

INTELLECT DESIGN ARENA, INCORPORATED & ITS SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTANTS' REVIEW REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**



INTELLECT DESIGN ARENA, INCORPORATED & ITS SUBSIDIARY

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Review report	1
Financial Statements	
Consolidated Balance Sheet	3
Consolidated Statement of Income and Comprehensive Income	4
Consolidated Statement of Changes in Stockholder's Equity	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
Schedule 1 Consolidating Information	
Consolidating Balance Sheet	21
Consolidating Statement of Income and Comprehensive Income	22
Supplementary Information	
Schedule 2 Consolidated Schedule of Direct Cost	23
Schedule 3 Consolidated Schedule of General, Administrative & Marketing Expenses	23





**PANDYA, KAPADIA
& ASSOCIATES, CPA, P.A.**

50 Cragwood Road, Suite 205

So. Plainfield, NJ 07080

Certified Public Tel: (908) 769-6500

Accountants Fax: (908) 769-6503

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Intellect Design Arena, Incorporated
20, Corporate Place South, Piscataway, NJ 08854

We have reviewed the accompanying consolidated financial statements of Intellect Design Arena, Incorporated (a Delaware Corporation) and its subsidiary, which comprise the consolidated balance sheet as of March 31, 2018, and the related consolidated statements of income and comprehensive income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We did not review the financial statements of SEEC Asia Technologies Private Limited, India, a wholly owned subsidiary, which statements reflect total assets and revenues constituting 71% and 20%, respectively, of consolidated totals as of and for the year ended March 31, 2018. These statements were audited by other accountants (from India), whose report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for SEEC Asia Technologies Private Limited, is based solely on the report of other accountants.

Accountant's Conclusion

Based on our review, and the report of other accountants, except for the issues noted in the Known Departures from Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



**PANDYA, KAPADIA
& ASSOCIATES, CPA, P.A.**

50 Cragwood Road, Suite 205

So. Plainfield, NJ 07080

Certified Public Tel: (908) 769-6500

Accountants Fax: (908) 769-6503

Known Departures from Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 3 to the consolidated financial statements, accounting principles generally accepted in the United States of America require that the revenue shall be recognized when certain criteria are met and one of these criteria being delivery of the product or service by the vendor. Management informed us that the Company has recognized revenue from one customer in the accompanying financial statements, for which the delivery shall be made in the following year. If those revenues had been recorded in accordance with accounting principles generally accepted in the United States of America, current assets would have been decreased by \$ 1,620,000, and retained earnings would have been decreased by \$ 1,620,000, as of March 31, 2018, and net revenues, and net income for the year ended March 31, 2018, would have been decreased by \$ 1,620,000.

As disclosed in Note 4 to the consolidated financial statements, accounting principles generally accepted in the United States of America require that the depreciation on property and equipment be provided using straight line method over the estimated useful lives of the respective assets. Management has adopted different method of depreciation with effect from March 31, 2015 and applied the change retrospectively and that, if accounting principles generally accepted in the United States of America had been followed, depreciation expense would have been increased by \$ 499 for the year ended March 31, 2018 and the equity would have been decreased by \$ 2,073 for the period up to March 31, 2018, due to application of the change retrospectively.

Report on Consolidating and Supplementary Information

The consolidating information in Schedule 1 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of individual companies, and is not a required part of the consolidated financial statements. The supplementary information included in Schedule 2, consolidated schedule of direct cost and, Schedule 3, consolidated schedule of general administrative and marketing expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information and supplementary information is the representation of management. We have reviewed the consolidating information and supplementary information and, based on our review, we are not aware of any material modifications that should be made to the consolidating information and supplementary information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the consolidating information and supplementary information and, accordingly, do not express an opinion on such information.


Pandya, Kapadia & Associates, CPA, P.A.

South Plainfield, NJ 07080

Date: April 27, 2018

INTELLECT DESIGN ARENA INCORPORATED, USA & ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2018

	<u>2018</u>
ASSETS	
Current Assets	
Cash In Bank & Cash Equivalents	\$ 216,955
Accounts Receivable	3,256,371
Revenue in Excess of Billing	2,141,440
Dues Receivable from Related Entities	1,009,482
Prepaid Expenses & Taxes	449,557
Other Current Assets	1,114,019
Tax Component on Other Comprehensive Income (Loss)	516,235
TOTAL CURRENT ASSETS	<u>8,704,059</u>
Fixed Assets	
Land	2,910,857
Property, Equipment, Furniture & Fixtures & Leasehold Improvements (net)	931,348
TOTAL FIXED ASSETS	<u>3,842,205</u>
Other Assets	
Investment in Related Entities	250,000
Security Deposits	71,783
Deferred Tax Asset	10,506
TOTAL OTHER ASSETS :	<u>332,289</u>
TOTAL ASSETS :	<u><u>\$ 12,878,553</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities	
Accounts Payable	\$ 4,063,499
Billing in excess of Revenue	2,101,856
Accrued Expenses & Taxes	2,239,633
Other Current Liabilities	205,628
Loan from Related Entities (Installments Due in Next 12 months)	2,645,608
TOTAL CURRENT LIABILITIES	<u>11,256,224</u>
Term Liabilities	
Term Loans from Related Entities (excluding current portion)	3,895,931
TOTAL TERM LIABILITIES	<u>3,895,931</u>
TOTAL LIABILITIES	<u>15,152,155</u>
Stockholder's Equity	
Equity	8,005,000
General Reserve	(4,018,650)
Retained Earnings	(5,575,640)
Accumulated Other Comprehensive Income (Loss)(net of tax)	(684,312)
TOTAL STOCKHOLDERS' EQUITY	<u>(2,273,602)</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u><u>\$ 12,878,553</u></u>



INTELLECT DESIGN ARENA INCORPORATED, USA & ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>
INCOME :	
Revenue from operations (net)	\$ 14,359,346
LESS COST OF SALES	
Direct Cost	Schedule 2 3,821,902
	<u>10,537,444</u>
GROSS PROFIT (LOSS)	
GENERAL ADMINISTRATIVE, MARKETING & OPERATING EXPENSES:	
General Administrative & Marketing Expenses	Schedule 3 7,891,918
Depreciation	90,281
	<u>7,982,199</u>
TOTAL	
INCOME (LOSS) FROM OPERATIONS	<u>2,555,245</u>
OTHER INCOME AND EXPENSES	
Interest Income	35,707
Income from Transfer of Software Development (Asset Sale)	566,183
Miscellaneous Income	28,511
Exchange Transaction Gain (Loss)	(77,846)
Interest Expense	(502,869)
	<u>49,686</u>
TOTAL OTHER INCOME (EXPENSES)	
NET INCOME (LOSS) BEFORE INCOME TAXES	2,604,931
Less :	
Current Taxes	167,505
Deferred Taxes	-
	<u>2,437,426</u>
NET INCOME (LOSS) FOR THE YEAR	
OTHER COMPREHENSIVE INCOME (LOSS)	
Foreign Currency Translation Gain (Loss)	(7,905)
	<u>(7,905)</u>
OTHER COMPREHENSIVE INCOME (LOSS), BEFORE TAX	
INCOME TAX BENEFIT (EXPENSE) RELATED TO ITEMS OF OTHER COMPREHENSIVE INCOME	<u>3,399</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	<u>(4,506)</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 2,432,920</u>



INTELLECT DESIGN ARENA INCORPORATED, USA & ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED MARCH 31, 2018

	Equity Shares Issued	General Reserve	Retained Earnings	Accumulated Other Comprehensive Income	Total
BALANCE, March 31, 2017	\$ 7,005,000	\$ (4,018,650)	\$ (8,013,066)	\$ (679,806)	\$ (5,706,522)
Stock Capital Infused	1,000,000				
COMPREHENSIVE INCOME					
Net Income			2,437,426		2,437,426
Other Comprehensive Income (Loss), net of tax:					
net of \$ 516,235 income tax (benefit)				(684,312)	
Changes in Translation Gain (Loss) on Consolidation				(4,506)	(4,506)
TOTAL COMPREHENSIVE INCOME					2,432,920
DISTRIBUTION TO STOCKHOLDER					-
BALANCE, March 31, 2018	\$ 8,005,000	\$ (4,018,650)	\$ (5,575,640)	\$ (684,312)	\$ (2,273,602)



INTELLECT DESIGN ARENA INCORPORATED, USA & ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 2,437,426
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	90,281
Changes In assets and Liabilities :	
(Increase) / Decrease in Assets:	
Accounts Receivable	234,778
Prepaid Expenses & Taxes and Other Current Assets	(475,631)
Revenue in Excess of Billing	(1,991,656)
Increase / (Decrease) In Liabilities:	
Accounts Payable	(1,126,353)
Accrued Expenses & Taxes and Other Current Liabilities	(995,092)
Billing in excess of Revenue	434,041
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,392,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Loans and Advances to Affiliates	137,125
Property, Equipment, Furniture & Fixtures	(287,153)
Software Development in Progress	6,768,847
Security Deposits	(15,275)
Investments in Subsidiary	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>6,603,544</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Equity Capital Contributed	1,000,000
Loans & Advances from Affiliates	(7,216,666)
NET CASH USED BY FINANCING ACTIVITIES	<u>(6,216,666)</u>
NET REDUCTION IN CASH	(1,005,328)
CASH AT BEGINNING OF YEAR	1,224,597
Effects of Currency Translation on Cash and Cash Equivalents	(2,314)
CASH AT END OF YEAR	<u>\$ 216,955</u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	\$ 502,869
Income taxes paid	\$ 11,101



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY – NATURE OF OPERATIONS

Intellect Polaris Incorporated was incorporated as Delaware Corporation on September 24, 2008. As of October 28, 2008, after acquiring 100% stock in SEEC Incorporated, a certificate of merger was filed with Delaware State, to merge Intellect Polaris Incorporated with SEEC Incorporated. Thereafter the merged entity was named as Intellect SEEC Incorporated and as of June 16, 2010, name of the Company has been changed to Polaris Software Lab, Incorporated (the Company), and then, as of December 23, 2014, to Intellect Design Arena, Incorporated, by filing a Certificate of Amendment with the Secretary of State, State of Delaware. Intellect Design Arena Pte Limited, Singapore is holding 100% equity in the Company. Intellect Design Arena Limited, India is holding 100% equity in Intellect Design Arena Pte Limited, Singapore.

Subsequent to the acquisition of SEEC Incorporated, balance sheet of the Company was derived, using purchase method, pursuant to the then *FASB141R*, i.e., when company acquires control of other company, it recognizes all of the assets acquired and all of the liabilities assumed at the acquisition date and measures each asset acquired and each liability assumed at fair value at the acquisition date.

The Company is engaged in developing, marketing, selling and supporting business component and application management software and solutions. The Company derives its revenues from licensing of software products and sale of these products. Its customer base consists primarily of large and medium sized organizations, including corporations, third party information technology service providers, and governmental agencies.

The Company is operating in India, through its wholly owned subsidiary, SEEC Technologies Asia Private Limited, India. It is engaged in the activity of developing, marketing, selling and supporting business component and application management software and solutions, mainly to the group entities. In the year ended March 31, 2018, the entire revenues reported by SEEC Technologies Asia Private Limited were derived from its holding Company, Intellect Design Arena, Incorporated.

BASIS OF PREPARATION & CONSOLIDATION

The accompanying financial statements of the Company and its wholly owned subsidiary, SEEC Technologies Asia Private Ltd, India, were prepared to comply with in all material respects with the mandatory accounting standards issued under generally accepted accounting principles. The Financial statements have been prepared under the historical cost convention on an accrual basis. All amounts are stated in United States dollars. The consolidated financial statements reflect the position of assets, liabilities and stockholder's equity as on March 31, 2018 and the operations for the year then ended, for the Company and its subsidiary. All significant intercompany accounts and transactions between holding company and subsidiary were eliminated in consolidation.

REVENUE RECOGNITION

The Company's revenue comes primarily from sale of software developed and also from licensing and related services such as annual maintenance, implementation etc. Revenues



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

from software licenses include all fees earned from granting customers the right to use the software. The Company adopted *FASB ASC 985-605-25 Software Revenue Recognition* for its Revenue Recognition.

For software licensing arrangements that do not require significant customization, revenues are recognized when all the following criteria are met: 1) Persuasive evidence of arrangement with the customer exists, 2) Delivery has occurred, 3) The Vendor's fee is fixed or determinable and free of significant uncertainties or contingencies, and 4) Collectibility is probable. Substantially all new software license revenues are recognized in this manner. Known departure in revenue recognition in the year ended March 31, 2018, is as per Note-3. Revenue from software license updates is recognized ratably over the term of the arrangement, usually one year.

Many of the Company's revenue arrangements include multiple software and service elements, such as customization of software, license updates, advanced product services, annual maintenance and implementation & training. For arrangements with multiple elements, the Company allocates revenue to each element of the arrangement based upon its fair value as determined by vendor-specific objective evidence. Vendor-specific objective evidence of fair value for all elements of a transaction is based upon the normal pricing and discounting practices for those products and services when sold separately and, for software license updates, is additionally measured by the renewal rate offered to the customer.

The Company defers revenue for any undelivered elements and, recognizes revenue when the product is delivered or over the period in which a service is performed, in accordance with the Company's revenue recognition policy for such element. If the Company cannot objectively determine the fair value of any undelivered element included in bundled software and service arrangements, revenue is deferred until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements. When the fair value of a delivered element has not been established, the Company uses the residual method to record revenue if the fair value of all undelivered elements is determinable. Under the residual method, the fair value of undelivered elements is deferred and the remaining portion of the contract fee is allocated to the delivered elements and recognized as revenue. As of March 31, 2018, and 2017, no such deferred revenue was received or outstanding.

The Company's software license arrangements generally do not include acceptance provisions. However, if acceptance provisions exist as part of public policy, for example in agreements with governments where acceptance periods are required by law, the Company provides for a sales return allowance. No such allowance was reported as of March 31, 2018 and 2017.

The selling, general administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue in excess of billing – the Company has recognized income for fixed bid projects based on work performed but the billing has not been carried out since the contractual payment terms have not been completed.



INTELLECT DESIGN ARENA, INCORPORATED

Notes to Consolidated Financial Statements (continued)

Revenue reported includes the revenue reported by the Company's wholly owned subsidiary, SEEC Technologies Asia Private Ltd, and the financial statements of the subsidiary were audited by another auditor, using the same revenue recognition policies as per the company, Intellect Design Arena, Incorporated.

USE OF ESTIMATES

Preparation of financial statements in conformity with the generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates and any revision to accounting estimates is recognized in the period in which revisions are made. Estimates are used for but not limited to accounting for allowance for doubtful accounts, useful lives of fixed assets, capitalization of cost, etc.

CASH & CASH EQUIVALENTS

The Company considers all highly liquid investments with a remaining maturity at the date of purchase/investment of 3 months or less to be cash equivalents. Cash and Cash equivalents consist of cash, cash on deposit with banks, deposits with corporations, etc.

ACCOUNTS RECEIVABLE AND ACCOUNTING BAD DEBTS

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of March 31, 2018, as per the assessment of the management, the outstanding balances reported under accounts receivable are collectible and no valuation allowance was required, as per the current status of these accounts (in the previous year ended March 31, 2017, no amount was provided as valuation allowance / written off for the same reason).

The Company's agreements with some of the customers provide for cash discount for early payment of receivables and this discount shall be treated as part of general administrative and marketing expenses. In the current year ended March 31, 2018, the Company did not allow any cash discounts to its customers (in the year ended March 31, 2017 also, the Company did not allow discounts to its customers).

PROPERTY AND EQUIPMENT

Property and Equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation shall be removed from the respective accounts and the net difference less any amount realized from the disposition, is reflected in earnings. Till March 31, 2014, the Company was providing for depreciation on property and equipment using straight line method over the estimated useful lives of the respective assets. However, in the year ended March 31, 2015, the Company changed the depreciation method to Indian GAAP, retrospectively, as described in Note 4. As per the Indian GAAP, the useful life for the building & improvements would be 30 years, computer

INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

software 3 years, computers and peripherals 6 years, machinery & office equipment 5 years and, furniture & fixtures 10 years from the date relative asset has been put to use, on straight line method, as against straight line method over the estimated useful lives of the respective assets, as per US GAAP.

FOREIGN CURRENCY TRANSACTIONS

The functional currency of the Company's subsidiary in India is its local currency, viz., INR. The financial statements of the subsidiary have been translated into U.S. dollars for consolidation. Assets and liabilities on the balance sheets have been translated using the exchange rates in effect at the balance sheet date. Income statement amounts and cash flow statement amounts have been translated using the average exchange rate for the year. Accumulated net translation adjustments have been reported in other comprehensive income in the consolidated financial statements as disclosed in the following disclosure on Other Comprehensive Income.

Foreign currency transaction losses resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currencies of the Company and its subsidiary aggregated approximately to \$ 77,846 in the year ended March 31, 2018 (in the year ended March 31, 2017, loss of \$ 244,572) and these were included in other expense (as part of other income) in the accompanying consolidated statement of income and comprehensive income

OTHER COMPREHENSIVE INCOME (LOSS)

The Company complies with provisions of *FASB ASC 220*, Comprehensive Income, which requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, for the period in which they are recognized. Comprehensive Income is the total of net income/loss and all other non-owner changes in equity or other comprehensive income, which include items listed in *FASB-ASC-220-10-45-10A*, such as unrealized gains or losses on securities classified as available-for-sale, foreign currency translation adjustment, minimum pension liability adjustments effective portion of cash flow hedges. Accumulated other comprehensive income/loss must be reported on the face of the financial statements. Other comprehensive income reported by the Company constitutes the foreign currency translation adjustment gain (loss) and the changes were reported as part of consolidated statement of changes in stockholders' equity.

INCOME TAXES

Income taxes are provided in accordance with the asset and liability method as set forth in *FASB ASC 740 Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. Deferred income tax expense (benefit) represents the change during the period in the deferred tax assets and liabilities.

INTELLECT DESIGN ARENA, INCORPORATED

Notes to Consolidated Financial Statements (continued)

The components of the deferred tax assets and liabilities are individually classified as current and noncurrent based on their characteristics. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax asset reported on the balance sheet represents the amount reported by the Company's India Subsidiary in its audited financial statements (duly translated into \$).

The Company evaluates for uncertain tax positions in accordance with *FASB-ASC-740, Income taxes*. *FASB-ASC-740* prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return as well as guidance on de-recognition, classification, interest and penalties and financial statement reporting disclosures. For these benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

The Company classifies interest related to the underpayment of income taxes as a component of interest expense and classifies any related penalties in general and administrative expenses in the Statements of Income. There were no penalties or interest related to income taxes for the years ended March 31, 2018 and 2017.

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes that are available to offset future taxable income.

The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before March 31, 2015. The Company's tax returns are subject to examination by federal and state taxing authorities. Because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, the amounts reported in the accompanying financial statements may be subject to change at a later date upon final determination by respective taxing authority.

PRODUCT WARRANTY

The Company provides a 90 day warranty for software products against substantial non-conformance to the published documentation at the time of delivery.

GENERAL RESERVE

The excess purchase consideration paid over and above net asset value, as on the date of merger of the Company with SEEC Incorporated (in 2008), was shown as Reserve (negative amount) under Stockholders' Equity in the balance sheet, instead of showing as goodwill on the balance sheet.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

In accordance with *FASB ASC 350, "Intangibles - Goodwill and Other Intangible Assets"*, goodwill is no longer amortized; instead it is tested for impairment on an annual basis. The Company assesses the impairment of goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors, the Company considers to be important which could trigger an impairment review, include the following:

- Significant underperformance relative to expected historical or projected future operating results,
- Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

As required by *FASB ASC 350*, the impairment test is accomplished using two step approach. The first step screens for impairment and, when impairment is indicated, second step is employed to measure the impairment.

Considering the fact that the amount shown under reserve is in the nature of goodwill, management evaluates this balance by making it subject to impairment test on annual basis, in accordance with *FASB ASC 350*.

Determination of impairment requires the management to make series of critical assumptions to (i) evaluate whether impairment exists and (ii) measures the amount of impairment, in two-step approach, indicated above.

In the current year, the Company reported net income, however, its net worth was negative or eroded as of March 31, 2018 and 2017, necessitating evaluation of impairment of goodwill based on two-step approach as required by *FASB ASC 350*. While the management is positive to continue reporting of net income from the current year onwards, it is also of the view that as the amount has been debited to equity on the balance sheet, as of the date of merger, even 100% impairment may not alter the total equity position on the balance sheet.

SOFTWARE DEVELOPMENT COST

The Company internally develops software that it markets through licensing of software and direct sales as per its agreement with relative customers. Software development costs are expensed as incurred until technological feasibility of the product is established. Development costs incurred subsequent to technological feasibility are capitalized and amortized on a straight-line basis over the estimated economic life of the product. Capitalization of computer software costs is discontinued when the computer software product is available to be sold, leased, or otherwise marketed. Amortization begins when the product is available for release to customers.

As up to March 31, 2018, the Company reported capitalized software development costs aggregating to \$ 11,623,673 (as of March 31, 2017, \$ 6,768,847) as per a Group level management decision, as of March 31, 2018, the Company transferred this asset together with mark up of 5%, i.e., \$ 566,184 (reported as other income on the Consolidated Statement of Income and Comprehensive Income), to Intellect Design Arena Limited, UK, used the proceeds to repay its Loans taken from the UK entity, for the purpose.

INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

ADVERTISING

The Company expenses advertising costs as they are incurred. In the year ended March 31, 2018 the Company incurred \$ 0 on advertising (\$ 59 in March 31, 2017).

DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through April 27, 2018, the date on which the financial statements were available to be issued and, found no significant events requiring disclosure.

NOTE 2- GOING CONCERN

As indicated in the accompanying consolidated financial statements, the Company reported a net income of \$ 2,557,426 during the year ended March 31, 2018 (Net loss of \$ 1,005,606 in the year ended March 31, 2017). As of March 31, 2018, the Company's total liabilities exceeded total assets by \$ 2,153,602 (as of March 31, 2017, \$ 5,706,522). While the above position indicates substantial adverse impact on owner's equity, the management of the Company is positive of ensuring turnaround before March 31, 2019 with its plan that is being developed at the group level with simultaneously increasing the revenues and profit margins of the Company in the US and through infusion of additional equity of \$ 2 MM in 2018-19, by Intellect Design Arena Pte Limited, Singapore (through its parent, Intellect Design Arena Limited, India) after obtaining approvals that are required as per local regulations, in addition to \$ 1 MM infused during the year ended March 31, 2018. Further, loans are being arranged through Group entities from UK and Switzerland, with support from the Parent Company of the group, Intellect Design Arena Limited, India, and these constitute 44% or \$ 6.542 MM of the total liabilities in the consolidated balance sheet of the Company and its subsidiary, as of March 31, 2018 (49% or \$ 11.713 MM, as of March 31, 2017). Management has confirmed that it can ensure satisfaction of the outside liabilities through realization of its assets in normal course of business. The ability of the Company to continue as a going concern on its own, however, is dependent on successful implementation of the management's plan to increase the revenues in next one-year time and thereafter.

NOTE 3- KNOWN DEPARTURE FROM REVENUE RECOGNITION POLICY

As disclosed vide Note-1, Summary of Significant Accounting Policies, Revenue Recognition, the Company has adopted *FASB ASC 985-605 Software Revenue Recognition*, as its policy for recognizing revenues from software, including revenues from software licenses [i.e., for software requiring significant production, modification, or customization, pursuant to *FASB ASC 985-605-25-2*, and for software not requiring significant production, modification and customization, pursuant to *FASB ASC 985-605-25-3*]. As per the policy, among other things, one of the criteria to be met for revenue recognition has been delivery of the product or service by the vendor. During the year ended March 31, 2018, the Company accrued an amount of \$ 1.620 MM as revenue, upon signing of an arrangement for sale of software license to one of its customers and the delivery is estimated to occur in the year ending March 31, 2019, after customizing the product, in terms of the arrangement signed with the customer. If the Company were to recognize revenue in accordance with its Revenue Recognition Policy and accounting principles generally accepted in the United States of America, revenue from this transaction should be recognized upon delivery of the product to its customer.

INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

Effect of this accrual in March 2018 was that the revenues and net income on income statement and the current assets (revenue accrued but not billed) on balance sheet increased by \$ 1.620 MM and the negative retained earnings on balance sheet decreased by \$ 1.620 MM. Management informed that the said license is being held by the Group's flagship company, Intellect Design Arena Limited, India (IDAL), and they are in the process of formulating a mechanism to transfer and book the cost of license in the books of relative entity in the Group, that effects the sale of license, from April 2018. In the meantime, as the customer is from the US and the business was procured by the Company, revenue was recognized in the Company's books, without getting transfer of relative cost from IDAL, and hence, the Company's financial statements reflect increase in revenue and net income by similar amount, from the above transaction.

NOTE 4 – RELATED PARTY TRANSACTIONS

The related party transactions, as of March 31, 2018, are summarized as under:

<u>Related Party</u>	<u>Nature of Relation</u>	<u>Transaction Type</u>	<u>Amount</u>
Intellect Design Arena S.A. Switzerland	Subsidiary of the Holding Company	Loan from Group Entities	\$ 3,574,731
		Interest Expense	163,215
Intellect Design Arena Limited, UK	Subsidiary of the Holding Company	Loan from Group Entities	1,789,529
		Interest Expense	320,647
		Transfer of Asset (Software WIP)	11,323,673
		Other Income (from Asset Sale)	566,183
Intellect Design Arena FZ, LLC, Dubai	Subsidiary of the Holding Company	Loan from Group Entities	1,177,279
		Interest Expense	19,007
Intellect Design Arena Limited, India	Parent Company of the Holding Company	Accounts Payable	3,148,555
		Dues Receivable	65,487
		Revenue from Operations	73,385
		Direct Cost (Consulting Expense)	2,146,554
Intellect Design Arena Inc., Canada	Subsidiary of the Holding Company	Loan to Group Entity	944,702
		Interest Income	35,012
Intellect Design LLC	Polaris Group Entity	Investment in Membership Interest	250,000
		Rent Expense	170,004
		Management Fee Received	16,200
Gamma Process Hub India Limited	Group Entity	Advances (Other Current Assets)	62,768
		Other Income (Rental Income)	\$ 28,511

LOAN OUTSTANDING: The Company has availed loans from three of the group entities operating from UK, Switzerland and Dubai (listed above) and as of March 31, 2018 aggregate outstanding of these Loans was \$ 6.542 MM (\$ 11.713 MM as of March 31, 2017). The Company has paid Interest aggregating to \$ 502,869 in 2018 (\$ 395,564 in 2017) towards interest charged on these loans. The loan from Swiss entity carry interest @ 4% p.a. and other loans carry interest @ 3.25% p.a., with repayment schedule and other terms as per the respective Loan Agreements signed with these entities. These Loans are provided to meet long term needs of the Company. Loans availed from Swiss and UK entities are backed by comfort letter from Intellect Design Arena Limited, India.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

Based on market rates for similar loans, at March 31, 2018 and 2017, the fair value of the notes approximates its carrying amount. In terms of the notes, the entire balance should be repaid by March 31, 2020 and accordingly, the aggregate maturities are as follows:

<u>Years ending March 31,</u>	<u>Amount</u>
2019	\$ 2,645,608
2020	\$ 3,895,931

NOTE 5 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consist of the following:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Land	\$ 2,910,857	\$ 2,911,044
Building	332,548	333,012
Furniture, Fixtures & Equipment	1,588,724	1,546,118
Leasehold improvements	<u>1,113,308</u>	<u>872,378</u>
Gross	5,945,437	5,662,552
Accumulated depreciation	<u>(2,103,232)</u>	<u>(2,016,681)</u>
Net	\$ <u>3,842,205</u>	\$ <u>3,645,871</u>

During the year ended March 31, 2018, additions to property and equipment aggregated to \$ 287,153 (\$ 86,663 in the year ended March 31, 2017), with additional improvements to leasehold property aggregating to \$ 240,930 in the current year and balance additions of \$ 46,223 were to Furniture, Fixtures & Equipment. There was no retirement or otherwise disposing off of any property, equipment & fixtures during the year ended March 31, 2018. Property and equipment include land, building, property and equipment reported by the Company's India Subsidiary in Indian Rupees (INR) and upon translation of these assets there has been net adjustment to Property, Equipment and Accumulated Depreciation, aggregating to \$ 538 as of March 31, 2018 (negative adjustment of \$ 3,162, in the year ended March 31, 2017), which is included in effects of currency adjustments on cash and cash equivalents on the consolidated cash flow statement.

EFFECT OF CHANGE IN ACCOUNTING ESTIMATES ON FINANCIAL STATEMENTS:

Accounting principles generally accepted in the United States of America requires that the depreciation on property and equipment be provided using straight-line method over the estimated useful lives of the respective assets. In the year ended March 31, 2015, the management has effected change in depreciation method from US GAAP to Indian GAAP, i.e., changed the estimated lives of individual asset groups to estimated lives prescribed as per the Companies Act 2013 (of India). Effect of adopting this method retrospectively, resulted in decrease in accumulated depreciation (and increase in equity reported on the consolidate balance sheet) as of March 31, 2018 by \$ 2,073 (\$ 1,574 as of March 31, 2017). And in the year ended March 31, 2018, the depreciation as per the revised method was lower by \$ 499 (\$ 238 in the year ended March 31, 2017), vis a vis US GAAP.



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

NOTE 6—FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS

Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification (FASB ASC 825-10), requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition. In cases where quoted market prices are not available, fair values are based on estimates using the present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of instruments. Certain financial and nonfinancial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statements of financial condition for cash & cash equivalents approximate those assets fair values.

Investments in Securities: The Company has no investments held for sale / held to maturity, investment in fixed rate instruments / loans etc., on its statements of financial condition as of March 31, 2018 and 2017.

Accrued expenses: Carrying amounts of accrued expenses approximate the fair values.

Other current assets: These represent amounts receivable with no significant change in credit risk, and fair values are based on carrying amounts.

Current liabilities: Carrying amount of these liabilities approximates their fair values.

The carrying amounts of the above classes of financial instruments are included in the statement of financial condition under appropriate classes of assets and liabilities. No derivatives were held by the Company for trading purposes.

The Revenues of the company fall within the category of software consultancy services.

Concentration of Credit Risk from Cash Deposits in Excess of Insured Limits:

The Company maintains its cash balances with Banks in its operating accounts and the balances are insured by the Federal Deposit Insurance Corporation. As of the Balance sheet date, and periodically throughout the year, the company has maintained balances in these accounts, in excess of federally insured limits.

Concentration of Credit Risk and Customers:

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of accounts receivable. The Company grants credit to customers on a regular basis. As on March 31, 2018, amounts due from top five customers aggregated to \$ 4.551 MM, representing 84% of the total accounts receivable (\$ 3.561 MM and 99% in 2016-17). In the year ended March 31, 2018, aggregate revenues from the afore-stated five customers accounted for 80% (74% in March 31, 2017) of total revenues. Customer accounts are typically collected within a short period of time and, based on its assessment of current conditions; management believes that the outstanding



INTELLECT DESIGN ARENA, INCORPORATED

Notes to Consolidated Financial Statements (continued)

balances in accounts receivable as at the end of March 31, 2018 are good and uncollectible balances, if any, as of that date will be immaterial and therefore, customer accounts were reported at the amount of principal outstanding.

NOTE 7 – INVESTMENT IN GROUP ENTITY

In October 2014, the Company has made investment of \$ 250,000 by way of 5% Membership Interests in Intellect Polaris Design, LLC. Intellect Polaris Design, LLC was formed on July 23, 2014 to acquire 75,000 sq. ft. space in an office complex located in Piscataway, New Jersey. As of March 31, 2018, and 2017, the LLC has three members as follows:

Member	Membership Interests (%)
Polaris Consulting & Services Limited, India	50
Intellect Design Arena Limited, India	45
Intellect Design Arena, Incorporated, US (The Company)	5

As the investment held has been valued at original value and the management is of the view that based on market valuation for the property at March 31, 2018; fair value of the investment approximates its carrying amount.

NOTE 8 – COMMITMENTS & CONTINGENCIES

DESCRIPTION OF LEASING ARRANGEMENTS:

The Company leased its office buildings in Pittsburg, PA and also in India. The lease terms for these office premises are longer than one year term. The company is responsible for future lease payment obligation up to the date of next renewal, on leases that are in force and renewable in future, are as under:

<u>Property leased</u>	<u>Leased from</u>	<u>Leased up to</u>	<u>Future lease</u>
Piscataway, NJ Office	04/01/16	03/31/26	\$ 1,374,199
New York Office	11/01/17	10/31/18	16,625
Marbella Guest House 1	01/10/17	07/09/18	13,416
Marbella Guest House 2	05/04/16	07/03/18	\$ 12,351

Future lease payment obligations aggregate to \$ 1,416,591 and of this, \$ 212,396 would be due in the year 2018-19 and at \$ 170,004 p.a. till 2025-26. Rent expense of \$ 555,541 in the current year (\$ 649,236 reported in the year ended March 31, 2017), comprises of rent paid for various office premises rented by the Company, including the above.

NOTE 9—INCOME TAXES

The Company reports corporate tax returns on accrual method of accounting, deferred taxes are recorded on the deferred income as reported on the financial statement as well as on corporate tax returns using timing difference and certain items, such as depreciation, amortization and investments as per equity method of reporting, for the tax purposes in the year other than the years they are reported on financial statement. Income taxes are provided in accordance with the asset and liability method as set forth in *Accounting Standards Codification 740 (ASC 740, previously known as SFAS 109), Accounting for Income Taxes*.



INTELLECT DESIGN ARENA, INCORPORATED

Notes to Consolidated Financial Statements (continued)

The current charges for the income taxes are calculated in accordance with relevant Federal and State tax regulations applicable to the Company. The Company, as of March 31, 2017, has carried forward net operating losses (NOL) in the amount of \$ 5,236,473, from the merged entity, SEEC Inc. The Company shall have huge benefit in their future income taxes payable over 15 years from the NOL carried forward. As the Company reported net income in the current year ended March 31, 2018, it proposes to utilize the benefit and in the following years (from out of approximately \$ 1,059,405 in the form of Federal & State Taxes). However, the management proposes to examine its operations, in particular, net income from operations, in next few years, before recognizing deferred tax asset for the carried forward net operating losses, till such time, it proposes to claim every year, based on net income posted for the respective year.

The provision (benefit) for income taxes consists of the following components:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Current Taxes	\$ 120,500	\$ 2,150
Deferred Tax (Asset)	\$ (10,506)	\$ (10,559)

The income tax provision (benefit) differs from the expense that would result from applying federal statutory rates to income before income taxes because certain expenses are not deductible for tax purposes. Provision indicated for the current year, \$ 2,150, represents the balance of Federal Income Tax and State taxes payable for current year.

Prepaid Taxes as of March 31, 2018, \$ 267,974 (\$ 305,575 reported as of March 31, 2017) represents advance tax (net of provision for tax) paid by the Indian Subsidiary, in India. Corporate tax expense of \$ 167,505, reported in consolidated income statement, represents \$ 130,976 (net of refund received, \$ 125) being tax expense for the Company towards various State Income Taxes paid for the prior year of \$ 6,301 and \$ 124,800 for the current year and, \$ 36,529 being amount reported by the Indian subsidiary. Deferred taxes reported on the income statement were on account of Indian Subsidiary.

NOTE 10- CONSOLIDATED SUBSIDIARIES / OTHER COMPREHENSIVE INCOME

As of March 31, 2018, and 2017, the Company has a wholly owned subsidiary viz., SEEC Technologies Asia Private Ltd, India (subsidiary). Balance Sheet of the subsidiary, as at March 31, 2018 and the Income Statement for the year then ended, were audited by other Auditors in India. For presenting the consolidated financial statements of the Company and its subsidiary, financials of the subsidiary (duly translated to \$) provided by the Company management were included on "as is" basis.

The Financial Statements of the subsidiary were denominated in Indian Rupees and translated into \$ for consolidation. Such translation of Income for the current year and Assets and Liabilities (excluding outstanding in the nature of long term investments of the holding company in the subsidiary), in terms of *Accounting Standards Codification 830 (FASB ASC 830, previously known as FASB 52)*, Foreign Currency Translation, as of March 31, 2018, has resulted in aggregate translation loss of \$ 1,200,547 (\$ 1,192,642, as of March 31, 2017). Accumulated Other Comprehensive Income (Loss) as on March 31, 2018 stands at (\$ 684,312) [(\$ 679,806) as of March 31, 2017], net of tax component (benefit) \$ 516,235, as of March 31, 2018 (benefit, \$ 512,836 as of March 31, 2017).



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

Accumulated Other Comprehensive Income (Loss) and Tax Component on Other Comprehensive Income as of March 31, 2018 were reported under the Stockholders' Equity and Current Assets of the balance sheet, respectively. The effects of Currency Translation on Cash and Cash equivalents (i.e., reduction in cash by \$ 2,314) has been shown as adjustment to arrive at the Cash at end of year, on the Cash Flow Statement to arrive at cash at end of year. Changes in Accumulated Other Comprehensive Income (net of tax) during the year have been shown as part of Changes in Stockholders' Equity.

NOTE 11- DUES RECEIVABLE FROM RELATED ENTITIES

Intellect Design Arena, Inc., Canada, a Group entity, during the year ended March 31, 2018, borrowed an amount aggregating to \$ 1,665,886 (against 9 notes signed between the Company and the Group entity) (\$ 2,771,694 in the year ended March 31, 2017) from the Company. The notes carry interest @ 3.25% and each would be falling due within one year of signing the respective note. During the year ended March 31, 2018, the Group entity has repaid principal amount of \$ 1,837,930 together with interest of \$ 35,012 (\$ 1,681,746, together with interest of \$ 26,321, paid in the year ended March 31, 2017). As of March 31, 2018, an amount of \$ 944,702 (\$ 1,116,746, as of March 31, 2017) was due to be received by the Company, from the Group entity, in terms of notes that are outstanding. The management confirms that there have been no delinquencies during the year ended March 31, 2018 and thereafter till the date of the Review Report.

Based on market rates for similar loans, at March 31, the fair value of the notes approximates its carrying amount (due from the Group entity). In terms of the notes, the entire balance should be repaid by March 31, 2019 and accordingly, the Loan Receivable was classified as current asset (as part of Dues Receivable from Related Entities) on the consolidate balance sheet as of March 31, 2018.

As of March 31, 2018, India subsidiary has reported \$ 0 (\$ 29,861, as of March 31, 2017) due from another Group entity operating in India. Management confirmed that the said amount due as of March 31, 2017 represented operational dues and was fully recovered in the year ended March 31, 2018.

NOTE 12- OTHER CURRENT ASSETS

Other Current Assets consists of the following, which are recoverable in next one-year period:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Employee Advances	\$ 20,263	\$ 30,365
Other Advances	80,875	7,094
Prepaid Government dues	<u>1,012,881</u>	<u>514,704</u>
Total	\$ <u>1,114,019</u>	\$ <u>552,163</u>



INTELLECT DESIGN ARENA, INCORPORATED
Notes to Consolidated Financial Statements (continued)

NOTE 13- OTHER CURRENT LIABILITIES:

Other Current Liabilities consists of the following, which are payable in next one year period:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Advances Received	\$ 63,938	\$ 64,264
Advances from Customers	15,125	-
Employee Related Payables	31,850	96,755
Payroll Withholding Payables	10,635	8,062
Other Current Liabilities	<u>84,080</u>	<u>125</u>
Total	\$ <u>205,628</u>	\$ <u>169,206</u>



**SCHEDULE 1 CONSOLIDATING INFORMATION AND
SCHEDULES 2 & 3 SUPPLEMENTARY INFORMATION**



INTELLECT DESIGN ARENA INCORPORATED, USA & ITS SUBSIDIARY
SCHEDULE I TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING INFORMATION - CONSOLIDATING BALANCE SHEET
AS OF MARCH 31, 2018

	Intellect Design Arena, Incorporated	India Subsidiary Audited	Consolidating Entries	Consolidated Totals
ASSETS				
Current Assets:				
Cash In Bank & Cash Equivalents	\$ 213,430	\$ 3,525	\$ -	\$ 216,955
Accounts Receivable (net)	3,171,427	4,004,756	(3,919,812)	3,256,371
Revenue in Excess of Billing	2,141,440	-	-	2,141,440
Dues Receivable from Related Entities	1,755,114	-	(745,632)	1,009,482
Prepaid Expenses & Taxes	181,582	267,975	-	449,557
Other Current Assets	14,450	1,099,569	-	1,114,019
Tax on Other Comprehensive Income (Loss)	-	516,235	-	516,235
TOTAL CURRENT ASSETS:	7,477,443	5,892,060	(4,665,444)	8,704,059
Property & Equipment:				
Land	-	2,910,857	-	2,910,857
Property, Equipment, Furniture & Fixtures (net)	590,687	340,661	-	931,348
TOTAL PROPERTY & EQUIPMENT:	590,687	3,251,518	-	3,842,205
Other Assets :				
Investments in Subsidiary	7,574,861	-	(7,574,861)	-
Investment in Related Entities	250,000	-	-	250,000
Security Deposits	29,087	42,696	-	71,783
Deferred Tax Asset	-	10,506	-	10,506
TOTAL OTHER ASSETS :	7,853,948	53,202	(7,574,861)	332,289
TOTAL ASSETS :	\$ 15,922,078	\$ 9,196,780	\$ (12,240,305)	\$ 12,878,553
LIABILITIES AND STOCKHOLDERS' EQUITY :				
Current Liabilities:				
Accounts Payable	\$ 6,744,189	\$ 1,239,122	\$ (3,919,812)	\$ 4,063,499
Billing in excess of Revenue	2,101,856	-	-	2,101,856
Dues Payable to Related Entities	-	745,632	(745,632)	-
Accrued Expenses & Taxes	2,076,809	162,824	-	2,239,633
Other Current Liabilities	46,975	158,653	-	205,628
Loan from Group Entities (Due in next 12 months)	2,645,608	-	-	2,645,608
TOTAL CURRENT LIABILITIES:	13,615,437	2,306,231	(4,665,444)	11,256,224
Term Liabilities				
Term Loan from Group Entity (Excluding Current)				
Term Loan	3,895,931	-	-	3,895,931
TOTAL TERM LIABILITIES	3,895,931	-	-	3,895,931
TOTAL LIABILITIES:	17,511,368	2,306,231	(4,665,444)	15,152,155
Stockholders' Equity:				
Stock Capital	8,005,000	6,984,155	(6,984,155)	8,005,000
General Reserve	(4,018,650)	-	-	(4,018,650)
Retained Earnings	(5,575,640)	590,706	(590,706)	(5,575,640)
Accumulated Other Comprehensive Income	-	(684,312)	-	(684,312)
TOTAL STOCKHOLDERS' EQUITY:	(1,589,290)	6,890,549	(7,574,861)	(2,273,602)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY:	\$ 15,922,078	\$ 9,196,780	\$ (12,240,305)	\$ 12,878,553



INTELLECT DESIGN ARENA INCORPORATED, USA & ITS SUBSIDIARY
SCHEDULE I TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING INFORMATION - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2018

	Intellect Design Arena, Incorporated	India Subsidiary Audited	Consolidating Entries	Consolidated Totals
REVENUES				
Revenue from Operations (Net)	\$ 14,359,346	\$ 2,867,915	\$ (2,867,915)	\$ 14,359,346
LESS COST OF SALES				
Direct Cost	4,308,295	2,381,522	(2,867,915)	3,821,902
	4,308,295	2,381,522	(2,867,915)	3,821,902
GROSS PROFIT	10,051,051	486,393	-	10,537,444
EXPENSES				
Operating Expenses	7,527,019	364,899	-	7,891,918
Depreciation	61,758	28,523	-	90,281
TOTAL	7,588,777	393,422	-	7,982,199
INCOME FROM OPERATIONS	2,462,274	92,971	-	2,555,245
OTHER INCOME AND EXPENSES				
Interest Income	35,012	695	-	35,707
Income from Transfer of Software Development	566,183	-	-	566,183
Miscellaneous Income	-	28,511	-	28,511
Exchange Transaction Gain (Loss)	(65,886)	(11,960)	-	(77,846)
Income (Loss) from Investment in Subsidiary	73,688	-	(73,688)	-
Interest Expense	(502,869)	-	-	(502,869)
TOTAL OTHER INCOME (EXPENSES)	106,128	17,246	(73,688)	49,686
NET INCOME BEFORE INCOME TAXES	2,568,402	110,217	(73,688)	2,604,931
Less :				
Income Taxes	130,976	36,529	-	167,505
NET INCOME	2,437,426	73,688	(73,688)	2,437,426
OTHER COMPREHENSIVE INCOME				
Foreign Currency Translation Adjustments	-	(7,905)	-	(7,905)
Other Comprehensive Income, before Tax	-	(7,905)	-	(7,905)
Income Tax Benefit (Expense) Related to Items of Other Comprehensive Income	-	3,399	-	3,399
Other Comprehensive Income (Loss), Net of Tax	-	(4,506)	-	(4,506)
COMPREHENSIVE INCOME (LOSS)	\$ 2,437,426	\$ 69,182	\$ (73,688)	\$ 2,432,920



INTELLECT DESIGN ARENA INCORPORATED, USA & ITS SUBSIDIARY
SUPPLEMENTARY INFORMATION
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

SCHEDULE 2 - DIRECT COST

Consulting / Outsourcing Expense	\$ 2,146,554
Software Development Charges	156,117
Salary & Wages	679,965
Payroll Taxes	46,132
Employee Benefits	5,293
Professional Charges	274,306
Health Insurance	82,234
Travel	75,491
Recruitment Expenses	120,433
Staff Welfare & Employee Benefits	22,959
Visa Expenses	66,274
Telephone & Internet Expenses	146,144
TOTAL DIRECT COST	<u>\$ 3,821,902</u>

SCHEDULE 3 - GENERAL ADMINISTRATIVE & MARKETING EXPENSES

Audit fees	\$ 27,478
Administrative charges for PF	764
Bank Service Charges	854
Business Promotion	486,827
Software Development Charges (Indirect)	96,669
Computer Consumables	10,679
Employee Benefits	127,989
Health Insurance	390,380
Insurance	36,764
Meals & Entertainment	98,465
Membership & Subscriptions	263,353
Office Expenses & Maintenance	60,707
Officers' Salary	254,719
Payroll Expenses	14,977
Payroll Taxes (Administration)	237,014
Postage & Courier	14,190
Power & Fuel	120,078
Printing & Stationery	11,138
Rates & Taxes	24,491
Rent	555,541
Repairs and maintenance	33,732
Salary & Wages (Administration)	4,242,849
Security Services	15,763
Staff Welfare (Administration)	5,740
Telephone & Internet (Administration)	37,275
Travel Expense (Administration)	700,264
Training Expenses	6,650
Visa Expenses	16,568
TOTAL GENERAL, ADMINISTRATIVE & MARKETING EXPENSES	<u>\$ 7,891,918</u>

