

**Magnasoft Spatial Services Inc
Independent Accountants' Audit Report
31st March, 2015**

**Magnasoft Spatial Services Inc
USA**

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DETAILS OF MEMBERS

Magnasoft Consulting India Private Ltd.

REGISTERED OFFICE

6000 East Evans Avenue Bldg 1,
Suite 360, Denver, CO 80222

Independent Accountants' Audit Report

Date: June 13,2015

To the Members
Magnasoft Spatial Services Inc.
6000 East Evans Avenue Bldg 1,
Suite 360, Denver, CO 80222

Scope:

We have audited the accompanying financial statements of Magnasoft Spatial Services Inc. (company) which comprise the Balance sheet for the year ended 31st March, 2015 and the related statements of operations, members' equity, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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 the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

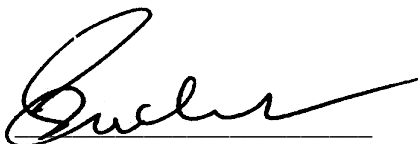
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of Magnasoft Spatial Services Inc (company) as of March 31, 2015 and the results of its operations, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Sudhir Pai, CPA
P&G ASSOCIATES, PLLC
300 E Royal Lane, Suite 127
Irving TX 75039, USA

Magnasoft Spatial Services Inc
USA
BALANCE SHEET
As of
(Expressed in US Dollars)

ASSETS	March 31,2015	March 31,2014
Current Assets		
Cash and Cash Equivalents	53,706	136,959
Total Current Assets	53,706	136,959
Accounts Receivable	628,369	533,062
Deposits and Prepayments	35,651	1,226
Advance to Vendors	23,490	26,558
Non-Current Assets		
Related Party Loan Receivable	40,083	24,332
Total Non-Current Assets	40,083	24,332
Total Assets	781,299	722,137
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	248,825	466,483
Total Current Liabilities	248,825	466,483
Non-Current Liabilities		
Related Party Loan Payable	612,141	347,523
Total Non-Current Liabilities	612,141	347,523
Total Liabilities	860,966	814,006
MEMBERS' EQUITY		
Equity	1	1
Accumulated Losses	(91,870)	(146,793)
Net Profit	12,202	54,923
Total Equity	(79,667)	(91,869)
Total liabilities and Equity	781,299	722,137

The accompanying notes form an integral part of the financial statements.

Bobbie H. Kalra
CEO

Magnasoft Spatial Services Inc
USA
Statement of Operations
For Period Ended
(Expressed in US Dollars)

	March 31, 2015	March 31, 2014
Revenue		
Software Services	1,263,193	970,668
Miscellaneous Income	105	-
Total Revenue	1,263,298	970,668
Expenditure		
Cost of Sales		
Other Direct Costs	1,200,884	870,164
Total Cost of Sales	1,200,884	870,164
Gross Profit	62,414	100,504
General and Administration Costs	48,537	23,664
Selling and Distribution Costs	1,675	21,917
Total Expenses	50,212	45,581
Operating Profit	12,202	54,923
Current Tax	-	-
Net Profit	12,202	54,923

The accompanying notes form an integral part of the financial statements.

Bobbie H. Kalra
CEO

**Magnasoft Spatial Services Inc
USA**

**Statement of Cash Flows
For Period Ended**

(Expressed in US Dollars)

	March 31, 2015	March 31, 2014
Cash Flows from Operating Activities:		
Net Profit	12,202	54,923
<i>Adjustments to reconcile net profit to net cash used in operating activities</i>		
Changes in certain assets and liabilities:		
Accounts receivable	(111,058)	(207,868)
Deposits and prepayments	(34,425)	(650)
Advance to vendors	3,068	(26,558)
Accounts payable and accrued liabilities	(217,658)	306,692
Net cash used in Operating Activities	(347,871)	126,539
Cash Flows from Investing Activities	-	-
Net cash generated/(used) used in Investing Activities	-	-
Cash Flows From Financing Activities		
MCIPL Loan received	418,733	285,684
MCIPL Loan repaid	(154,115)	(309,914)
Net cash provided by Financing Activities	264,618	(24,230)
Net decrease in cash and cash equivalents	(83,253)	102,309
Cash and cash equivalents at beginning of year	136,959	34,650
Cash and cash equivalents at end of year	53,706	136,959

The accompanying notes form an integral part of the financial statements.

Bobbie H. Kalra
CEO

Magnasoft Spatial Services Inc
USA
Notes to the Financial Statements
For the year ended 31st March, 2015

1) Nature of Operations

Magnasoft Spatial Services Inc is a Corporation, incorporated under the laws of the State of Delaware on May 17, 2002. The entity is engaged in providing services relating to Laser Scanning, GIS Mapping, LiDAR, Photogrammetry, Orthophoto Production and such other related services.

2) Significant Accounting Policies

Basis of Accounting:

The Company uses the accrual method of accounting for financial reporting purposes. The financial statements have been prepared in conformity with accounting principles generally accepted in the USA (“GAAP”).

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the USA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Current assets and liabilities:

Assets and liabilities are classified as current if they are receivable and payable within twelve months of the balance sheet date; otherwise they are classified as long term. Current assets and liabilities are stated at nominal value, net of provision, if applicable.

Fair Value of Financial Instruments:

The carrying amounts for certain Company financial instruments, including cash and cash equivalents, amounts due to affiliates and members' advance, approximate fair value due to their short maturities.

Revenue Recognition:

Income is recognized in the period when it is earned.

Expenses:

Expenses are recognized in the period when these are incurred.

Foreign currency translation principle:

Assets and liabilities denominated in currencies other than US Dollars are translated at the rate prevailing at the balance sheet date. Transactions in currencies other than US Dollars during the year are translated into US Dollars at the rate prevailing on the transaction date. Foreign exchange gains and losses are included in Statement of Operations.

3) Related Party Transactions

Magnasoft Consulting India Private Ltd. is the holding company of Magnasoft Spatial Services Inc. During the period, Magnasoft Consulting India Private Ltd. provided loan amounting to \$ 418,733 to its subsidiary company, so the outstanding at the year end is \$ 612,141.

During this year Magnasoft Spatial Services Inc outsourced the GIS development work to Magnasoft Consulting India Private Ltd and the cost of the same is \$ 1,096,597.

Magnasoft Europe Ltd is a fellow subsidiary of Magnasoft Consulting India Private Limited. During the period, Magnasoft Spatial Services Inc advanced loan amounting to \$15,750 to Magnasoft Europe Ltd, so the outstanding at the year end is \$ 40,082.

4) **Cash and Cash Equivalents**

	March 31, 2015	March 31,2014
<i>Chase Morgan Bank</i>	44,637	136,447
<i>Pay Pal</i>	9,069	512
	53,706	136,959

5) **Accounts Receivable**

Period(In Days)	March 31, 2015	March 31,2014
<i>Less than 30</i>	91,206	317,696
<i>31-60</i>	86,568	30,163
<i>61-90</i>	36,188	22,899
<i>More than 90</i>	414,407	162,304
	628,369	533,062

6) **Deposits and Prepayments**

	March 31, 2015	March 31,2014
<i>Rental Deposit</i>	1,226	1,226
<i>Prepaid VISA Charges</i>	34,425	-
	35,651	1,226

7) **Advance to Vendors**

Period(In Days)	March 31,2015	March 31,2014
<i>Less than 30</i>	-	-
<i>31-60</i>	-	-
<i>61-90</i>	-	-
<i>More than 90</i>	23,490	26,558
	23,490	26,558

8) **Accounts Payable**

Period(In Days)	March 31, 2015	March 31,2014
<i>Less than 30</i>	109,988	246,914
<i>31-60</i>	88,284	135,238
<i>61-90</i>	30,362	22,142
<i>More than 90</i>	20,191	62,189
	248,825	466,483

9) **Software Services**

	March 31,2015	March 31,2014
<i>Income From GIS- Conversion</i>	262,384	262,944
<i>Income From GIS-Engineering Department</i>	64,209	153,000
<i>Income From GIS – PTG</i>	126,593	55,758
<i>Income From GIS - Soft Development</i>	810,007	498,966
	1,263,193	970,668

10) **Other Direct Costs**

	March 31, 2015	March 31,2014
<i>Development Charges</i>	1,200,884	870,164
	1,200,884	870,164

11) **General and Administration Costs**

	March 31, 2015	March 31,2014
<i>Bank Charges</i>	3,010	1,890
<i>Audit Fees</i>	3,000	2,500
<i>Administration Services</i>	1,800	1,925
<i>Courier Charges</i>	686	706
<i>Professional Charges</i>	10,511	-
<i>Rent –Office</i>	2,600	6,955
<i>Telephone, Telex, Fax, Internet</i>	1,710	2,493
<i>Insurance</i>	3,450	1,565
<i>Subscription and Membership</i>	-	1,866
<i>Consultancy Charges</i>	21,674	3,298
<i>Electricity Charges</i>	96	466
	48,537	23,664

12) **Selling and Distribution costs**

	March 31, 2015	March 31,2014
<i>Accommodation Charges</i>	675	6,584
<i>Marketing Expenditure</i>	1,000	9,333
<i>Sales Commission</i>	-	6,000
	1,675	21,917

Magnasoft Spatial Services Inc
USA
Annexure to the Financial Statements
For the year ended March 31, 2015
(Expressed in US Dollars)

Annexure 1 Statement of changes in Equity

Sl. No.	Name of the Members	(Balance at the beginning of the year) Number of shares held	Amount of Shares	Additions during the year	Transfer	(Balance at the end of the year) Number of shares	Amount of Shares
1	Magnasoft Consulting India Private Ltd.	1	1	-	-	1	1

Annexure 2 Details of Related Companies

Company	Shareholder	% March – 2015	% March- 2014
Magnasoft Consulting India Private Ltd.	Magnasoft Consulting India Private Ltd.	100%	100%