13,678,500		13,678,500
APPLICATION OF FUNDS					
Current Assets, Loans and Advances					
Sundry Debtors	3	724,640		724,640	
Cash and Bank Balances	4	71,825		64,057	
Loans and Advances	5	302,756		323,756	
		1,099,221		1,112,453	
Less: Current Liabilities & Provisions	6	638,550		661,552	
Net Current Assets			460,671		450,901
Profit & Loss Account (Debit Balance)			13,217,829		13,227,599
			13,678,500		13,678,500
Notes on Accounts	9				

As per our report of even date attached
For V.N. Purohit & Co.
Chartered Accountants

(Signature)
(J.P. Rareek)
Partner
Membership No. 014238



For and on behalf of the Board

(Signature)
(Ashok Kumar Gupta)
Managing Director

(Signature)
(R.L. Gupta)
Director

New Delhi, the 4th day of May, 2009

WOO YANG ELECTRONICS (INDIA) LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

SCHEDULE	For the Year ended 31/03/2009 (Rupees)	For the Year ended 31/03/2008 (Rupees)
<u>INCOME</u>		
Sales (Traded Goods)	959,500	2,693,444
	959,500	2,693,444
<u>EXPENDITURE</u>		
Purchases	174,500	423,500
Personnel Expenses 7	376,559	383,649
Administrative & Other Expenses 8	329,227	447,769
	880,286	1,254,918
<u>PROFIT/LOSS BEFORE TAXATION</u>	79,214	1,438,526
Provision for MAT	(8,974)	-
<u>PROFIT AFTER TAXATION</u>	70,240	1,438,526
Income Tax Paid	(60,470)	-
Balance brought forward from Last Year	(13,227,599)	(14,666,125)
<u>BALANCE CARRIED TO BALANCE SHEET</u>	(13,217,829)	(13,227,599)

Notes on Accounts

9

As per our report of even date attached
For V.N. Purohit & Co.

Chartered Accountants

(O.P. Pareek)

Partner

Membership No. 014238



For and on behalf of the Board

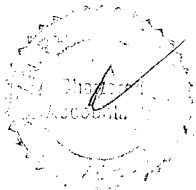
(Ashok Kumar Gupta)
Managing Director

(R.L. Gupta)
Director

New Delhi, the 4th day of May, 2009

WOO YANG ELECTRONICS (INDIA) LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

	As at 31/03/2009 (Rupees)	As at 31/03/2008 (Rupees)
1. SHARE CAPITAL		
<u>Authorised Capital</u>	20,000,000	20,000,000
20,00,000 Equity Shares of Rs. 10/- each		
<u>Issued, Subscribed and paid up:</u>	13,300,000	13,300,000
13,30,000 Equity Shares of Rs. 10/- each Fully paid.		
	<u>13,300,000</u>	<u>13,300,000</u>
2. RESERVES AND SURPLUS		
Capital Reserve	218,500	218,500
Diesel Generating Set Subsidy	160,000	160,000
	<u>378,500</u>	<u>378,500</u>
3. SUNDRY DEBTORS		
(Unsecured & not Considered Good)		
Debts outstanding for a period exceeding 6 months	724,640	724,640
	<u>724,640</u>	<u>724,640</u>
4. CASH AND BANK BALANCES		
Cash in hand (As certified by the management)	4,579	7,221
<u>Balances with Scheduled Banks: -</u>		
In Current Accounts	67,246	56,836
	<u>71,825</u>	<u>64,057</u>
5. LOANS & ADVANCES		
(Unsecured and Considered Good)		
Advances Recoverable in cash or in kind or for value to be received	277,256	298,256
Deposits With Government Departments	25,500	25,500
	<u>302,756</u>	<u>323,756</u>
6. CURRENT LIABILITIES & PROVISIONS:		
<u>Current Liabilities</u>		
<u>Sundry Creditors: -</u>		
For Goods	47,904	51,489
For Expenses	152,512	118,404
For Gratuity Payable	208,160	191,997
<u>Advances from Customers</u>	221,000	299,662
<u>Provisions</u>		
MAT	8,974	-
	<u>638,550</u>	<u>661,552</u>

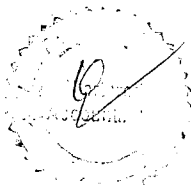


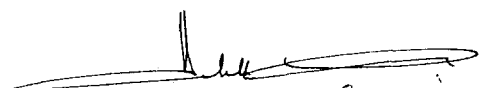
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R. D. Gupta

WOO YANG ELECTRONICS (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR YEAR ENDED ON 31ST MARCH 2009

	For the year ended 31/03/2009		For the year ended 31/03/2009	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
7. PERSONNEL EXPENSES				
Salary, Allowances and Bonus		331,780		354,982
Gratuity		16,163		
Contribution to P.F. and other Funds		28,616		28,667
		<u>376,559</u>		<u>383,649</u>
8. ADMINISTRATIVE & ESTABLISHMENT EXPENSES				
Printing & Stationery		9,664		9,120
Postage, Courier and Telephone Expenses		10,777		10,448
<u>Auditor's Remuneration:-</u>				
As Audit Fees	12000		12,000	
As Other Payments	<u>1236</u>	13,236	<u>1,483</u>	13,483
Legal & Professional Charges		203,359		127,411
Listing Fees		64,706		106,000
Advertisement Expenses		24,291		1,256
General Charges		597		850
Bank Charges		446		882
Filing Fees		2,151		2,112
Interest paid on Income Tax		-		176,207
		<u>329,227</u>		<u>447,769</u>




R. S. Gupta

WOO YANG ELECTRONICS (INDIA) LIMITED

SCHEDULE- 9

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:-

(a) ACCOUNTING CONCEPTS:

The accounts are prepared on historical cost convention and on going concern basis. Accounting Policies not specifically referred hereto, are otherwise consistent and in consonance with the generally accepted accounting principles.

(b) REVENUE RECOGNITION:

Having regard to the size, nature and level of operation of the business, the management is of the opinion that the Company is applying accrual basis of accounting for recognition of Income earned and Expenses incurred in the normal course of business.

(c) TAXES ON INCOME:

Current taxes on income have been provided by the Company in accordance with the relevant provisions of the Income Tax Act, 1961.

Deferred Taxes as envisioned in AS-22 issued by ICAI have not been provided due to almost non – functional status of the company.

(d) EMPLOYEE BENEFITS:

Short Term Benefits such as salary, bonus and other benefits are accounted on accrual basis.

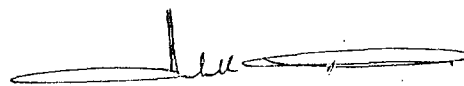
Defined Contribution Plans includes Company's contributions to State Plans such as PF, ESI etc. are charged to revenue as and when they become due to the Company.

In terms of Defined Benefit Plans, The Company has provided for the actual amount payable towards gratuity in the books of account, in respect of employees who have completed eligible period of service for entitlement. However, no provision has been made for gratuity on the basis of Actuarial Valuation as per provisions of Accounting Standards- 15 (Revised 2005) issued by ICAI on 'Employee Benefits' and therefore it is not possible to reproduce the prescribed disclosures as per AS -15 in the absence of a formality defined Benefit plans in this regard

2. NOTES ON ACCOUNTS:-

- (a) The Company is coming under the purview of Sick Industrial Companies (special Provisions) Act, 1985 and yet no reference has been made to appropriate authorities due to non implementability of its project. However, The accounts of Company have been prepared on going concern basis and there is significant uncertainty about company's ability to continue its operations for the foreseeable future due to heavy accumulated losses.
- (b) In the absence of requisite information. Amount, if any, due to Micro, Small and Medium Enterprises are not ascertainable as at Balance Sheet Date, hence not disclosed,
- (c) The business of the Company falls under single segment viz. Software trading. Therefore, Provisions of Accounting Standard (AS) – 17 issued by the ICAI on 'Segment Reporting' are not been applicable to the Company.
- (d) Realisation of Debtors is considered doubtful but no provision has been made with regard to the possible loss in the event of non- realisation thereof.




R. L. Gupta

- (e) Calculation of Earning Per Share (EPS) in accordance with Accounting Standard (AS) – 20 issued by the ICAI on 'Earning Per Share' has been made as follows: -

	For the year ended on 31/03/2009	For the year ended on 31/03/2008
Profit After Tax as per Profit & Loss Account (in Rs.)	79214/-	14,38,526/-
Weighted Average No. of Shares outstanding during the year	13,30,000	13,30,000
Basic/ Diluted Earning Per Share (in Rs.)	0.05/-	1.08/-

- (f) RELATED PARTY DISCLOSURES / TRANSACTIONS :-

Necessary disclosures as per requirements of AS- 18 issued by the ICAI on 'Related Party Disclosure' are made as under: -

	Transaction with	Nature of Transaction	Current Year (Rs.)	Previous Year (Rs.)
<u>Key Management Personnel: -</u>				
i.	Sh. Ashok Kumar Gupta	-----	Nil	Nil
ii.	Sh. R.L. Gupta	-----	Nil	Nil
iii.	Sh. Raj Kumar Gupta	-----	Nil	Nil
<u>Associates: -</u>				
i.	M/s Indian Roadways Corporation Limited	Sale of Goods	NIL	NIL
		Advances (net)	8,75,662	8,29,937
ii.	M/s IRC (India) Limited	Sale of Goods	9,59,500	NIL
iii.	M/s IRC Logistics Limited.	Sale of Goods	NIL	26,93,444
iv.	M/s IRC Worldwide Couriers Limited		NIL	NIL

- (g) Balance shown under head Sundry Debtors, Creditors and Advances are subject to confirmation.

- (h)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Earnings/ Remittances and/ or Expenditure in Foreign Currency	NIL	NIL



[Handwritten Signature]
(Cont...3)
R.L. Gupta

- (i) Quantitative Information in respect of Opening Stock, Purchases, Sales and Closing Stock pursuant to Schedule VI of the Companies Act, 1956 are mentioned hereunder: -

Particulars	For the Year Ended on 31/03/2009		For the Year Ended on 31/03/2008	
	Quantity (Pieces)	Value (Rs.)	Quantity (Pieces)	Value (Rs.)
Opening Stock	Nil	Nil	Nil	Nil
Purchases (Software)	1	1,74,500	1	4,23,500/-
Sales (Software)	1	9,59,500	1	26,93,444/-
Closing Stock	Nil	Nil	Nil	Nil

- (j) Previous Year's Figures have been re- arranged or re- grouped wherever considered necessary.
- (k) Figures have been rounded off to the nearest rupees.
- (k) Figures in brackets indicate negative (-) figures
- (m) Additional Information as required under Part- IV of Schedule- VI of the Companies Act, 1956 has been given in the Annexure hereto.

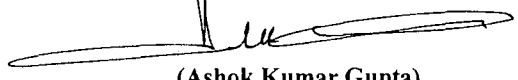
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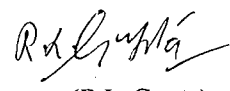
For V.N. Purohit & Co.
Chartered Accountants


(O.P. Pareek)
Partner



For and on behalf of Board


(Ashok Kumar Gupta)
Managing Director


(R.L. Gupta)
Director

New Delhi, the 4th day of May , 2009

WOO YANG ELECTRONICS (INDIA) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR
	(RUPEES)	(RUPEES)	(RUPEES)
CASH FLOW FROM OPERATING ACTIVITIES: -			
Net Profit Before Tax and After Extra- Ordinary Items (As per Profit & Loss Account)		79,214	1,438,526
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>79,214</u>	<u>1,438,526</u>
Working Capital Adjustments: -			
(Increase)/ Decrease in Sundry Debtors	-	-	-
(Increase)/ Decrease in Loans & Advances	21,000	843,338	
Increase/ (Decrease) in Current Liabilities	<u>(31,976)</u>	<u>(2,246,802)</u>	
		<u>(10,976)</u>	<u>(1,403,464)</u>
CASH GENERATED FROM OPERATIONS		68,238	35,062
ADJUSTMENT FOR			
Income tax Paid		<u>(60,470)</u>	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		<u>7,768</u>	<u>35,062</u>
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		-	-
NET CASH FLOW DURING THE YEAR (A + B + C)		<u>7,768</u>	<u>35,062</u>
OPENING CASH & CASH EQUIVALENTS		<u>64,057</u>	<u>28,995</u>
CLOSING CASH & CASH EQUIVALENTS		<u>71,825</u>	<u>64,057</u>

As per our report of even date of attached.

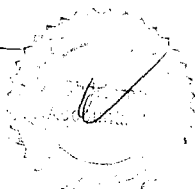
For and on behalf of the Board

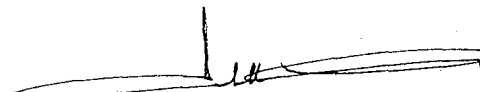
For V.N. Purohit & Co.
Chartered Accountants


(O.P. Pareek)
Partner

Membership No. 014238

New Delhi, the 4th day of May, 2009




(Ashok Kumar Gupta)
Managing Director


(R.L. Gupta)
Director

WOO YANG ELECTRONICS (INDIA) LIMITED

ANNEXURE- I

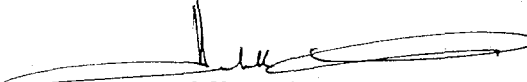
INFORMATION AS REQUIRED UNDER PART- IV OF SCHEDULE- VI OF THE COMPANIES ACT, 1956

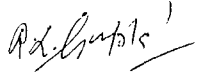
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

(RUPEES IN '000')

1. <u>Registration Details: -</u>		
Registration No.	:	23097
State Code No.	:	55
Balance Sheet Date	:	31/03/2009
2. <u>Capital Raised during the Year: -</u>		
Public Issue (issue through prospectus)	:	-
Right Issue	:	-
Bonus Issue	:	-
Private Placement	:	-
3. <u>Position of Mobilisation and Deployment of Funds: -</u>		
Total Liabilities	:	13,679
Total Assets	:	13,679
<u>Sources of Funds: -</u>		
Paid up Capital	:	13,300
Reserve & Surplus	:	379
Secured Loans	:	Nil
Unsecured Loans	:	Nil
<u>Application of Funds: -</u>		
Net Fixed Assets	:	Nil
Investments	:	Nil
Net Current Assets	:	461
Miscellaneous Expenditure	:	-
Accumulated Losses	:	13,218
4. <u>Performance of the Company: -</u>		
Turnover	:	960
Total Expenditure	:	880
Profit Before Tax	:	79
Profit After Tax	:	70
Earning Per Share (in Rs.)	:	0.05
Dividend Rate (in %)	:	-
5. <u>Generic Names of Principal Products</u>		
Item Code No.	:	N.A
Product Description	:	N.A

Signed for the Purpose of Identification
For and on behalf of the Board


(Ashok Kumar Gupta)
Managing Director


(R.L. Gupta)
Director

New Delhi, the 4th day of May, 2009