

## Sasken Finland Oy

## Balance Sheet (IGAAP)

Amount in Euros

	Reference in notes	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
Capital	1	20,197	20,197
Reserves and surplus	2	3,088,738	4,787,861
<b>Current liabilities</b>			
Trade payables	3	213,165	215,814
Other current liabilities	4	481,358	319,464
Short term provisions	5	868,594	761,719
<b>Total</b>		<b>4,672,052</b>	<b>6,105,055</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	6	152,903	125,166
Intangible fixed assets	7	494	3,019
Long term loans and advances	8	5,885	306,188
<b>Current assets</b>			
Trade receivables	9	2,549,090	2,714,425
Cash and bank balances	10	1,122,435	1,787,374
Short term loans and advances	11	360,305	243,270
Other current assets	12	480,940	925,613
<b>Total</b>		<b>4,672,052</b>	<b>6,105,055</b>

The notes to accounts form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors



*Rajiv C Modh*  
Rajiv C Modh  
Director

*Neeta Revankar*

Neeta Revankar  
Director

Place : Bangalore  
Date : April 25, 2014

Sasken Finland Oy

Statement of Profit and Loss (IGAAP)

Amount in Euros

	Reference in notes	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Revenue from Operations	13	8,189,278	8,108,322
Other Income	14	9,194	50,260
<b>Total Revenue</b>		<b>8,198,472</b>	<b>8,158,582</b>
Expenses:			
Employee benefit expense	15	4,832,954	5,831,654
Other operational expense	16	1,569,880	1,790,968
Depreciation and amortization expense		91,466	111,964
Finance cost	17	-	10
<b>Total expenses</b>		<b>6,494,300</b>	<b>7,734,596</b>
Profit/(loss) before tax		1,704,172	423,986
Tax expense/(credit):			
(1) Current tax		352,362	104,036
<b>Total tax expense</b>		<b>352,362</b>	<b>104,036</b>
<b>Profit/(loss) before extraordinary items and tax</b>		<b>1,351,810</b>	<b>319,950</b>
Earnings Per Share ( Equity Share par value Euro 1 each)			
Basic		67	16
Diluted			
computation of			
Basic EPS		20,197	20,197
Diluted EPS			

The notes to accounts form an integral part of the Statement of Profit and Loss.

For and on behalf of the Board of Directors


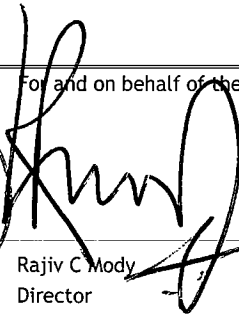



*Rajiv C Mody*  
Rajiv C Mody  
Director

*Neeta*

Neeta Revankar  
Director

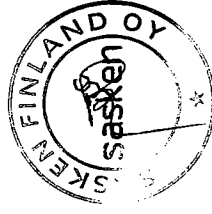
Place : Bangalore  
Date : April 25, 2014

Sasken Finland Oy		
Cash Flow Statement (IGAAP)		Amount in Euros
	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>A. Cash flows from operating activities:</b>		
Profit before tax	1,704,172	423,986
Adjustments for:		
Depreciation/Amortization	91,466	111,964
Other non-cash item - Gain on merger	5,320	-
Other income	(2,567)	(13,732)
Operating Profit before working capital changes	1,798,391	522,218
Adjustments for:		
(Increase)/decrease in Trade receivables	165,336	1,140,633
(Increase)/decrease in Work in progress	-	-
(Increase)/decrease in Other Assets	444,674	880,618
(Increase)/decrease in Loans & Advances	(117,035)	(32,788)
Increase/(decrease) in Trade payable	(2,649)	(564,177)
Increase/(decrease) in Other Current liab	161,894	(626,886)
Increase/(decrease) in Provisions	64,677	(263,328)
Cash generated from operations	2,515,288	1,056,290
Taxes (Paid)/ received, net	(9,863)	(29,127)
<b>Net Cash from operating activities</b>	<b>2,505,425</b>	<b>1,027,163</b>
<b>B. Cash flows from investing activities:</b>		
Purchase of fixed assets and intangible assets	(116,678)	(125,678)
Sale of fixed assets	-	90,000
Interest received	2,567	13,732
Investment in Bank Deposits	(42,546)	-
Redemption of Bank Deposits	47,622	-
<b>Net cash from/(used in) investing activities</b>	<b>(109,035)</b>	<b>(21,946)</b>
<b>C. Cash flows from financing activities:</b>		
Repayment of loan given to SCT Oy	-	1,650,056
Interest paid	-	-
Dividend Paid (Including WHT)	(3,056,253)	(1,660,000)
<b>Net cash used in financing activities</b>	<b>(3,056,253)</b>	<b>(9,944)</b>
Net increase / (decrease) in Cash and Cash equivalents (A+B+C)	(659,863)	995,273
Cash and Cash equivalents at the beginning of the period	1,734,748	739,475
<b>Cash and Cash equivalents at the end of the period</b>	<b>1,074,885</b>	<b>1,734,748</b>
As per our report of even date		
For and on behalf of the Board of Directors		
		
 Rajiv C Mody Director		 Neeta Revankar Director
Place : Bangalore		
Date : April 25, 2014		

Sasken Finland Oy		
Reference to notes forming part of the Balance Sheet	Amount in Euros	
Note 1	As at	As at
Shareholders' funds	March 31, 2014	March 31, 2013
<u>Authorised capital</u>		
72000 Equity Shares of 1 Euro each (Minimum Capital - 8,000 Euro; Maximum Capital - 50,000,000 Euro)	72,000	72,000
<u>Issued, subscribed and paid up capital</u>		
(20,197 Equity Shares of 1 Euro each fully paid up) (Refer Note 10 in the Notes to accounts)	20,197	20,197
Total	20,197	20,197
Note 2	As at	As at
Reserves and surplus	March 31, 2014	March 31, 2013
<u>Securities premium</u>		
Opening balance	1,342,965	1,342,965
Total	1,342,965	1,342,965
<u>Profit and loss account balance</u>		
Opening balance	3,444,896	4,784,946
Add: profit for the year	1,351,810	319,950
Less: Dividend paid (Refer Note 18.10 in Notes to accounts)	(3,056,253)	(1,660,000)
Add: Gain on account of Merger (Refer Note 18.9 in Notes to accounts)	5,320	-
Total	1,745,773	3,444,896
Total	3,088,738	4,787,861
Note 3	As at	As at
Trade payables	March 31, 2014	March 31, 2013
<u>For goods, services and expenses</u>		
- Dues to other creditors	213,165	215,814
Total	213,165	215,814
Note 4	As at	As at
Other current liabilities	March 31, 2014	March 31, 2013
Other current liabilities	417,564	319,464
Deferred revenues	25,716	-
Capital creditors	38,078	-
Total	481,358	319,464
Note 5	As at	As at
Short term provisions	March 31, 2014	March 31, 2013
Provision for Employee-compensated absences	751,832	761,719
Provision for warranty	74,565	-
Provision for Income Tax	42,197	-
Total	868,594	761,719



Sasken Finland Oy	Amount in Euros											
	Reference to notes forming part of the Balance Sheet											NET BLOCK
	Gross Block						Depreciation/Amortization/Impairment					
For the period ending March 31, 2014	Balance as at April 1, 2013	Additions	Deletions	Balance as at March 31, 2014	Balance as at April 1, 2013	For the Period	Deletions	Balance as at March 31, 2014	As at March 31, 2014	As at March 31, 2013		
Particulars												
Note 6 - Tangible Assets												
Tangible Assets												
- Computers	240,649	-	-	240,649	240,649	-	-	240,649	-	-	-	-
- Furniture and Fixtures	760,793	-	-	760,793	679,819	20,286	-	700,104	60,689	80,975	-	80,975
- Plant & Machinery including Office Equipments	2,364,617	93,046	-	2,457,663	2,320,426	45,023	-	2,365,449	92,214	44,191	-	44,191
- Vehicles	-	-	-	-	-	-	-	-	-	-	-	-
Total	3,366,059	93,046	-	3,459,105	3,240,894	65,309	-	3,306,202	152,903	125,166	-	125,166
Note 7 - Intangible Assets												
Intangible Assets												
- Computer Software	108,685	23,632	-	132,317	105,666	26,157	-	131,823	494	3,019	-	3,019
Total	108,685	23,632	-	132,317	105,666	26,157	-	131,823	494	3,019	-	3,019
Total	3,474,744	116,678	-	3,591,422	3,346,560	91,466	-	3,438,025	153,397	128,185	-	128,185



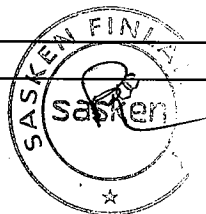
Sasken Finland Oy		
Reference to notes forming part of the Balance Sheet	Amount in Euros	
Note 8	As at	As at
Long term loans and advances	March 31, 2014	March 31, 2013
<u>Unsecured considered good</u>		
Security deposits	5,885	5,885
Advance income tax (net)	-	300,303
Total	5,885	306,188
Note 9	As at	As at
Trade receivables	March 31, 2014	March 31, 2013
<u>Unsecured considered good</u>		
Outstanding for more than six months from due date	729,628	850,949
Outstanding for less than six months from due date	1,819,462	1,863,476
Total	2,549,090	2,714,425
Note 10	As at	As at
Cash and bank balances	March 31, 2014	March 31, 2013
<u>Cash and cash equivalents</u>		
Balances with banks	1,074,885	1,734,748
<u>Other bank balances</u>		
Balance in Margin money	47,550	52,626
Total	1,122,435	1,787,374
Note 11	As at	As at
Short term loans and advances	March 31, 2014	March 31, 2013
<u>Unsecured considered good</u>		
Prepaid Exp & Other recoveries	360,305	243,270
Total	360,305	243,270
Note 12	As at	As at
Other current assets	March 31, 2014	March 31, 2013
Unbilled Revenues	480,940	925,613
Total	480,940	925,613



Sasken Finland Oy		
Reference to note forming part of the Statement of Profit and Loss	Amount in Euros	
Note 13	For the Year Ended	For the Year Ended
Revenue from operations	March 31, 2014	March 31, 2013
Sale of software services	8,189,278	8,108,322
Total	8,189,278	8,108,322
Note 14	For the Year Ended	For the Year Ended
Other Income	March 31, 2014	March 31, 2013
Miscellaneous income	6,627	36,528
Interest income on Group company loan	-	7,465
Interest income on Bank Deposits (Gross)	2,567	5,987
Other interest income	-	280
Total	9,194	50,260



Sasken Finland Oy		
Reference to note forming part of the Statement of Profit and Loss		Amount in Euros
Note 15	For the Year Ended	For the Year Ended
Employee Benefit Expense	March 31, 2014	March 31, 2013
Salaries & Bonus	3,863,625	4,628,212
Contribution to Provident and Other Funds	895,015	1,106,997
Staff Welfare	59,814	89,945
Recruitment and Relocation	14,500	6,500
<b>Total</b>	<b>4,832,954</b>	<b>5,831,654</b>
Note 16	For the Year Ended	For the Year Ended
Other operational expense	March 31, 2014	March 31, 2013
Rent	341,719	413,586
Repairs and maintenance		
-Plant and machinery	59,721	6,335
-Building	102,036	73,055
-Others	4,042	-
Communication expenses	114,306	148,237
Travel expenses	163,322	241,897
Electricity and water charges	9,999	34,929
Professional, legal and consultancy charges	117,720	66,630
Insurance	39,573	21,356
Contract staff cost	108,084	142,847
Software expenses	35,114	96,371
Training and conference expenses	1,440	3,492
Selling expenses - others	7,763	4,425
Warranty Expenses	74,565	-
Audit Fees	23,460	16,580
Miscellaneous expenses	20,460	164,638
Exchange loss/(gain)	39,463	7,698
Recovery of costs from related companies	307,093	348,892
<b>Total</b>	<b>1,569,880</b>	<b>1,790,968</b>
Note 17	For the Year Ended	For the Year Ended
Finance Cost	March 31, 2014	March 31, 2013
Interest expense on bank loans	-	10
<b>Total</b>		<b>10</b>





Sasken Finland Oy			
Balance Sheet (IGAAP)		Amount in Rs.	
	Reference in notes	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
Capital	1	1,208,925	1,208,925
Reserves and surplus	2	254,558,201	333,283,880
<b>Current liabilities</b>			
Trade payables	3	17,536,684	15,013,931
Other current liabilities	4	39,600,551	22,224,833
Short term provisions	5	71,457,808	52,992,204
<b>Total</b>		<b>384,362,169</b>	<b>424,723,773</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	6	12,579,076	8,707,636
Intangible fixed assets	7	40,644	210,057
Long term loans and advances	8	484,145	21,301,222
<b>Current assets</b>			
Trade receivables	9	209,709,565	188,840,382
Cash and bank balances	10	92,340,858	124,346,163
Short term loans and advances	11	29,641,694	16,924,128
Other current assets	12	39,566,187	64,394,185
<b>Total</b>		<b>384,362,169</b>	<b>424,723,773</b>

The notes to accounts form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors



Rajiv C. Mody  
Director

Neeta Revankar  
Director

Place : Bangalore  
Date : April 25, 2014

Sasken Finland Oy

Statement of Profit and Loss (IGAAP)

Amount in Rs.

	Reference in notes	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Revenue from Operations	13	661,712,041	568,576,504
Other Income	14	772,937	3,503,110
<b>Total Revenue</b>		<b>662,484,978</b>	<b>572,079,614</b>
<b>Expenses:</b>			
Employee benefit expense	15	392,300,903	408,228,572
Other operational expense	16	126,796,113	125,660,191
Depreciation and amortization expense		7,491,038	7,797,865
Finance cost	17	-	700
<b>Total expenses</b>		<b>526,588,054</b>	<b>541,687,328</b>
Profit/(loss) before tax		135,896,924	30,392,286
Tax expense/(credit):			
(1) Current tax		27,804,280	7,420,083
<b>Total tax expense</b>		<b>27,804,280</b>	<b>7,420,083</b>
<b>Profit/(loss) after tax</b>		<b>108,092,644</b>	<b>22,972,203</b>
<b>Earnings Per Share ( Equity Share par value Euro 1 each)</b>			
Basic		5,352	1,137
Diluted			
Weighted average number of Equity Shares used in computation of			
Basic EPS		20,197	20,197
Diluted EPS			

The notes to accounts form an integral part of the Statement of Profit and Loss.



For and on behalf of the Board of Directors

Place : Bangalore  
Date : April 25, 2014

Rajiv C Modv  
Director

Neeta Revankar  
Director

Sasken Finland Oy		
Reference to notes forming part of the Balance Sheet	Amount in Rs.	
Note 1	As at	As at
Shareholders' funds	March 31, 2014	March 31, 2013
<u>Authorised capital</u>		
72,000 (As of March 31, 2013 : 72,000) Equity Shares of 1 Euro each	72,000	72,000
<u>Issued, subscribed and paid up capital</u>		
20,197 (As of March 31, 2013: 20,197) Equity Shares of 1 Euro each fully paid up (Refer Note 10 in the Notes to accounts)	1,208,925	1,208,925
<b>Total</b>	<b>1,208,925</b>	<b>1,208,925</b>
<b>Note 2</b>	<b>As at</b>	<b>As at</b>
<b>Reserves and surplus</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<u>Securities premium</u>		
Opening balance	80,385,374	80,385,374
<b>Total</b>	<b>80,385,374</b>	<b>80,385,374</b>
<u>Foreign exchange translation reserve</u>		
Opening balance	67,595,000	54,493,481
Add: movements during the year	2,270,135	13,101,519
Less: movements during the year		
<b>Total</b>	<b>69,865,135</b>	<b>67,595,000</b>
<u>Profit and loss account balance</u>		
Opening balance	185,303,506	281,371,730
Add: profit for the period / year	108,092,644	22,972,202
Less: Dividend paid	(189,458,588)	(119,040,426)
Add: Gain on account of Merger (Refer Note 10 in Notes to accounts)	370,130	-
<b>Total</b>	<b>104,307,692</b>	<b>185,303,506</b>
<b>Total</b>	<b>254,558,201</b>	<b>333,283,880</b>
<b>Note 3</b>	<b>As at</b>	<b>As at</b>
<b>Trade payables</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<u>For goods, services and expenses</u>		
- Dues to other creditors	17,536,684	15,013,931
<b>Total</b>	<b>17,536,684</b>	<b>15,013,931</b>
<b>Note 4</b>	<b>As at</b>	<b>As at</b>
<b>Other current liabilities</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Other current liabilities	34,352,323	22,224,833
Deferred revenues	2,115,614	-
<b>Capital creditors</b>	<b>3,132,614</b>	<b>-</b>
<b>Total</b>	<b>39,600,551</b>	<b>22,224,833</b>
<b>Note 5</b>	<b>As at</b>	<b>As at</b>
<b>Short term provisions</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Provision for Employee compensated absences	61,851,975	52,992,204
Provision for Warranty	6,134,343	-
Provision for Income Tax	3,471,490	-
<b>Total</b>	<b>71,457,808</b>	<b>52,992,204</b>



Particulars	Gross Block										Depreciation/Amortization/Impairment			NET BLOCK	
	Balance as at April 1, 2013	Additions	Deletions	Adjustments	Balance as at March 31, 2014	Balance as at April 1, 2013	For the Period	Deletions	Adjustments	Balance as at March 31, 2014	As at March 31, 2014	As at March 31, 2013			
	Amount in Rs.														
Sasken Finland Oy															
Reference to notes forming part of the Balance Sheet															
For the quarter ending March 31, 2014															
Note 6 - Tangible Assets															
Tangible Assets															
- Computers	16,741,759	-	-	3,056,050	19,797,809	16,741,759	-	3,056,050	19,797,809	4,992,786	4,992,786	5,633,331			
- Furniture and Fittings	32,927,761	-	-	9,661,463	62,589,224	47,294,430	-	8,656,532	57,950,962	7,586,290	7,586,290	3,074,305			
- Plant & Machinery including Office Equipments	164,504,493	7,654,783	-	30,028,741	202,188,017	161,430,188	-	29,440,536	194,601,727	12,579,076	12,579,076	8,707,636			
Total	2,41,174,013	7,654,783	-	42,746,254	284,575,050	225,466,377	-	41,153,118	271,995,974	40,644	40,644	210,057			
Note 7 - Intangible Assets															
Intangible Assets															
- Computer Software	7,561,120	1,944,148	-	1,380,211	10,885,479	7,351,063	-	1,379,213	10,844,835	40,644	40,644	210,057			
Total	7,561,120	1,944,148	-	1,380,211	10,885,479	7,351,063	-	1,379,213	10,844,835	40,644	40,644	210,057			
Total	2,41,735,133	9,598,931	-	44,126,465	295,460,529	232,817,440	-	42,532,331	282,840,809	12,619,720	12,619,720	8,917,693			



Sasken Finland Oy		
Reference to notes forming part of the Balance Sheet		Amount in Rs.
Note 8	As at	As at
Long term loans and advances	March 31, 2014	March 31, 2013
<u>Unsecured considered good</u>		
Security deposits	484,145	409,411
Advance income tax (net)	-	20,891,811
Total	484,145	21,301,222
Note 9	As at	As at
Trade receivables	March 31, 2014	March 31, 2013
<u>Unsecured considered good</u>		
Outstanding for more than six months from due date	60,025,364	59,199,813
Outstanding for less than six months from due date	149,684,201	129,640,569
Total	209,709,565	188,840,382
Note 10	As at	As at
Cash and bank balances	March 31, 2014	March 31, 2013
<u>Cash and cash equivalents</u>		
Balances with banks	88,429,037	120,685,037
<u>Other bank balances</u>		
Balance in Margin money	3,911,821	3,661,126
Total	92,340,858	124,346,163
Note 11	As at	As at
Short term loans and advances	March 31, 2014	March 31, 2013
<u>Unsecured considered good</u>		
Prepaid Exp & Other recoveries	29,641,694	16,924,128
Total	29,641,694	16,924,128
Note 12	As at	As at
Other current assets	March 31, 2014	March 31, 2013
Unbilled Revenues	39,566,187	64,394,185
Total	39,566,187	64,394,185



Sasken Finland Oy		
Reference to note forming part of the Statement of Profit and Loss		Amount in Rs.
Note 13	For the Year Ended	For the Year Ended
Revenue from operations	March 31, 2014	March 31, 2013
Sale of software services	661,712,041	568,576,504
Total	661,712,041	568,576,504
Note 14	For the Year Ended	For the Year Ended
Other Income	March 31, 2014	March 31, 2013
Miscellaneous income	555,401	2,529,310
Interest income on Group company loan	-	524,780
Interest income on Bank Deposits (Gross)	217,536	429,352
Other interest income	-	19,668
Total	772,937	3,503,110



Sasken Finland Oy		
Reference to note forming part of the Statement of Profit and Loss		Amount in Rs.
Note 15	For the Year Ended	For the Year Ended
Employee Benefit Expense	March 31, 2014	March 31, 2013
Salaries & Bonus	313,747,670	324,125,014
Contribution to Provident and Other Funds	72,546,405	77,392,838
Staff Welfare	4,819,591	6,254,791
Recruitment and Relocation	1,187,237	455,929
<b>Total</b>	<b>392,300,903</b>	<b>408,228,572</b>
Note 16	For the Year Ended	For the Year Ended
Other operational expense	March 31, 2014	March 31, 2013
Rent	27,512,677	28,948,532
Repairs and maintenance		
-Plant and machinery	5,010,901	446,163
-Building	8,362,548	5,117,847
-Others	314,982	738
Communication expenses	9,256,675	10,370,050
Travel expenses	12,948,546	17,067,484
Electricity and water charges	804,988	2,470,777
Professional, legal and consultancy charges	9,540,768	4,734,188
Insurance	3,211,403	1,502,227
Contract staff cost	8,687,597	9,953,197
Software expenses	2,874,283	6,754,504
Training and conference expenses	121,963	244,333
Warranty expenses [net of reversal]	6,287,545	-
Selling expenses - others	645,001	305,218
Audit Fees	1,891,263	1,166,283
Miscellaneous expenses	1,423,215	11,501,899
Exchange loss/(gain)	3,334,868	551,241
Recovery of costs from related companies	24,566,890	24,525,510
<b>Total</b>	<b>126,796,113</b>	<b>125,660,191</b>
Note 17	For the Year Ended	For the Year Ended
Finance Cost	March 31, 2014	March 31, 2013
Interest expense on bank loans	-	700
<b>Total</b>	<b>-</b>	<b>700</b>



## Sasken Finland Oy

Notes forming part of the accounts for the year ended March 31, 2014

### Note 18

Notes to Accounts

#### 18.1. Description of Business

Sasken Finland Oy ("SF" or "the Company") is engaged at Finland in wireless technology and its applications, i.e. mobile handsets and telecom equipments. It is operating in wireless technology providing total wireless design services of different technologies as well as communication protocols and standards by integrating hardware and software design.

SF has its headquarters in Kaustinen, Finland.

#### 18.2. Significant Accounting Policies

##### Basis for preparation of financial statements

The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used during the previous period.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from the estimates.

##### Revenue Recognition

The Company derives its revenues from services.

Revenue from time and material service contracts is recognized as the services are provided. Revenue from fixed price service contracts is recognized based on the proportionate completion method, provided collection is probable.

Dividend income is recognized when the right to receive dividend is established.

Interest income is recognized on an accrual basis.

##### Fixed Assets (including intangible assets)

Fixed assets (including intangible assets) are stated at cost, less accumulated depreciation less impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.





## Depreciation

Depreciation is provided on Straight Line Method (SLM) over the estimated useful life:

Type of asset	Years
Computers	3
Furniture & Fittings	5
Plant & Machinery including Office Equipment	5

Leasehold improvements at leased property are depreciated over the estimated useful life or the lease period of the property, whichever is lower.

Assets with unit value Euro 5,000 or less is depreciated entirely in the period of acquisition.

Intangible assets comprise of the following and are depreciated over the estimated useful life as given below:

1. Computer Software -
  - a. Computer Software used for development of software/rendering software services - Over the life of the project/product.
  - b. Generic Computer Software - over 12 months.
  - c. Product Software for administration purposes - 3 years.

## Investments

Investments are classified as current or long term based on management intention at the time of purchase. Current investments are carried at lower of cost and net realizable value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss.

## Inventories

Inventories are valued at cost or net realizable value. The cost of inventories includes all costs of purchase and other costs incurred to bring the inventories to its present condition.

## Foreign currency transactions

- i. Initial Recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.
- ii. Conversion - Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- iii. Exchange Differences - Exchange differences arising on the settlement or conversion of monetary items, are recognized as income or as expenses in the period in which they arise except those arising on liabilities pertaining to fixed assets acquired from outside Finland, which are adjusted with the cost of the fixed assets.

## Retirement Benefits

The Company contributes to the retirement benefit at defined rate as percentage of the salary. This contribution is as per Finnish pension law and same is remitted to the Insurance Company. The Company has no further obligation other than the above contribution



## Impairment of assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

## Warranty

The Company provides for the estimated costs based on trend of past analysis and nature of services rendered, which may be incurred under free warranties, as provided in licensing and service contracts.

## Research and Development

All research and development costs are charged to Profit and Loss account when incurred. Equipment or facilities that are acquired or constructed for research and development activities, which have alternative future uses are capitalized as intangible assets. Depreciation on such assets is charged to expense as research and development costs.

## Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Finnish taxation Law. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

## Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders' by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders'; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders' and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



## Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## Segment Policy

Identification of segments:

The Company is focused in the telecommunication space. The risks and returns of the Company are predominantly determined by the nature of the solution offered to its customers, which may be in the form of products or services.

The Company currently operates in single business segment, i.e. services.

The geographical segment information is disclosed based on the location of the customers. The geographical segment in which the Company currently operates is Europe.

## Operating Leases

Operating leases payments are recognized as expense in the profit and loss account on a straight-line basis over the lease term.

## 18.3. Other notes

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Nil (As at March 31, 2013: Nil)
- b) Contingent Liabilities - Bank Guarantee given amounting to Euro 47,550 (March 2013: to Euro 52,626)

## 18.4. Provision for taxation

The operations of SF are taxable under the Finnish Tax Laws.

## 18.5. Related Party Disclosures

### (a) Remuneration paid to Key Managerial Personnel

Name of the related party	Relationship	Amount in Euros			
		Quarter Ended March 31, 2014	Year Ended March 31, 2014	Quarter Ended March 31, 2013	Year Ended March 31, 2013
Hannu Jyrkkä	Managing Director (from 01.04.2012 to 28.02.2013)	-	-	73,791	158,714
Toni Varila	Managing Director (from 01.03.2013)	24,957	100,658	7,987	7,987

# The above does not include provisions for employee benefits determined on actuarial basis and provisions for compensated absences.



The following table summarizes the transactions and balances of the Company with group companies:

Transactions	Amount in Euros			
	Quarter Ended March 31, 2014	Year Ended March 31, 2014	Quarter Ended March 31, 2013	Year Ended March 31, 2013
Sasken India:				
Software development services rendered	-	92,307	7,135	167,618
Software development services procured	34,884	294,175	80,943	330,267
Common Administrative support services received	1,388	12,918	(22,793)	18,471
Common Administrative support services rendered	100	2,103	2,785	2,985
Sasken China:				
Software development services procured	-	-	-	154

Balances	Amount in Euros	
	As at March 31, 2014	As at March 31, 2013
Receivable from Sasken India	83,177	-
Unbilled Revenue from Sasken India	-	6,318
Payable (Incl. provisions) to Sasken India	-	36,923
Receivable from Sasken China	729,628	896,417
Payable (Incl. provisions) to Sasken China	124,294	110,193

#### 18.6. Segment reporting

The Company currently operates in single business segment, i.e. services.

The geographical segment information is disclosed based on the location of the customers. The geographical segment in which the Company currently operates is Europe.

#### 18.7. Earnings per Share (EPS)

Reconciliation of the net income and number of shares considered in the computation of basic and diluted EPS is given below:

	Amount in Euros			
	Quarter Ended March 31, 2014	Year Ended March 31, 2014	Quarter Ended March 31, 2013	Year Ended March 31, 2013
Profit (Loss) for computation of basic and diluted EPS	267,581	1,351,810	329,580	319,950
Weighted average number of shares considered for basic EPS	20,197	20,197	20,197	20,197



### 18.8. Operating lease

The Company has operating leases for office premises that are (a) renewable on a periodic basis and are cancelable by giving a notice period ranging from 1 month to 6 months and (b) are non cancelable for specified periods under arrangements. Rent escalation clauses vary from contract to contract.

	Amount in Euros			
	Quarter Ended March 31, 2014	Year Ended March 31, 2014	Quarter Ended March 31, 2013	Year Ended March 31, 2013
Rent expenses included in profit & loss account towards operating leases	75,031	341,719	99,200	413,586

Minimum lease obligation under non-cancellable lease contracts amounts to:

	Amount in Euros	
	As at March 31, 2014	As at March 31, 2013
Due in one year of the balance sheet date	67,865	229,038
Due between one to five years	40,074	17,130

### 18.9. Merger

The Board of Directors of Sasken Communication Technologies Oy and Sasken Finland Oy (100% owned subsidiary by Sasken Communication Technologies Oy) on December 3, 2012 approved a draft terms of merger pursuant to which Sasken Communication Technologies Oy would merge by means of an absorption merger into Sasken Finland Oy. The Finnish Trade Register registered on December 10, 2012 the draft terms of merger. The Finnish Trade Register made a public notice to the creditors of Sasken Communication Technologies Oy which had the right to oppose the merger on December 11, 2012. The due date set by the Trade Register was March 25, 2013.

Sasken Finland Oy by means of a shareholders' unanimous resolution, dated February 28, 2013, approved the merger and the issuance of 20,197 new shares in Sasken Finland Oy as merger consideration to the shareholder of Sasken Communication Technologies Oy i.e. to Sasken Communication Technologies Limited.

The implementation date of the merger was April 1, 2013.

### 18.10. Dividend

It was resolved in the shareholder's meeting held on 23<sup>rd</sup> August 2013 that, in accordance with the proposal of the Board of Directors to distribute to its shareholder (i.e. Sasken Communication Technologies Ltd, India) as dividend approximately 30.50 euros per share (20,197 outstanding shares in the company) i.e. in total 616,008.50 euros from the distributable assets of the company. Such dividend has been paid immediately after the resolution.

It was resolved in the shareholder's meeting held on 30<sup>th</sup> October 2013 that, in accordance with the proposal of the Board of Directors to distribute to its shareholder (i.e. Sasken Communication Technologies Ltd, India) as dividend approximately 31.70 euros per share (20,197 outstanding shares in the company) i.e. in total 640,244.90 euros from the distributable assets of the company. Such dividend has been paid immediately after the resolution.

It was resolved in the shareholder's meeting held on 20<sup>th</sup> January 2014 that, in accordance with the proposal of the Board of Directors to distribute to its shareholder (i.e. Sasken Communication Technologies Ltd, India) as dividend approximately 39.6098 euros per share (20,197 outstanding shares in the company) i.e. in total 800,000.00 euros from the distributable assets of the company. Such dividend has been paid immediately after the resolution



It was stated that the Company's profit for the period 01.04.2013 - 31.12.2013 was 1,084,228.52 euros. It was further stated that the distributable asset of the company (taking into consideration the profits of the previous financial years as adopted) as of December 31, 2013 were in total 3,278,191.41 euros (Exhibit 1; interim report).

It was resolved in the shareholder's meeting held on 20<sup>th</sup> January 2014 that, in accordance with the proposal of the Board of Directors to distribute to its shareholder (i.e. Sasken Communication Technologies Ltd, India) as Interim dividend approximately 49.5123 euros per share (20,197 outstanding shares in the company) i.e. in total 1,000,000.00 euros from the unrestricted equity of the company and that pursuant to above interim report the company may distribute above dividend. Such dividend has been paid immediately after the resolution.

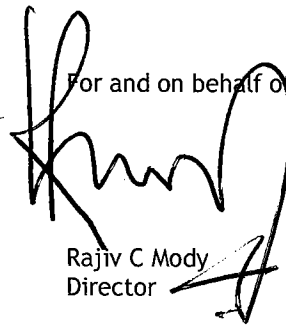
#### 18.11. Comparatives

Previous period/year's figures have been regrouped/rearranged wherever necessary to conform with current year's presentation.

Signature to notes 1 to 18



Place : Bangalore  
Date : April 25, 2014

For and on behalf of the Board of Directors  


Rajiv C Mody  
Director



Neeta Revankar  
Director