

Sonata Software North America, Inc.

Financial Statements

Three-month periods ended
June 30, 2011 and 2010

with

Report of Independent Auditors

**WILSON
MARKLE
STUCKEY
HARDESTY
& BOTT LLP**

CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON
ALAN MARKLE
CHARLES STUCKEY
DAVID HARDESTY
DAVID BOTT
DAVID BAILEY
MICHAEL SMITH

Report of Independent Auditors

To the Board of Directors of
Sonata Software North America, Inc.

We have audited the accompanying balance sheets of Sonata Software North America, Inc. as of June 30, 2011 and 2010, and the related statements of income and retained earnings (accumulated deficit) and cash flows for the three-month periods then ended. These financial statements are the responsibility of the management of Sonata Software North America, Inc. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Sonata Software North America, Inc. as of June 30, 2011 and 2010, and the results of its operations and cash flows for the three-month periods then ended, in conformity with accounting principles generally accepted in the United States.

Sonata Software North America, Inc. is a wholly owned subsidiary of Sonata Software Limited, and has significant transactions with its parent company.

The accompanied condensed financial statements, without the detailed notes, have been prepared solely for the purpose of consolidation and reporting by Sonata Software Limited.

Wilson Markle Stuckey Hardesty & Bott

Wilson Markle Stuckey Hardesty & Bott
July 5, 2011

Sonata Software North America, Inc.
Balance Sheets

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
Assets		
Current assets		
Cash and cash equivalents	\$605,870	\$168,621
Accounts receivable, net of allowance	4,485,511	2,488,604
Prepaid expenses	<u>28,077</u>	<u>40,735</u>
Total current assets	5,119,458	2,697,960
Property and equipment, at cost	340,451	299,128
Accumulated depreciation	<u>(282,965)</u>	<u>(271,965)</u>
Property and equipment, net	57,486	27,163
Deposits and other assets	<u>13,528</u>	<u>9,175</u>
Total assets	<u><u>\$5,190,472</u></u>	<u><u>\$2,734,298</u></u>
Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable	\$ -	\$ -
Accounts payable - Sonata, net	6,562,663	4,684,932
Accrued expenses	<u>412,984</u>	<u>269,254</u>
Total current liabilities	6,975,647	4,954,186
Preferred stock; redeemable, \$0.0001 par value, liquidation value of \$1.00 per share; 6,500,000 shares authorized, no shares outstanding	-	-
Net capital deficiency		
Common stock; \$0.0001 par value; 3,500,000 shares authorized, 300,000 shares issued and outstanding	300,000	300,000
Retained earnings (accumulated deficit)	<u>(2,085,175)</u>	<u>(2,519,888)</u>
Total net capital deficiency	<u>(1,785,175)</u>	<u>(2,219,888)</u>
Total preferred stock and net capital deficiency	<u>(1,785,175)</u>	<u>(2,219,888)</u>
Total liabilities and stockholder's equity	<u><u>\$5,190,472</u></u>	<u><u>\$2,734,298</u></u>

Sonata Software North America, Inc.
Statements of Income and Retained Earnings (Accumulated Deficit)

	<u>Quarter ended June 30, 2011</u>	<u>Quarter ended June 30, 2010</u>
Revenues		
Computer programming services	\$8,078,317	\$3,981,026
Direct costs		
Computer programming services	<u>7,522,170</u>	<u>3,567,091</u>
Income from operations	556,147	413,935
General and administrative expenses		
Sales, general and administrative expenses	485,097	314,281
Depreciation	<u>3,591</u>	<u>1,963</u>
Total general and administrative expenses	<u>488,688</u>	<u>316,244</u>
Income before income taxes	67,459	97,691
Taxes on income	<u>—</u>	<u>—</u>
Net income	67,459	97,691
Retained earnings (accumulated deficit)		
Beginning of period	<u>(2,152,634)</u>	<u>(2,617,579)</u>
End of period	<u><u>(\$2,085,175)</u></u>	<u><u>(\$2,519,888)</u></u>

Sonata Software North America, Inc.
Statements of Cash Flows

	<u>Quarter ended June 30, 2011</u>	<u>Quarter ended June 30, 2010</u>
Cash flows from operating activities		
Net income	\$67,459	\$97,691
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	3,591	1,963
Changes in current assets and liabilities		
Accounts receivable	(57,029)	105,572
Prepaid expenses	35,097	(28,853)
Accounts payable	—	—
Accrued expenses	6,170	57,730
Net cash provided (used) by operating activities	<u>55,288</u>	<u>234,103</u>
Cash flows from investing activities		
Purchases of property and equipment	(15,988)	(14,076)
Net change in deposits and other assets	<u>—</u>	<u>—</u>
Net cash provided (used) by investing activities	(15,988)	(14,076)
Cash flows from financing activities		
Net change in accounts payable - Sonata	<u>292,436</u>	<u>(395,231)</u>
Net cash provided (used) by financing activities	<u>292,436</u>	<u>(395,231)</u>
Net change in cash and cash equivalents	331,736	(175,204)
Cash and cash equivalents, Beginning of period	<u>274,134</u>	<u>343,825</u>
End of period	<u>\$605,870</u>	<u>\$168,621</u>
Supplemental cash flow information		
Cash paid for income taxes during the period	<u>—</u>	<u>—</u>