

8K Miles Software Services Inc

Consolidated Financial Statements  
March 31, 2016

## 8K Miles Software Services Inc.

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of  
8K Miles Software & Services Inc.

We have audited the accompanying consolidated balance sheet of 8K Miles Software Services Inc, and its subsidiaries as of March 31, 2016 and the related consolidated statement of Comprehensive Income, Financial Position, Statement of Cash Flows, and Statement of changes Equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 8K Miles Software Services Inc. and its subsidiaries as of March 31, 2016 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on criteria established in internal Control – integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Tread way Commission (COSO).

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 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 statements presentation. We believe that our audit provides a reasonable basis for our opinions.

*Ram Associates*

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Hamilton NJ 08619

May 5, 2016



Consolidated Statement of Financial Position  
8K Miles Software Services Inc and Subsidiary Companies

(in USD Dollars)

| At March 31:                              | Notes | 2016                 | 2015                 |
|-------------------------------------------|-------|----------------------|----------------------|
| <b>Assets</b>                             |       |                      |                      |
| <b>Current Assets</b>                     |       |                      |                      |
| Cash and Cash equivalents                 | C     | \$ 2,486,509         | \$ 831,539           |
| Notes and accounts receivable - trade     |       | 6,530,206            | 2,064,833            |
| Prepaid expenses and other current assets | D     | 2,754,336            | 48,302               |
| <b>Total Current assets</b>               |       | <b>11,771,051</b>    | <b>2,944,674</b>     |
| Property, plant and equipment - Net       | E     | 1,339,615            | 159,328              |
| Goodwill-Net                              | F     | 13,136,518           | 9,487,547            |
| Intangible assets - Net                   | F     | 2,741,777            | 860,226              |
| in-Process                                |       | 791,315              | 128,439              |
| <b>Total Assets</b>                       |       | <b>\$ 29,780,277</b> | <b>\$ 13,580,214</b> |
| <b>Liabilities and equity</b>             |       |                      |                      |
| <b>Current liabilities</b>                |       |                      |                      |
| Taxes                                     |       | 1,387,556            | 647,283              |
| Accounts payable                          |       | 179,832              | 425,640              |
| Due to related party                      | G     | 290,602              | 1,000,000            |
| Other accrued expenses and payable        | H     | 592,468              | 1,061,813            |
| <b>Total Current liabilities</b>          |       | <b>2,450,458</b>     | <b>3,134,736</b>     |
| Long term debt                            |       | -                    | -                    |
| Other long term liabilities               |       | -                    | -                    |
| <b>Total liabilities</b>                  |       | <b>\$ 2,450,458</b>  | <b>\$ 3,134,736</b>  |
| <b>Contingencies and commitments</b>      |       |                      |                      |
| <b>Equity</b>                             |       |                      |                      |
| Common stock - 0.001 par value            |       | 28,725               | 17,582               |
| Shares authorized :290,000,000            |       |                      |                      |
| Shares issued - 28,724,878                |       |                      |                      |
| Share premium/additional capital          |       | 20,464,124           | 7,644,767            |
| Retained earnings                         |       | 6,836,970            | 2,783,129            |
| <b>Total equity</b>                       |       | <b>27,329,819</b>    | <b>10,445,478</b>    |
| <b>Total liabilities and equity</b>       |       | <b>\$ 29,780,277</b> | <b>\$ 13,580,214</b> |

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Amounts may not add due to rounding.

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



Consolidated Statement of Earnings  
8K Miles Software Services Inc and Subsidiary Companies

(in USD Dollars)

|                                                              | Notes    | 2016              | 2015              |
|--------------------------------------------------------------|----------|-------------------|-------------------|
| <b>Revenue</b>                                               |          |                   |                   |
| Sales and Services                                           |          | \$ 23,599,042     | \$ 12,039,633     |
| <b>Total Revenue</b>                                         | <b>I</b> | <b>23,599,042</b> | <b>12,039,633</b> |
| <b>Cost</b>                                                  |          |                   |                   |
| Sales and Services                                           |          | 10,185,322        | 5,271,383         |
| <b>Total Cost</b>                                            |          | <b>10,185,322</b> | <b>5,271,383</b>  |
| <b>Gross Profit</b>                                          |          | <b>13,413,720</b> | <b>6,768,250</b>  |
| <b>Expense and other (Income)</b>                            |          |                   |                   |
| Selling, General and administrative                          | <b>J</b> | 6,536,083         | 4,065,233         |
| <b>Total Expense and other (income)</b>                      |          | <b>6,536,083</b>  | <b>4,065,233</b>  |
| Depreciation expenses                                        |          | 141,813           | 18,220            |
| Amortization expenses                                        |          | 1,294,428         | 369,620           |
| <b>Income from continuing operations before income taxes</b> |          | <b>5,441,397</b>  | <b>2,315,177</b>  |
| Provision for income taxes                                   |          | 1,387,556         | 647,283           |
| <b>Income from continuing operations</b>                     |          | <b>4,053,841</b>  | <b>1,667,894</b>  |
| Loss from discontinued operations                            |          | -                 | -                 |
| <b>Net Income</b>                                            |          | <b>4,053,841</b>  | <b>1,667,894</b>  |

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Amounts may not add due to rounding.

The Accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows  
8K Miles Software Services Inc and Subsidiary Companies

(in USD Dollars)

| For the year ended March 31:                                                    | Notes | 2016               | 2015               |
|---------------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                                     |       |                    |                    |
| Net income                                                                      |       | \$ 4,053,841       | \$ 1,667,894       |
| Adjustments to reconcile net income<br>to cash provided by operating activities |       |                    |                    |
| Depreciation                                                                    |       | 141,813            | 18,220             |
| Amortization of intangibles                                                     |       | 1,294,428          | 369,620            |
| <i>Operating profit before changes in assets and liabilities</i>                |       | <i>5,490,081</i>   | <i>2,055,734</i>   |
| <b>Changes in operating assets and liabilities</b>                              |       |                    |                    |
| Accounts receivables                                                            |       | (4,465,373)        | (1,380,138)        |
| Other assets                                                                    |       | (2,706,034)        | (19,357)           |
| Accounts payable and other payables                                             |       | (684,278)          | 2,843,155          |
| Total adjustments                                                               |       | (7,855,685)        | 1,443,660          |
| <b>Net cash provided by operating activities</b>                                |       | <b>(2,365,604)</b> | <b>3,499,394</b>   |
| <b>Cash flows from investing activities</b>                                     |       |                    |                    |
| Payments for property, plant and equipment                                      |       | (1,322,100)        | (125,000)          |
| Investments in software                                                         |       | (2,224,950)        | (346,561)          |
| Acquisitions of businesses, net of cash acquired<br>In Process (R&D)            |       | (4,600,000)        | (2,550,000)        |
|                                                                                 |       | (662,876)          | (128,439)          |
| <b>Net cash used in investing activities</b>                                    |       | <b>(8,809,926)</b> | <b>(3,150,000)</b> |
| <b>Cash flows fro financing activities</b>                                      |       |                    |                    |
| Increase in common stock                                                        |       | 11,143             | -                  |
| Increase in additional capital                                                  |       | 12,819,357         | -                  |
| <b>Net cash used in financing activities</b>                                    |       | <b>12,830,500</b>  | <b>-</b>           |
| Net change in cash and cash equivalents                                         |       | 1,654,970          | 349,394            |
| Cash and cash equivalents at the beginning of the year                          |       | 831,539            | 482,145            |
| <b>Cash and cash equivalents at the end of the year</b>                         |       | <b>2,486,509</b>   | <b>831,539</b>     |

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Consolidated Statement of Changes in Equity  
 BK Miles Software Services Inc and Subsidiary Companies

(in USD Dollars)

|                                     | Common stock<br>and additional<br>Paid-in-Capital | Share premium<br>(additional<br>capital) | Retained<br>Earnings | Total<br>Stockholders'<br>Equity |
|-------------------------------------|---------------------------------------------------|------------------------------------------|----------------------|----------------------------------|
| <b>2014</b>                         |                                                   |                                          |                      |                                  |
| As at April 1, 2013                 | 1,000                                             |                                          | 528,620              | 529,620                          |
| Common stock issued during the year | 16,582                                            | -                                        | -                    | 16,582                           |
| Additional capital / Share premium  | -                                                 | 7,644,767                                | -                    | 7,644,767                        |
| Net income                          | -                                                 | -                                        | 586,615              | 586,615                          |
| <b>Equity, March 31, 2014</b>       | <b>\$ 17,582</b>                                  | <b>\$ 7,644,767</b>                      | <b>\$ 1,115,235</b>  | <b>\$ 8,777,584</b>              |
| <b>2015</b>                         |                                                   |                                          |                      |                                  |
| As at April 1, 2014                 | 17,582                                            | 7,644,767                                | 1,115,235            | 8,777,584                        |
| Common stock issued during the year | -                                                 | -                                        | -                    | -                                |
| Additional capital / Share premium  | -                                                 | -                                        | -                    | -                                |
| Net income                          | -                                                 | -                                        | 1,667,894            | 1,667,894                        |
| <b>Equity, March 31, 2015</b>       | <b>\$ 17,582</b>                                  | <b>\$ 7,644,767</b>                      | <b>\$ 2,783,129</b>  | <b>\$ 10,445,478</b>             |
| <b>2016</b>                         |                                                   |                                          |                      |                                  |
| As at April 1, 2015                 | 17,582                                            | 7,644,767                                | 2,783,129            | 10,445,478                       |
| Common stock issued during the year | 11,143                                            | -                                        | -                    | 11,143                           |
| Additional capital / Share premium  | -                                                 | 12,819,357                               | -                    | 12,819,357                       |
| Net income                          | -                                                 | -                                        | 4,053,841            | 4,053,841                        |
| <b>Equity, March 31, 2016</b>       | <b>\$ 28,725</b>                                  | <b>\$ 20,464,124</b>                     | <b>\$ 6,836,970</b>  | <b>\$ 27,329,819</b>             |

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Notes to Consolidated Financial Statements  
8K Miles Software Services Inc. and Subsidiary Companies

March 31, 2016

**Organization and Description of Business**

8K Miles Software Services Inc., was incorporated under the laws of the State of Nevada to provide cloud based Information Technology Services. 8K Miles provide IT consultancy, cloud transformation services, managed services and cloud applications-as-a-service and expertise is in cloud, security, automation, analytics and big data. 8K Miles partner with Amazon Web Services, Microsoft Azure, IBM, Google Cloud Platform and CA Technologies to offer Secure Cloud solutions for the customers in Healthcare, Life Sciences and Financial Services.

8K Miles Software Services is a 62.66% owned subsidiary of 8K Miles Software Services Limited, India.

**NOTE A**

**SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying Consolidated Financial Statements and footnotes of 8K Miles Software Services Inc., (8K Miles or the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Within the financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. Percentages presented are calculated from the underlying whole-dollar amounts. Certain prior year amounts have been reclassified to conform to the current year presentation. This annotated where applicable.

**Principles of consolidation**

The Consolidated Financial Statements include the accounts of 8K Miles and its controlled subsidiaries, which are fully owned. The intercompany transactions and accounts have been eliminated in consolidation.

8K Miles Software Services Inc., New Jersey, USA  
Nexage Technologies Inc., New Jersey, USA

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income /(loss) (OCI) that are reported in the Consolidated Financial Statements and accompanying disclosures where applicable. These estimates are based on management's best knowledge of current events, historical experience actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances.

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Notes to Consolidated Financial Statements  
BK Miles Software Services Inc. and Subsidiary Companies

March 31, 2016

As a result, the actual results may be different from these estimates. See "Critical Accounting Estimates" for a discussion of the company's critical accounting estimates.

**Revenue**

The company recognizes revenue when it is realized or realizable and earned. The company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Delivery does not occur until products have been shipped or services have been provided to the client, risk of loss has transferred to the client, and either client acceptance has been obtained, client acceptance provisions have lapsed, or the company has objective evidence that the criteria specified in the client acceptance provisions have been satisfied. The sales price is not considered to be fixed or determinable until all contingencies related to the sale have been resolved.

The company bases its estimates on historical results taking into consideration the type of client, the type of transaction and the specifics of each arrangement. If the company does not receive an identifiable benefit sufficiently separable from the product sale whose fair value can be reasonably estimated, such payments are recorded as a reduction of revenue.

Revenue from sales of third-party vendor products or services is recorded net of costs when the company is acting as an agent between the client and the vendor, and gross when the company is a principal to the transaction. Several factors are considered to determine whether the company is an agent or principal, most notably whether the company is the primary obligator to the client, or has inventory risk, consideration is also given to whether the company adds meaningful value to the vendor's product or service, was involved in the selection of the vendor's product or service, has latitude establishing the sales price or has credit risk.

The company reports revenue net of any revenue-based taxes assessed by government authorities that are imposed on and concurrent with specific revenue-producing transactions. In addition to the aforementioned general policies, the following are the specific revenue recognition policies for multiple-deliverable arrangements and for each major category of revenue.

**Services**

The company's primary services offerings include information technology (IT), application management services, consulting and systems integration, technology infrastructure, hosting and the design and development of complex IT systems to a client's specifications (design and build). These services are provided on a time-and-material basis, as a fixed-price contract or as a fixed-price per measure of output contract and the contract terms range from less than one year to over 3 years.

Revenue from application management services, technology infrastructure and system maintenance and hosting contracts is recognized on a straight-line basis over the terms of the contracts. Revenue from time-and-material contracts is recognized as labor hours are delivered and direct expenses are incurred.

Revenue from fixed-price design and build contracts is recognized under the percentage-of-completion (POC) method. Under the POC method, revenue is recognized based on the labor costs incurred to date as a percentage of the total estimated labor costs to fulfill the contract. If circumstances arise that change the original estimates of revenue, costs, or extent of progress toward

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Notes to Consolidated Financial Statements  
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March 31, 2016

completion, revision to the estimates are made. These revisions may result in increase or decrease in estimated revenues or costs and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known by the company.

The Company performs ongoing profitability analyses of its services contracts accounted for under the POC method in order to determine whether the latest estimates of revenues, costs and profits require updating. For non-POC method services contracts, any losses are recorded as incurred.

Billings usually occur in the month after the company performs the services or in accordance with the specific contractual provisions.

#### Software

Revenue from perpetual (one-time charge) license software is recognized at the inception of the license term if all revenue recognition criteria have been met. Revenue from term (recurring license charge) license software is recognized on a straight-line basis over a period that the client is entitled to use the license. Revenue from post-contract-support, which may include unspecified upgrades on a when-and-if-available basis, is recognized on a straight-line basis over the period such items are delivered. Revenue from software hosting or software-as-a-service arrangements is recognized as the service is delivered, generally on a straight-line basis, over the longer of the term of the arrangement or the expected period of the customer relationship. In Software hosting arrangements, the rights provided to the customer (e.g., ownership of a license, contract termination provisions and the feasibility of the customer to operate the software) are considered indetermining whether the arrangement includes a license. In arrangements, which include a software license, the associated revenue is recognized according to whether the license is perpetual or term, subject to guidance above.

In multiple-deliverable arrangement that include software that is more than incidental to the products or services as a whole (software multiple-deliverable arrangements), software and software-related elements are accounted for in accordance with software revenue recognition guidance. Software-related elements include software products and services for which software deliverable is essential to its functionality. Tangible products containing software components and non-software components that function together to deliver the tangible product's essential functionality are not within the scope of software revenue recognition guidance and are accounted for based on other applicable revenue recognition guidance.

#### Services Costs

Recurring operating costs for services contracts, including costs related to bid and proposal activities, are recognized as incurred. For fixed-price design and built contracts, the costs for external hardware and software accounted for under POC method are deferred and recognized based on the labor costs incurred to date, as a percentage of the total estimated labor costs to fulfill the contract. Certain eligible, non-recurring costs incurred in the initial phases of outsourcing contracts are deferred and subsequently amortized. These costs consist of transition and set up costs related to the installation of systems and processes and are amortized on a straight-line basis over the expected period of benefit, not to exceed the term of the contract.

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Notes to Consolidated Financial Statements  
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March 31, 2016

**Software Costs**

Costs that are related to the conceptual formulation and design of licensed software programs are expensed as incurred to research, development and engineering expense; costs that are incurred to produce the finished product after technological feasibility has been established are capitalized as an intangible asset. Capitalized amounts are amortized on a straight-line basis over periods ranging up to three years and are recorded in software cost within cost of sales. The company performs periodic reviews to ensure that unamortized program costs remain recoverable from future revenue. Costs to support or service licensed programs are charged to software cost within cost of sales as incurred.

The company capitalizes certain costs that are incurred to purchase or to create an implement internal-use software programs, including software coding installation, testing and certain data conversions. These capitalized costs are amortized on a straight-line basis over periods ranging upto two years and are recorded in selling, general and administrative expenses.

**Expense and Other Income**

**Selling, General and Administrative**

Selling, general and administrative (SG&A) expense is charged to income as incurred. Expenses of promoting and selling products and services are classified as selling expense and include such items as compensation, advertising, sales commissions and travel. General and administrative expense includes such items as compensation, legal costs, office supplies, non-income taxes, insurance and office rental. In addition, general and administrative expense includes other operating items such as allowance for credit losses, workforce rebalancing charges for contractually obligated payments to employees terminated in the ongoing course of business, acquisition costs related to business combinations, amortization of certain intangible assets and environmental remediation costs.

**Research, Development and Engineering**

Research, development and engineering (RD&E) costs are expensed as incurred. Software costs that are incurred to produce the finished product after technological feasibility has been established are capitalized as an intangible asset.

**Intellectual Property and Custom Development Income**

The company licenses and sells the rights to certain of its intellectual property (IP) including internally developed patents, trade secrets and technological know-how. Certain IP transactions to third parties are licensing/royalty-based and other are transaction-based sales and other transfers. Licensing/royalty-based fees involve transfers in which the company earns and income over time, or the amount of income is not fixed or determinable until the licensee sells future related products (i.e., variable royalty, based upon licensee's revenue) Sales and other transfers typically include transfers of IP whereby the company has fulfilled its obligations and the fee received is fixed or determinable at the transfer date. The company also enters into cross-licensing arrangements of patents, and income from these arrangements is recorded when earned. In addition, the company earns income from certain custom development projects for strategic technology partners and specific clients. The company records the income from these projects when the fee is realized and earned, is not refundable and is not dependent upon the success of the project.

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Notes to Consolidated Financial Statements  
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**Business Combinations and Intangible Assets Including Goodwill**

The company accounts for business combinations using the acquisition method and accordingly, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree are recorded at their acquisition date fair values. Goodwill represents the excess of the purchase price over the fair value of net assets, including the amount assigned to identifiable intangible assets. The primary drivers that generate goodwill are the value of synergies between the acquired entities and the company and the acquired assembled workforce, neither of which qualifies as a separately identifiable intangible asset. Goodwill recorded in an acquisition is assigned to applicable reporting units based on expected revenues. Identifiable intangible assets with finite lives are amortized over their useful lives. Amortization of completed technology is recorded in Cost, and amortization of all other intangible assets is recorded in SG & A expense. Acquisition related costs, including advisory, legal accounting valuation and other costs are expensed in the period in which the costs are incurred. The results of operations of acquired businesses are included in the Consolidated Financial Statements from the acquisition date.

**Impairment**

Long-lived assets, other than goodwill and indefinite-lived intangible assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment test is based on undiscounted cash flows and, if impaired, the asset is written down to fair value based on either discounted cash flows or appraised values. Goodwill and indefinite-lived intangible assets are tested annually, in the fourth quarter, for impairment and whenever changes in circumstances indicate impairment may exist. Goodwill is tested at the reporting unit level which is the operating segment, or a business, which is one level below that operating segment (the "component" level) if discrete financial information is prepared and regularly reviewed by management at the segment level. Components are aggregated as a single reporting unit if they have similar economic characteristics.

**Depreciation and Amortization**

Property, plant and equipment are carried at cost and depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of all depreciable assets are 5 years as estimated by the management.

Capitalized software costs incurred or acquired after technological feasibility has been established are amortized over period ranging from 5 to 15 years. Capitalized costs for internal use software are amortized on a straight-line basis over periods ranging up to 10 years. Other intangible assets are amortized over period between 1 to 10 years.

**Cash Equivalents**

All highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

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Notes to Consolidated Financial Statements  
8K Miles Software Services Inc. and Subsidiary Companies

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**Notes and Accounts Receivable – Trade**

The Company determines the allowance for doubtful accounts based on assessed customers' ability to pay, historical write-off experience, and economic trends. Such allowance for doubtful accounts is the company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. At March 31, 2016 the allowance for bad debts was \$ Nil (previous year \$ Nil)

**Income tax**

Income taxes have been provided for using an assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available, it is not "more-likely-than-not" that a portion of the deferred tax assets will not be realized.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company's effective tax was 28.50% for the year ended March 31, 2016. The future effective income tax rate depends on various factors, such as the Company's income (loss) before taxes, tax legislation and the geographic composition of pre-tax income.

**Lease Commitments**

The Company has entered into an operating lease for its office facility for a period of two years expiring through October 31, 2016. The future minimum rental payments under the lease for the year ended 2016 is \$ 68,500/-

**Limitations and contingencies**

The Company does not have any knowledge of any involvement in legal proceedings, either of which the Company has initiated or has been brought against it. The Company's liabilities have been reported on the balance sheet and have no knowledge of any further liabilities or contingencies.

**NOTE B**

**ACCOUNTING CHANGES**

**New Standards to be implemented**

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance on the recognition of revenue from contracts with customers. Revenue recognition will depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance permits two methods of adoption: retrospective to each

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8K Miles Software Services Inc. and Subsidiary Companies

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prior reporting period presented, or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application. The guidance is effective January 1, 2017 and early adoption is not permitted. The company is currently evaluating the impact of the new guidance and the method of adoption.

In April 2014, the FASB issued guidance that changed the criteria for reporting a discontinued operation. Only disposals of a component that represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results is a discontinued operation. The guidance also requires expanded disclosures about discontinued operations and disposals of a significant part of an entity that does not qualify for discontinued operations reporting. The guidance is effective January 1, 2015 with early adoption permitted, but only for disposals (or classifications as held for sale) that have not been reported in previously issued financial statements. The company will adopt the new guidance on January 1, 2015. The impact to the company will be dependent on any potential transaction that is within the scope of the new guidance.

**Standards implemented**

In July 2013, the FASB issued guidance regarding the presentation of an unrecognized tax benefit when a new operating loss, carry forward a similar tax loss, or a tax credit carry forward exists. Under certain circumstances, unrecognized tax benefits should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carry forward, a similar tax loss, or a tax credit carry forward. The guidance was effective January 1, 2014. The guidance was a change in financial statement presentation only and did not have a material impact in the consolidated financial results.

In March 2013, the FASB issued guidance on when foreign currency translation adjustments should be released to net income. When a parent entity ceases to have a controlling financial interest in a subsidiary or a group of assets that is a business within a foreign entity, the parent is required to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided.

In February 2013, the FASB issued guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of the guidance is fixed at the reporting date. Examples include debt arrangements, other contractual obligations and settled litigation matters. The guidance requires an entity to measure such obligations as the sum of the amount that the reporting entity agreed to pay on the basis of its arrangement amount to its co-obligators. The guidance was effective January 1, 2014 and did not have a material impact in the consolidated financial results.

In February 2013, the FASB issued additional guidance regarding reclassifications out of AOCI. The guidance requires entities to report the effect of significant reclassifications out of AOCI on the respective line items in net income unless the amounts are not reclassified in their entirety to net income. For amounts that are not required to be reclassified in their entirety to net income in the same reporting period entities are required to cross reference other disclosures that provide additional detail about those amounts. For the company, the guidance was effective on a prospective basis for all interim and annual periods beginning January 1, 2013 with early adoption permitted. The company adopted the guidance in its December 31, 2012 financial statements. There was no impact in the consolidated financial results as the guidance related only to additional disclosures.

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Notes to Consolidated Financial Statements  
BK Miles Software Services Inc. and Subsidiary Companies

March 31, 2016

company adopted the guidance in its December 31, 2012 financial statements. There was no impact in the consolidated financial results as the guidance related only to additional disclosures.

In July 2012, the FASB issued amended guidance that simplifies how entities test indefinite-lived intangible assets other than goodwill for impairment. After an assessment of certain qualitative factors, if it is determined to be more likely than not that an indefinite-lived intangible asset is impaired, entities must perform the quantitative impairment test. Otherwise, the quantitative test is optional. The amended guidance was effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The company adopted this guidance for its 2012 impairment testing of indefinite lived intangible assets performed in the fourth quarter. There was no impact in the consolidated financial results.

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Notes to Consolidated Financial Statements  
 3K Miles Software Services Inc. and Subsidiary Companies

NOTE C

Cash and Cash equivalents

(in USD Dollars)

| At March 31,  | 2016                | 2015              |
|---------------|---------------------|-------------------|
| Cash in hand  | 15,245              | 12,892            |
| Bank Balances | 2,471,264           | 818,649           |
| <b>TOTAL</b>  | <b>\$ 2,486,509</b> | <b>\$ 831,539</b> |

NOTE D

Prepaid expenses and other current assets

(in USD Dollars)

| At March 31,   | 2016                | 2015             |
|----------------|---------------------|------------------|
| Staff advances | 74,800              |                  |
| Prepayments    | 484,784             | 21,400           |
| Others         | 1,195,252           | 78,902           |
| <b>TOTAL</b>   | <b>\$ 2,754,336</b> | <b>\$ 48,302</b> |

NOTE E

Property, plant and equipment

The following table details the company's Property, plant and equipment balances by major class

(in USD Dollars)

| Particulars                          | Period of years | Balance as at     |                     | Accumulated Depreciation upto |                  | Accumulated Depreciation upto |                   | Net carrying amount |
|--------------------------------------|-----------------|-------------------|---------------------|-------------------------------|------------------|-------------------------------|-------------------|---------------------|
|                                      |                 | April 1, 2015     | March 31, 2016      | March 31, 2015                | March 31, 2016   | March 31, 2015                | March 31, 2016    |                     |
| Furniture, fixtures and improvements | 5               | 182,213           | 795,250             | 977,463                       | 22,885           | 36,445                        | 59,328            | 814,155             |
| Computer and accessories             | 5               |                   | 351,450             | 351,450                       |                  | 70,290                        | 70,290            | 281,160             |
| Office equipment                     | 5               |                   | 175,400             | 175,400                       |                  | 35,080                        | 35,380            | 140,320             |
| <b>Total</b>                         |                 | <b>\$ 182,213</b> | <b>\$ 1,322,100</b> | <b>\$ 1,504,313</b>           | <b>\$ 22,885</b> | <b>\$ 141,813</b>             | <b>\$ 164,698</b> | <b>\$ 1,339,615</b> |

NOTE F

INTANGIBLE ASSETS INCLUDING GOODWILL

Intangible Assets

The following table details the company's intangible asset balances by major asset class

(in USD Dollars)

| Particulars          | Period of years | Balance as at       |                     | Accumulated Amortization upto |                   | Accumulated Amortization upto |                   | Net carrying amount |
|----------------------|-----------------|---------------------|---------------------|-------------------------------|-------------------|-------------------------------|-------------------|---------------------|
|                      |                 | April 1, 2015       | March 31, 2016      | March 31, 2015                | March 31, 2016    | March 31, 2015                | March 31, 2016    |                     |
| Capitalized software | 6               | 178,500             | 982,452             | 1,160,950                     | 80,123            | 116,095                       | 196,430           | 866,536             |
| Completed Technology | 6               | 715,138             | 1,242,500           | 1,357,638                     | 205,407           | 199,264                       | 401,171           | 1,556,467           |
| Patents/trademarks   | 6               | 315,400             |                     | 315,400                       | 63,080            | 10,540                        | 94,620            | 220,780             |
| <b>Total</b>         |                 | <b>\$ 1,209,038</b> | <b>\$ 2,224,950</b> | <b>\$ 3,433,988</b>           | <b>\$ 348,612</b> | <b>\$ 343,399</b>             | <b>\$ 692,211</b> | <b>\$ 2,741,777</b> |

Goodwill

The changes in the goodwill balances for the years ended March 31, 2016 and 2015 are as follows

| Particulars               | Period of years | Balance as at       |                     | Accumulated Amortization upto |                   | Accumulated Amortization upto |                     | Net carrying amount  |
|---------------------------|-----------------|---------------------|---------------------|-------------------------------|-------------------|-------------------------------|---------------------|----------------------|
|                           |                 | April 1, 2015       | March 31, 2016      | March 31, 2015                | March 31, 2016    | March 31, 2015                | March 31, 2016      |                      |
| At April 01, 2015         | 15              | 9,665,432           |                     | 9,665,432                     | 177,885           | 474,362                       | 652,267             | 9,013,185            |
| (transferred)             |                 |                     | (2,550,000)         | (2,550,000)                   |                   |                               |                     | (2,550,000)          |
| Additions during the year | 15              |                     | 7,150,000           | 7,150,000                     |                   | 476,667                       | 476,667             | 6,673,333            |
| <b>At March 31, 2016</b>  |                 | <b>\$ 9,665,432</b> | <b>\$ 4,600,000</b> | <b>\$ 14,265,432</b>          | <b>\$ 177,885</b> | <b>\$ 951,029</b>             | <b>\$ 1,128,914</b> | <b>\$ 13,136,518</b> |

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Notes to Consolidated Financial Statements  
8K Miies Software Services Inc and Subsidiary Companies

**NOTE G**

**Due to Related Party**

(in USD Dollars)

| At March 31:                               | 2016              | 2015                |
|--------------------------------------------|-------------------|---------------------|
| 8K Health Cloud Inc                        |                   | 1,000,000           |
| 8K Miies Software Services Limited - India | 290,602           | -                   |
| <b>TOTAL</b>                               | <b>\$ 290,602</b> | <b>\$ 1,000,000</b> |

**NOTE H**

**Other accrued expenses and payable**

(in USD Dollars)

| At March 31:            | 2016              | 2015                |
|-------------------------|-------------------|---------------------|
| Accrued expense payable | 114,518           | 75,313              |
| Salary payable          | 402,500           | -                   |
| Audit Fee payable       | 73,450            | 28,900              |
| Other payable           |                   | 1,000,000           |
| <b>TOTAL</b>            | <b>\$ 592,468</b> | <b>\$ 1,061,813</b> |

**NOTE I**

**Revenue**

The following tables reflect the results of continuing operations of the Company's revenue consistent with the management and measurement system utilized within the company. Performance measurement is based on pre-tax income from continuing operations. These results are used, in part, by senior management, both in evaluating the performance of, and in allocating resources to, each of segments.

**Segment view**

(in USD Dollars)

| At March 31:       | 2016                 | 2015                 |
|--------------------|----------------------|----------------------|
| Cloud migration    | 9,439,617            | 4,815,853            |
| Managed services   | 5,191,789            | 3,371,097            |
| Security solutions | 2,831,885            | 1,685,549            |
| Consulting         | 6,135,751            | 2,167,134            |
| <b>TOTAL</b>       | <b>\$ 23,599,042</b> | <b>\$ 12,039,633</b> |

**Domain view**

(in USD Dollars)

| At March 31:                | 2016                 | 2015                 |
|-----------------------------|----------------------|----------------------|
| Life science and healthcare | 8,259,665            | 5,177,042            |
| E-commerce and media        | 3,539,856            | 2,889,512            |
| Banking and insurance       | 2,595,895            | 963,171              |
| Manufacturing               | 3,067,875            | 842,774              |
| Others                      | 6,135,751            | 2,167,134            |
| <b>TOTAL</b>                | <b>\$ 23,599,042</b> | <b>\$ 12,039,633</b> |

**NOTE J**

**Selling, General and Administrative expense**

(in USD Dollars)

| At March 31:                                      | 2016                | 2015                |
|---------------------------------------------------|---------------------|---------------------|
| Rent, Rates and other operational                 | 424,670             | 294,213             |
| Sales, marketing                                  | 2,054,780           | 1,490,578           |
| Cloud hosting, communication                      | 468,350             | 201,021             |
| Research and Development expenses                 | 727,345             | 529,310             |
| Traveling, logistics                              | 678,901             | 300,200             |
| Business promotion and related                    | 558,250             | 258,973             |
| Professional, consultancy                         | 460,245             | 284,200             |
| Immigration                                       | 587,310             | 393,191             |
| Professional consultancy - Mergers & Acquisitions | 439,750             | 236,446             |
| Audit fee                                         | 75,450              | 58,148              |
| Other expense                                     | 61,032              | 18,953              |
| <b>TOTAL</b>                                      | <b>\$ 6,536,083</b> | <b>\$ 4,065,233</b> |

Amounts may not add due to rounding

The accompanying notes form an integral part of the Financial statements

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