

8K Miles Software Services Inc

Consolidated Balance Sheet

March 31, 2014

ASSETS

	<u>USD</u>
Current assets	
Cash and cash equivalents	482,145
Accounts receivable	684,695
Other current assets	28,945
Total Current assets	<u>1,195,785</u>
Fixed assets, net	52,548
Intangible assets - Goodwill	7,115,432
Product development, net	705,400
TOTAL ASSETS	<u><u>9,069,165</u></u>

LIABILITIES and STOCKHOLDER'S EQUITY

Current liabilities	
Accounts Payable	35,467
Accrued expenses	112,064
Taxes payable	144,050
Total Current liabilities	<u>291,581</u>
Stockholder's equity	
Common stock - 0.001 par value - 290 million shares authorized, issued and outstanding	17,582
Additional capital	7,644,767
Retained earnings	1,115,235
Total stockholder's equity	<u>8,777,584</u>
TOTAL LIABILITIES and STOCKHOLDER'S EQUITY	<u><u>9,069,165</u></u>

- See the Accompanying notes to financial statements -

8K Miles Software Services Inc

Consolidated Statements of Income

For the year ended March 31, 2014

	<u>USD</u>
Net revenue	3,102,461
Cost of revenue	1,345,564
Gross profit	<u>1,756,897</u>
Operating expenses :	
Selling, general and administrative expenses	<u>864,464</u>
Income before other expenses	892,433
Other expenses	
Depreciation and Amortisation	159,232
Interest expense	2,536
Total other expenses	<u>161,768</u>
Income before income tax	730,665
Provision for income tax	<u>144,050</u>
Net Income	<u><u>586,615</u></u>

- See the Accompanying notes to financial statements -

8K Miles Software Services Inc
Consolidated Statement of Changes in Stockholder's Equity
For the year ended March 31, 2014

USD

	Common Stock		Retained earnings	Total stockholder's equity
	Number of Shares	Amount		
Balance at March 31, 2013	1,000	1000	528,620	529,620
Share capital introduced during the year	17580878	16582	-	16,582
Additional Capital introduced	-	7644767	-	7,644,767
Net income	-	-	586,615	586,615
Balance at March 31, 2014		<u>7,662,349</u>	<u>1,115,235</u>	<u>8,777,584</u>

- See the Accompanying notes to financial statements -

8K Miles Software Services Inc
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2014

USD

Cash flows from operating activities:	
Net income	586,615
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	2,155
Amortization	157,077
Changes in assets and liabilities	
(Increase)/Decrease in accounts receivable	(278,820)
(Increase)/Decreases in other assets	(21,309)
Increase/(Decrease) in accounts payable and accrued expenses	(81,853)
Increase/(Decrease) in taxes payable	21,643
Total adjustments	<u>(360,339)</u>
Net cash provided by operating activities	<u>385,508</u>
Cash flows from investing activities:	
Increase in fixed assets	(35,308)
Acquisition during the year - Goodwill	(7,115,432)
Increase in product development cost	(613,727)
Net cash used in investing activities	<u>(7,764,467)</u>
Cash flows from financing activities:	
Increase in common stock	16,582
Increase in additional capital during the year	7,644,767
Net cash used in investing activities	<u>7,661,349</u>
Net increase in cash	282,390
Cash at the beginning of the year	<u>199,755</u>
Cash at the end of the year	<u>482,145</u>

- See the Accompanying notes to financial statements -

8K Miles Software Services Inc

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

1) Organization and Description of Business

8K Miles Software Services Inc, "the "Company" was incorporated under the laws of the State of New Jersey on February 17, 2011 for the purpose of providing Information Technology enabled software services. The Company is a distributed development platform that blends a global talent market place with collaboration tools and cloud infrastructure/ 8K Miles allows businesses to hire technology talent on demand and have them work on cloud based infrastructure (preconfigured remote desktops and services to be used for development and testing, called the Virtual Computing Environment or VCE). The 8K Miles platform helps businesses get technology solutions developed at a substantially lower cost than traditional outsourcing models without compromising on quality or security. 8K Miles provides Cloud computing and Consulting Solutions to SMB, Startups and large Enterprises.

8K Miles Software Services Inc is a 59.72% owned subsidiary of 8K Miles Software Services India Ltd. During the year 2013-14, the company has acquired Fugen Solutions Inc., Company incorporated in Sunnyvale, USA.

2) Principles of Consolidation

The accompanying consolidated financial statements presented in this report consist of the following related companies:

8K Miles software Services Inc , New Jersey, USA
Fugen Solutions Inc, Sunnyvale, USA

The consolidated financial statements have been prepared on a year end March 31, 2014 and are in accordance with the accounting principles general accepted in the United States of America.

3) Summary of Significant Account Policies:

Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenue is recognized when services are rendered and expenses reflected when costs are incurred.

8K Miles Software Services Inc

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions and management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of highly liquid investments with maturities of three months or less from the date of purchase.

Accounting Receivables

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, 2014 the allowance for bad debts was \$ Nil (previous year \$ Nil)

Revenue Recognition

The Company recognizes revenue in accordance with the SEC's Staff Accounting Bulletin Topic 13 ("Topic 13"), "Revenue Recognition". Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller's price to buyer is fixed and determinable, and (4) collectability is reasonably assured.

Revenue are primarily derived from professional services and from software products under time and materials contracts, which are recognized in the period in which services are provided.

Revenue related to services performed without a signed agreement or work order are not recognized until there is evidence of an arrangement, such as when agreements or work orders are signed or payment is received; however, the cost related to the performance of such work is recognized in the period the services are rendered.

For all services, revenue is recognized when, and if, evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability is assured. Unbilled accounts receivable represents amounts recognized as revenue based on services performed in advance of customer billings.

8K Miles Software Services Inc

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

Revenues related to fixed price contracts for professional services are recognized using a model that is similar to the proportional performance method. Anticipated losses are recognized when they become known. Revisions in estimated profits are made in the month in which the circumstances requiring the revision become known. There were no fixed price contracts for the year ended March 31, 2014

Concentrations

The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash and accounts receivable. The Company maintains its cash in bank accounts, which, at times, exceed federally insured limits. The Company has not experienced and loss in such accounts. The Company believes it is not exposed to significant credit risk on cash. Concentration of credit risks with respect to accounts receivable are limited because of the credit worthiness of the Company's major customers.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line-method. Depreciation of an asset commences when the asset is put into use. The estimated useful lives of the related assets range from 5 to 7 years. The company charges repairs and maintenance costs that do not extend the lives of the assets, to expenses as incurred.

Property and equipment as on March 31, 2014 consists of the following: -

Furniture and fixtures		57,213
	Total	57,213
Accumulated Depreciation		<u>4,665</u>
Net Assets		<u>\$52,548</u>

Depreciation expenses during the year ended March 31, 2014 was \$ 2155

Product development consists of the following at March 31, 2014:

Balance at March 31, 201	\$	248,750
Add during the year ended March 31, 2014	\$	613,727
	Total	\$ 862,477
Accumulated amortization	\$	157,077
Total		<u>\$ 705,400</u>

Amortization expenses during the year ended March 31, 2014 was \$ 157,077

8K Miles Software Services Inc

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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 29.50% for the year ended March 31, 2014. 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.

Related Party Transactions

Services procured from and expenses reimbursed to the parent company

During the year ended March 31, 2014, the Company provided services of \$ Nil to the related party and during the same period the Company received goods and services of \$ Nil from the related parties.

As of March 31, 2014, the Company had a receivable balance of \$ Nil from and a payable balance of \$ Nil to the related parties.

Lease Commitments

The Company has entered into an operating lease for its office facility for a period of two years expiring through October 31, 2014. The future minimum rental payments under the lease for the year ended 2014 is \$ 62,845

Limitation 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.

8K Miles Software Services Inc

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

New Accounting Pronouncements

(a) In May 2009, the FASB issued authoritative guidance establishing principles and

(b) In June 2009, the FASB issued authoritative guidance "The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principle, a replacement of FASB statement No 162" (Codification). The codification does not alter current US GAAP, bt rather integrates existing accounting standards with other authoritative guidance. Under the codification, there is a single source of authoritative US GAAP for non governmental entities and it supercedes all other previously issued non-SEC accounting and reporting guidance. The codification is effective for financial statement periods ending after September 15, 2009. Company's adoption of the codification on July 1, 2009 did not have a mterial effect on ~~..... financial condition as result of operations~~

c) In July 2006, the FASB issued FASB interpretation No.48 ("FIN 48"), "Accounting for Uncertainty in Income taxes". FIN 48 prescribes detail guidance for the financial statements recognition, measurement and disclosure of certain tax positions recognized in an enterprise's financial statements in accordance with FASB statement no.109, "Accounting for Income Taxes." Tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. FIN 48 is effective for fiscal years beginning after December 15, 2006, and the provisions of FIN 48 are applied to all tax positions upon initial adoption of the Interpretation, The cumulative effect of applying the provisions of this Interpretation are reported as an adjustment to the opening balance of retained earnings for each fiscal year. The effect of FIN 48 will not have any significant effects on the Company's financial statements.