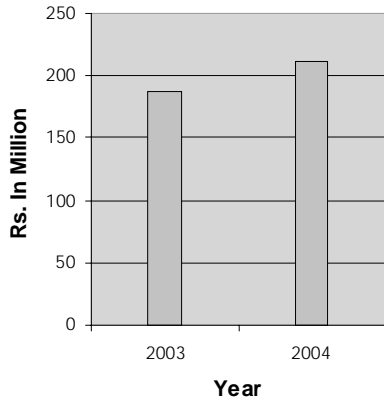


Corporate Vision

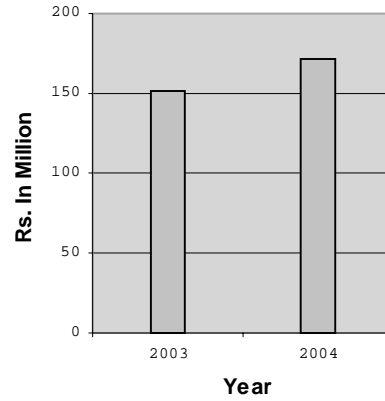
“To be a global leader, committed to the customer
in providing technology solutions with
the highest degree of excellence, quality and value
by an agile team using efficient processes”

ASM GROUP INFORMATION

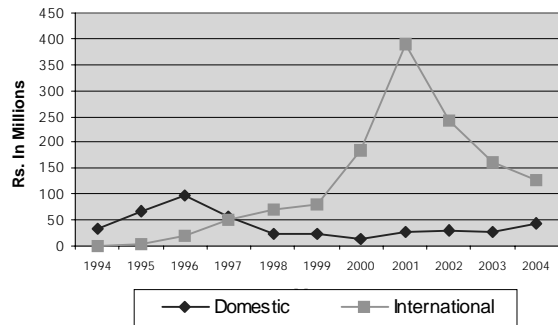
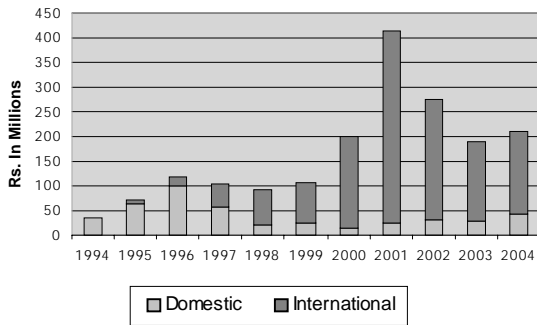
ASM Group Revenue



ASM Group Revenue (Net of Intercompany Sales)

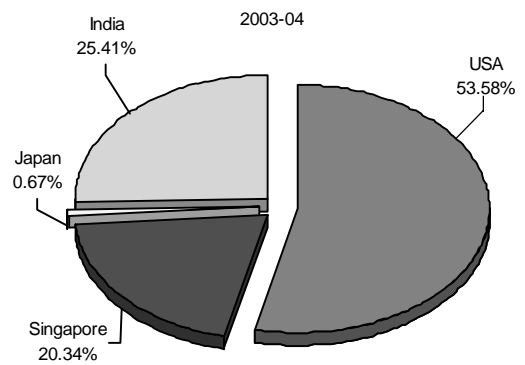
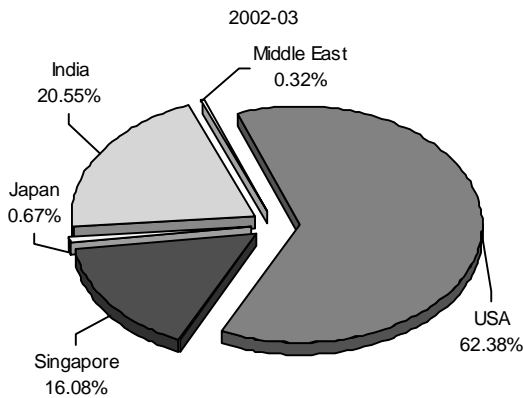


Domestic and International Revenue Trends



4

Geographical Distribution of Revenue



Our Board of Directors

Dr. S. Srikantan

Dr. S. Srikantan holds a Ph.D. in Electrical Engineering from Moore School, University of Pennsylvania, USA. He is a recipient of 'Vikram Sarabhai Research Award' for his outstanding work in the field of Electronics and telecommunications. Dr. Srikantan is one of the founders of Computer Industry in India. As Managing Director of Karnataka State Electronics Development Corporation (KEONICS), he was instrumental in initiating the Software / IT / Telecom industries in the state and also in the successful development of Software Tech Park / Industrial Park for electronic industries (Electronic City) near the city of Bangalore.

Prof. B.S. Sonde

Prof. B.S. Sonde holds a Degree in Engineering from the University of Pune, M.Sc. Engg. from the University of Pune and Ph.D. from the Indian Institute of Science (IISc) Bangalore. His field of academic and research interest encompass Microelectronics, Instrumentation, Digital Technology and its applications in Electronics and Communication Engg. Prof. B.S. Sonde has been associated with IISc. Bangalore for more than three decades holding various senior positions including Dean, Faculty of Engineering, was appointed as the Vice Chancellor of Goa University between Feb. 1997 - Feb. 2002, been on the Advisory / Review Committees of several Universities and also visiting professor at Stanford University, California, USA and other foreign universities. He is a distinguished fellow of Institution of Electronics and Telecommunication Engineers and was also on the Board of Syndicate Bank for a period of 3 years until end of Feb. 2003.

Mr. M.R. Vikram

Mr. M.R. Vikram is a leading Chartered Accountant and Financial Services consultant, partner in M. Anandam & Co., in Secunderabad. M. Anandam & Co. is one of the auditors for conducting a study for re-designing the accounting policies and procedures of Reserve Bank of India and many private and public sector companies. He is on the Board of Directors of Glochem Industries Limited, Wings Infonet Limited and other private companies.

Mr. Rabindra Srikantan

Mr. Rabindra Srikantan holds M.S. degree in Computer Engineering and Computer Science from the University of Louisiana, USA. He has professional experience in a wide range of software systems in the areas of Engineering, Enterprise Applications and System Software.

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Our Assets – Our Employees

At ASM Technologies, human resources are the most valued assets. We are proud of every one of our employees as it is their dedication and commitment which has helped us to achieve our goals of being the chosen provider of end-to-end solutions. ASM invests in its employees, supports them with training facilities and enables them to work independently, so that they can grow as individuals and shape their careers.

Our Core Business

ASM Technologies Ltd., established in 1992, is a pioneer in software development and enterprise applications implementation services.

Since the day of its inception ASMTL has been meeting the requirements of global clientele in the enterprise space. ASMTL from its very beginning has worked extensively in the area of system and application software developments to its global clients. ASMTL offers a broad spectrum of services such as configuration, implementation, customization, end user training and documentation across leading commercial-off-the-shelf products like SAP, Oracle Apps and PeopleSoft.

HIGHLIGHTS:

- ◆ Company promoted by technocrats
- ◆ IPO in the year 1994 listed in Mumbai Stock Exchange
- ◆ 200 plus employees deployed worldwide
- ◆ Development centers in India (Bangalore), Singapore and USA (Chicago)
- ◆ Office in UK (London)
- ◆ Initiatives to setup ODC in China / Malaysia
- ◆ A global client base

OUR MISSION:

ASM Technologies Limited mission statement is to understand and empower client organizations through world-class consulting services in the area of enterprise solutions, in the context of turnkey development and commercial off the shelf packages and also in the area of technology solutions covering embedded systems and system software.

ASMTL OFFERINGS:

- | | |
|---------------------|-----------------------------------|
| Applications | ◆ SAP |
| | ◆ Internet Technologies |
| Technology | ◆ Embedded Systems |
| | ◆ System Software |
| | ◆ Telecom and Networking Software |

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SAP SERVICES AND SOLUTIONS

I. Business Consulting

II. Full Cycle Implementation

SAP Implementation Strategy : The implementation strategy will include scoping, analysis & design, ASAP methodology, realization, business blueprint, global and regional roll out strategy, templates and walk-through.

The stages of implementation:

- ◆ Planning and Architecture
- ◆ Interface Programming
- ◆ Full Scale R/3 Implementation
- ◆ Systems Administration
- ◆ Prototyping and Customization
- ◆ Performance Tuning
- ◆ Data Migration
- ◆ Post Implementation Support
- ◆ On Site/Remote Development
- ◆ System and Integration Testing
- ◆ Release Upgrades
- ◆ User Training

III. Version Upgrades

IV. Rollouts

V. Additional Services:

- ◆ **Development / Maintenance :** System enhancements/maintenance, user maintenance and data back-up.
- ◆ **Outsourcing :** Outsourcing services provided to client would include helpdesk - both remote & onsite and customized enhancements.

OTHER SERVICES :

All add-ons or new-generation solutions like

- ◆ Customer Relationship Management (CRM)
- ◆ Supplier Relationship Management (SRM)
- ◆ Supply Chain Management (SCM)
- ◆ Strategic Enterprise Management (SEM)
- ◆ Advanced Planner and Optimizer (APO)
- ◆ Business Information warehouse (BI)

Systems Integration:

This combines leading ERP systems and other critical applications. Services include designing customized architecture or applications and integrating them with hardware and software.

Industry Based Solutions:

Industry verticals like IS Automotive, IS Banking, IS Consumer Products, IS Healthcare, IS Oil & Gas, IS Pharmaceuticals, IS Retail, IS Telecommunications, IS Utilities etc.

EDI Services:

EDI/SAP Integration; EDI Translation/Mapping.

Internet / Intranet Applications:

Website and web applications development with SAP integration.

Audit on SAP Implementation:

This shall include technical and functional audit, comparison on perceived benefits and the actual ones and feedback & change management.

INTERNET TECHNOLOGIES

ASMTL offers e-business solutions comprising digital marketplaces, B2B, B2C, XML / EDI and custom based e-commerce solutions. ASMTL offers very cost effective on-site and offshore implementation services to its clients. The company has a strong base of trained and experienced consultants having extensive functional background and work experience which reinforces its ability to provide a wide range of services

EMBEDDED TECHNOLOGIES

ASMTL offers services in the Embedded space on

- ◆ Integrated real time solutions and turnkey development.
- ◆ Embedded software, RTOS, protocols, firmware, BSP, device driver development and porting services.
- ◆ Board level hardware and FPGA design and development services.
- ◆ DSP (Audio & video codec)
- ◆ Testing and Validation

SYSTEM SOFTWARE

Product engineering, development and testing services in the following technologies:

- ◆ Windows XP, 2K, NT, 9x internals
- ◆ Unix and Linux internals
- ◆ File system : NTFS, FAT, FAT32, EXT2, CDFS
- ◆ Networking : TCP/IP, DNS, UDP, Multitasking and DHCP
- ◆ Pre Boot : PXE, Pre-OS development

Partial Client List

ASMTL has delivered several successful projects all over the world.

A representative list of satisfied customers is provided below.

- ◆ Accenture
- ◆ Bharat Petroleum Corporation Limited
- ◆ CINCOM
- ◆ CISCO
- ◆ Citi Power
- ◆ CODA
- ◆ CSA
- ◆ DACG
- ◆ Danone
- ◆ Degussa
- ◆ Deloitte
- ◆ dotcomERP
- ◆ ESR
- ◆ FU YU Manufacturing Co.
- ◆ FUJITSU
- ◆ Guthrie Furniture
- ◆ Heveafil
- ◆ Hewlett Packard
- ◆ iNODE
- ◆ IBM
- ◆ ITK Telekommunikation
- ◆ Megachem Pte Ltd.
- ◆ Micrognosis
- ◆ New Holland UK Limited
- ◆ Oman Trading Establishment
- ◆ ONGC
- ◆ Owens Corning
- ◆ OYL Condair
- ◆ Pacific Coast
- ◆ PowerQuest
- ◆ PT & T
- ◆ Qwest
- ◆ SAP
- ◆ Sogeti
- ◆ Sony
- ◆ Texmaco Industries
- ◆ Therma Tru
- ◆ UNICEF
- ◆ Unisphere

Notice

Notice is hereby given that the 12th Annual General Meeting of the Company will be held on Wednesday the 29th of September 2004 at 10.00 a.m. at Pai Vijay Hall, No. 530/58, 33rd Cross, 11th Main, 4th Block, Jayanagar, Bangalore 560 011 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Balance Sheet as at 31.03.2004, the Profit and Loss Account for the year ended 31.03.2004 and the Cash Flow Statement for the year ended 31.03.2004 together with the report of the Auditors and Directors thereon.
2. To appoint a Director in place of Dr. S. Srikantan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors and fix their remuneration. M/s. Sudhakar Pai Associates the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309 and Schedule XIII to the Act and other applicable provisions, if any, of the Companies Act,1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of Central Government and such other approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment Mr. S. Rabindra, as Managing Director, of the company for a period of five years with effect from 8.11.2003 on a remuneration of Rs. 1,25,000/- per month including perquisites payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year.

FURTHER RESOLVED THAT in the event of any statutory amendments or modifications or relaxation in the provisions relating to the appointment and payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc., within such prescribed limits.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution.”

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and is hereby authorised to appoint, such person or persons qualified for appointment as Auditor or Auditors of the Company’s Branch Office in Chicago, USA., to examine and audit the accounts for the financial year 2004-2005 on such remuneration, terms and conditions as the Board may deem fit.”

6. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**.

RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and is hereby authorised to appoint, such person or persons qualified for appointment as Auditor or Auditors of the Company’s Branch Office in U.K., to examine and audit the accounts for the financial year 2004-2005 on such remuneration, terms and conditions as the Board may deem fit.”

REGD. OFFICE
80/2, Lusanne Court
Richmond Road
Bangalore 560 025

Date : 16th August 2004

By Order of the Board

Sd/-
RABINDRA SRIKANTAN
Managing Director

Notes

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business under items 4, 5 & 6 set out above are annexed here to and forms part of the Notice.
2. A member entitled to attend and vote at a meeting is entitled to appoint a proxy and such proxy need not be a member of the Company. Proxies to be valid should be deposited forty eight hours before the commencement of the Meeting at the Registered Office of the Company.
3. Members holding shares in physical form are requested to notify immediately any change in their address to the Company / Karvy Computershare Private Limited, Share Transfer agents at T.K.N. Complex, No.51/2, Vanivilas Road, Opp. National College, Basavanagudi, Bangalore 560004. Members holding shares in electronic form are requested to notify change in their address to their Depository Participant.
4. The Register of Members of the Company will remain closed from 25.9.2004 to 29.9.2004 (both days inclusive).
5. For the convenience of the members, attendance slip is annexed to the proxy form. Members are requested to fill-in and affix their signature at the space provided and hand over the attendance slip at the entrance place of the meeting. Proxy representative of a member should mark on the attendance slip as "PROXY" or "REPRESENTATIVE" as the case may be.
6. Members desiring any information on the accounts at the AGM are requested to write to the Company at least ten days in advance so as to enable the company to keep the information ready.
7. As a measure of economy copies of the Annual Reports will not be distributed at the AGM. Members are requested to kindly bring copies of the Annual Report to the Meeting.
8. As per the provisions of the amended Companies Act, 1956 facility for making nominations is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrars and Transfer Agents.
9. The unclaimed dividends of the year 1997-1998 will be transferred to the Investor Education and Protection Fund pursuant to the amendment to sub-section (5) of Section 205A vide Companies (Amendment) Act, 1999. Members who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Company's Share Department at the Registered Office of the Company on or before 31st December 2004.

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR RE-APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(VI)(A) OF THE LISTING AGREEMENT.

The relevant information relating to the Director proposed to be re-appointed vide Ordinary Business No.2 in the Notice of the AGM is given below:

Dr. S. SRIKANTAN : was appointed as a Director of the Company on 10.8.1992 and is the non-executive Chairman of the Board. Dr. S. Srikantan holds a Ph.D. in Electrical Engineering from Moore School, University of Pennsylvania, USA. He is a recipient of "Vikram Sarabhai Research Award" for his outstanding work in the field of Electronics and Telecommunications. Dr. Srikantan is one of the founders of Computer Industry in India. As Managing Director of Karnataka State Electronics Development Corporation (KEONICS), he was instrumental in initiating the Software / IT / Telecom industries in the state and also in the successful development of an Industrial Park for electronic industries (Electronics City) near the city of Bangalore.

Explanatory Statement pursuant to Sec 173 (2) of the Companies Act, 1956 in respect of Special Business :

Item No.4

The members are aware that Sri S. Rabindra was re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 8.11.1998 with the approval of the members at the AGM held on 31st Dec. 1998. The term of office expired on 7.11.2003 and the Board of Directors in their meeting held on 23.10.2003 have re-appointed Sri S. Rabindra as Managing Director with effect from 8.11.2003 for a period of 5 years subject to the approval of the members of the company in the General Meeting, Central Government and other statutory authorities if any.

The terms of his appointment is as under:
Salary Rs. 1,25,000/- per month inclusive of perquisites.
However the following will not be included as perquisites:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable @ not exceeding half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.

The above remuneration is within the limits prescribed under Sch. XIII as amended.

Sri S. Rabindra, a visionary leader and a true global entrepreneur has strived to build the Company into a global information technology solutions provider. Under his leadership, the company achieved enviable growth and progress. With his wide knowledge and experience, Sri S. Rabindra has always been a key resource for the Board of Director for the successful driving of strategies and initiatives of the Company. Your Directors consider that his reappointment will be in the interest of the company and hence recommend passing the resolution.

This may also be treated as an abstract of the terms of appointment of Managing Director which is required to be given under Sec. 302 of the Companies Act, 1956.

None of the Directors of the company except Sri S. Rabindra and Dr. S. Srikantan, Chairman, either directly or indirectly is interested or concerned in the resolution.

Item No.5

During the year 1999-2000 the company had opened a branch office in Chicago, USA. It is necessary to appoint in consultation with the Company's Auditors, branch auditors of the company under the provisions of Sec. 228 of the Companies Act 1956 for auditing the accounts of the Branch for the year ending 31st March, 2005. Their remuneration and terms and conditions of appointment will be as determined by the Board of Directors.

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Item No.6

During the year 2001-2002 the company had opened a branch office in UK. It is necessary to appoint in consultation with the Company's Auditors, branch auditors of the company under the provisions of Sec. 228 of the Companies Act 1956 for auditing the accounts of the Branch for the year ending 31st March, 2005. Their remuneration and terms and conditions of appointment will be as determined by the Board of Directors.

REGD. OFFICE
80/2, Lusanne Court
Richmond Road
Bangalore 560 025

Date : 16th August 2004

By Order of the Board

Sd/-
RABINDRA SRIKANTAN
Managing Director

Directors' Report

Your Directors present their 12th Annual Report together with the Audited Accounts for the year ended 31st March, 2004.

Financial Results

(Rs. millions)

	2003-2004	2002-2003
Gross Revenue	76.59	57.89
Profit / Loss before Interest Depreciation & Tax	-8.72	-20.50
Interest	2.57	4.11
Depreciation	8.53	14.46
Profit / -Loss before Tax	-19.82	-39.07
Deferred Tax Income / -Expense	6.85	14.14
Net Profit / -Loss	-12.97	-24.93

During the year under review the total revenue of the company was Rs. 76.59 million as against Rs. 57.89 million for the previous year signifying an increase of 32%.

However, the recovery of the company from the economic slowdown in the past year materialized only in the latter part of the year and thus hindered the scope for improved financial performance.

The consolidated group revenue was Rs. 174.96 million for the year ended 31st March 2004 as against Rs. 151.48 million for the same period last year registering an increase of 16%.

Dividend

Your Directors do not recommend dividend for the year 2003-2004 due to insufficient profits.

Subsidiaries

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Advanced Synergic Pte Ltd. - Singapore - achieved a gross revenue of Rs. 53 million for the year under review as against Rs. 25.67 million for the same period last year registering a growth of 106%. The impressive performance during the year enabled the company to achieve a profit of Rs. 3.70 million and expunge the previous year loss.

Pinnacle Talent Inc., USA - achieved a gross revenue of Rs. 84.06 million for the year under review as against Rs. 104.57 million for the same period last year.

The audited statement of Accounts of the Subsidiary Companies viz., M/s. Pinnacle Talent Inc., USA and Advanced Synergic Pte Ltd. Singapore for the year ended 31st March 2004 along with the Report of the Board of Directors thereon are attached as per the provisions of the Section 212 of the Companies Act 1956.

Future Outlook

This year has been rewarding to your company with the initiatives taken in the last year and a strong foundation has been built to surge ahead with exponential growth. The company has added 20 new clients and currently servicing 9 of the Fortune 500 Companies in multiple Engagement Models and 23 Global 2000 clients.

With the global upbeat in the IT industry, as a result of the economic upturn in the developed and developing nations, the following years look very bright for the entire IT Industry and your company is well geared to take advantage of the growth potential.

Geographical Area of Operation

The company continues to strengthen its operation in the area of presence, viz India, Singapore and US. The company has kick-started its operation in the UK with a representative office and have a firm contract in place. This year the growth in Europe region is expected to significantly contribute towards the growth plans for the company. During the year the Company has continued to execute projects in the regions of Japan, Malaysia, Thailand and Middle-East. In the following years the Company will be moving aggressively in the other Asia-Pacific regions and South Africa.

Business Focus Area

◆ Current Areas

This year the company has strengthened its core areas of

1. **Application Software** (Packaged ERP implementation, Support and Maintenance, building Add-ons to the ERP, Application development in the Internet and Client Server Technologies) and
2. **Technology Solutions** (System Software, Embedded Software and Firmware) continues to be the growth area and the future will be built on this foundation.

◆ Future Expansion Areas

1. **Software Infrastructure Maintenance** : With the outsourcing gaining momentum, onsite and remote management of the IT Infrastructure (Management of Servers, Operating Systems, Database and Application) will be a business area to focus on. Initiatives have already been taken and onsite engagement mode is effected.
2. **Third Party Testing and Validation** : All developed software needs the testing & validation and hence this area has been identified as a separate Strategic Business Unit. Initiatives to set up a Test Lab is underway and the Lab will lend itself for the testing and validation in the areas of Business Applications (ERP, Internet Technologies and Client Server) and Embedded Software Applications (like the Automotive, Telecom, Aviation, White Goods etc). The testing will encompass Hardware testing as well.

Engagement Models

Various Client Engagement Models to meet the requirement of the sound delivery system with a distinct cost advantage has been effected. Onsite project execution, Onsite-Offshore blended-model, Near-shore support and Development Center and Offshore Development Center (ODC) are the current trends which will continue with more volumes in the coming years.

Technology

The Company will continue to focus on the ERP solutions (SAP), Internet Technologies (Java, J2EE, BEA Web Logic Portals, Web Methods, .Net, WebSphere Platforms) Embedded Software (Multiple Real Time Operating Systems (RTOS), Microprocessors, Micro controllers based Platforms) and System Software. The future will be to further strengthen these areas of focus and build competency around them apart from building competent technical teams for the IT Infrastructure and Third Party Testing and Validation Business Areas.

Human Resources

It is proposed to double the headcount of the Technical Resources (comprising of Project Mangers, Business Analysts, Functional Experts, Team Leaders and Software Engineers). Further, as a continuous process all the Technical Staff will be upgraded and trained with suitable technologies as required by the business needs. The Business Development Team is also being increased to bring in more clients and account manage the existing clients. Business Managers will also be posted to overseas locations for generating new client base.

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Directors Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act 1956, the Directors based on all representations received from the operating management confirm that :

- I. In the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures:
- II. The Company had selected the accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- III. The Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV. The annual accounts of the company are prepared on a going concern basis.

Corporate Governance Report

As required vide Clause 49 of the Listing Agreement, a Report on Corporate Governance is provided elsewhere in this Annual Report along with Auditor's Certificate on compliance thereof.

Secretarial Compliance Report

In tune with your Company's commitment to transparency, the Board is pleased to enclose the Secretarial Compliance Report for the financial year 2003-2004, as part of this Directors Report.

Statutory Compliances

Your company has continued to comply with the procedures of Software Technology Parks of India, NASSCOM and other statutory bodies. The licenses, approvals and clearances are up to date.

Directors

Dr. S. Srikantan, Chairman, retires by rotation and is eligible for reappointment. Brief profile of the Director proposed for re-appointment is given after the Notes of the Notice to the ensuing AGM.

Particulars of employees

Information as per Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975, forming part of this report - Expenditure on employees employed for the year / part of the year who were in receipt of remuneration which in the aggregate is not less than Rs. 2,00,000 is NIL.

Conservation of energy, technology absorption.

The Company's operations involve low energy consumption. However the efforts to conserve and optimize the use of energy through improved operational method and other means will continue.

The Company has not imported any technology during the year.

Foreign exchange earnings and outgo

During the year, the Foreign Exchange earned was Rs. 32 million and Foreign Exchange used was Rs. 25.33 million.

Fixed Deposits

The Company has not accepted deposits from the public during the year.

Qualifications to Auditor's Report

(f) As explained in note number 12 of schedule number 17 forming part of the financial statements provision for interest due on term loan due to IDBI amounting to Rs. 89.53 lacs and liquidated damages amounting to Rs. 22.57 lacs have not been provided for the year 2003-04. The Management has provided the said interest and penal charges and the same is subject to confirmation from IDBI. Had the provision been made for the interest and liquidated damages, the profits would have been lower by Rs. 112.10 lacs and the liability to IDBI would have been more by the same amount.

The Company is negotiating a one time settlement (OTS) with IDBI in respect of the loan outstanding and hence has not provided for interest on term loan and liquidated damages in the accounts.

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9(b) According to the information and explanations given to us, undisputed *dues amounting to Rs. 11,93,251/- payable in respect of Income-Tax was outstanding at 31st March 2004 for a period of more than six months from the date they became payable.* Except the above there were no undisputed dues towards Sales Tax, Wealth Tax, Customs Duty & Cess outstanding as at 31st March, 2004.

The late recovery from the economic slowdown affected the business of the company resulting in poor cash flows. However the above dues in respect of Incometax will be cleared during the course of the current year.

15. According to the information and explanations given to us, the company has given corporate guarantee for loans taken by a company from a financial institution amounting to Rs. 260.34 lacs. In our opinion, the terms & conditions are prima facie prejudicial to the interest of the company.

The outstanding dues of the above company are under negotiation with the financial institution for One Time Settlement (OTS) and it is likely that the dues will be settled during the course of the current year.

Auditors

M/s. Sudhakar Pai Associates, Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness to accept office if re-appointed.

Acknowledgements

Your Directors take this opportunity to express their gratitude to

- * Our esteemed customers, employees, shareholders, vendors, business partners, advisors and consultants for their support.
- * Industrial Development Bank of India (IDBI) for their continued support.
- * State Bank of India (Industrial Finance Branch - Software Division) for their support and guidance.
- * Central & State Governments, Software Technology Park (STPI) and NASSCOM.

Your Directors also place on record their appreciation for the dedication, commitment and valuable services rendered by employees of the company at various levels.

For and on behalf of the Board

Bangalore
16th August 2004

Dr. S. SRIKANTAN
Chairman

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about how an organization is managed, the commitment to values and about ethical business conduct. Good Corporate Governance includes transparency, accountability, fairness and social responsibility. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. Your company believes that sound Corporate Governance is critical to enhance and retain investor trust. At the core of its corporate governance practice is the Board, which oversees management policies towards protection of long-term interests of all the stakeholders of the company.

II. BOARD OF DIRECTORS

The Board is primarily responsible for the overall management of the Company's business.

Dr. S. Srikantan, chairman of the Company generally chairs the Board Meetings.

During the financial year 2003-2004 5 meetings of the Board were held on 29.04.2003, 31.07.2003, 16.08.2003, 23.10.2003, 31.01.2004.

The Composition of the Directors and their attendance at the Board meetings during the year and at the last AGM is as follows.

Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships of other companies
Dr. S. Srikantan Chairman	Non Executive Director	5	NIL	No	NIL
Prof. B.S. Sonde	Independent - Non Executive Director	5	4	No	NIL
Mr. M.R. Vikram	Independent - Non Executive Director	5	3	Yes	10
Mr. Rabindra Srikantan	Executive Director	5	5	Yes	NIL

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III. BOARD COMMITTEES

For effective and efficient functioning of the Company, the Board has formed the following Committees.

1. Audit Committee

Terms of Reference:

The Board has constituted the Audit Committee with the following mandate:

- Oversee the Company's financial reporting process and the disclosure of its financial information.
- Recommend appointment and removal of statutory auditors, fixation of audit fee and also approve payment for other services.
- Review the adequacy of internal audit functions
- Review the Company's financial and risk management policies.
- Ensure compliance with accounting standards.
- Discuss on Quarterly/Annual financial results
- Interaction with statutory and internal auditors.

Composition:

Sr. No.	Name of Director	Position	Status
1.	Mr. M.R. Vikram*	Chairman	Independent, Non-Executive Director
2.	Dr. S. Srikantan	Member	Non-Executive Director
3.	Prof. B.S. Sonde	Member	Independent, Non-Executive Director
4.	Mr. Rabindra Srikantan (Special Invitee)		Executive Director

* member having financial and accounting knowledge.

Secretary:

Ms. P.N. Lakshmi - Company Secretary

Meeting and attendance during the year

Members	No. of Meetings held	No. of Meetings attended
Mr. M.R. Vikram	3	3
Prof. B.S. Sonde	3	3
Dr. S. Srikantan	3	NIL

2. Compensation Committee

Role of the Committee:

Administer Employees Stock Option Scheme in accordance with a the SEBI guidelines and shareholders resolution.

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Composition:

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent, Non-Executive Director
2.	Mr. M.R. Vikram	Member	Independent, Non-Executive Director
3.	Mr. Rabindra Srikantan	Member	Executive Director

Secretary:

Ms. P.N. Lakshmi - Company Secretary

Meeting and attendance during the year

Members	No. of Meetings held	Attendance
Prof. B.S. Sonde	1	1
Mr. M.R. Vikram	1	1
Mr. Rabindra Srikantan	1	1

3. Share Transfer & Investor Grievance Committee

Role of the Committee:

The Committee deals with redressal of shareholder grievances pertaining to transfer / transmission of shares, Non receipt of Balance Sheet, non-receipt of dividend, D'mat of shares and complaints received from Stock Exchanges etc.

Composition:

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent, Non-Executive Director
2.	Mr. Rabindra Srikantan	Member	Executive Director

Name and designation of Compliance Officer:

Ms. P. N. Lakshmi - Company Secretary

Meeting and attendance during the year

Members	No. of Meetings held	Attendance
Prof. B.S. Sonde	5	5
Mr. Rabindra Srikantan	5	5

4. Remuneration Committee

With the Non-Executive Directors of the Company receiving only sitting fees for the Board Meetings attended by them and owing to the reason that business transacted in such a meeting would not be substantial in nature the company has not constituted a Remuneration Committee. Moreover constitution of a Remuneration Committee is only Non Mandatory requirement vide Clause 49 of Listing Agreement guidelines on Corporate Governance.

IV. SHAREHOLDERS' MEETINGS

Date, time and venue of the last three AGM's

Year	Date	Venue	Time
2000-2001	28th Sept 2001	Pai Vijay Hall, 33rd Cross, 11th Main, 4th Block Jayanagar, Bangalore 560 011	1.30 p.m
2001-2002	27th Sept 2002	Pai Vijay Hall, 33rd Cross, 11th Main, 4th Block Jayanagar, Bangalore 560 011	9.00 a.m.
2002-2003	26th Sept 2003	Pai Vijay Hall, 33rd Cross, 11th Main, 4th Block Jayanagar, Bangalore 560 011	10.00 a.m

Whether special resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise, proposed to be conducted through postal ballot and procedures for postal ballot. - None

V. DISCLOSURES

Disclosures on materially significant related party transactions, transactions of the Company of material nature with its founders, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.

Details are provided in Note 14 under Schedule 17 to the Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18.

Details of Non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

None

VI. MEANS OF COMMUNICATION

Quarterly Unaudited financial results and half yearly financial results subjected to a limited review by the statutory auditors of the Company are published in a widely circulated newspaper, Financial Express / Business Standard and also in a vernacular Newspaper. The results are also posted on the official website of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

The Year witnessed the retreat of geo political issues which had in past years impacted business prospects, as well as emergence of early indicators of improvement in global economic environment. Both these events augur well for the growth of the Indian IT services industry. Outsourcing IT requirements enable companies to lower operating costs, realize productivity gains and convert a portion of their fixed costs into variable costs. During the year there was an enhanced interest by global corporations to leverage the compelling value proposition offered by offshore outsourcing. According to August 2002 Garter Report India is a preferred offshore destination accounting for more than 85% of off shore services. The total BPO market in India is expected to grow from \$3.5 billion in 2003 to \$12.2 billion in 2006, a CAGR of 54%.

After witnessing negative pressure over the last year, billing rates have stabilized this financial year, and in some cases the new customer acquisitions have witnessed higher than average prices.

2. Opportunities, Threats, Risks and Concerns

The fact that offshore outsourcing is being increasingly accepted as a premeditated imperative by more organizations today than ever before is translating into a healthy pipeline in terms of opportunities. Our customer base, including Fortune 500 & Global 2000 companies, offers significant compass for expanding our share of their IT spend and is indicative of the potential for growth momentum. In many service areas, especially in the area of Enterprise Application, Indian Companies have become a viable alternative to the global vendors. Further, there have been instances of Indian Companies collaborating with global vendors for system integration deals to offer the best of the solution to customers. However, with the Indian economy on the high growth phase, there is great promise of growth in the domestic IT spending also. This will further improve growth prospects of the IT industry.

The rollback of H1 Visa Limit to 65000 per year is of serious concern to the Indian IT Industry. While we are adequately equipped to overcome the effect of the reduction in the short and medium term, there is the likely hood that this may result in onsite wage pressures. Any regulatory measure, explicit or otherwise, introduced in our major markets as a response to the backlash against offshore outsourcing could impact our business.

Over the last year, Indian Rupee has appreciated by about 8% against the US Dollar. Rupee appreciation affects our operations by way of margin reduction. Further, there is growing concern in the developed countries on the security - related aspects, especially on data protection and Intellectual Property Rights being exploited in the hands of the offshore providers. However to counter it most of the Indian service providers have world-class security and data protection practices already in place. This apart Industry associations are also working on many fronts to make the wide spread use of best practices across the industry in this area.

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3. Outlook

This has been discussed in the detail in the Director's Report under future outlook elsewhere in the Annual Report.

4. Internal Control systems and their adequacy

Internal audit and quarterly statutory audit processes continue to maintain surveillance on the quality of the internal checks and balances in the finance and accounting aspects.

The Company has Internal Audit, an independent appraisal function to examine and evaluate the adequacy and effectiveness of the Company's Internal control system. It appraises, periodically, its activities and audit findings to the Audit Committee, and the Management. Internal audit ensures that systems are designed and implemented with adequate controls, commensurate with the size and operations and also adequacy of internal controls in all existing policies and procedures of the company. The Audit Committee of the company consists of solely Independent Directors. The Committee also reviews the risk management and internal control system apart from periodically monitoring the position of outstandings.

5. Financial Condition and Operational performance

a. Share Capital

The Company has at present only one class of shares. The authorised share capital is 70,00,000 Equity shares of Rs. 10/- each, constituting to Rs. 7,00,00,000. There was no increase in the paid up capital of Rs. 5,00,00,000 during the year under review.

b. Secured loan

The secured loans decreased from Rs. 45.82 million to Rs. 40.36 million as on 31st March 2004. This was as a result of decrease in the working capital limits.

c. Fixed Assets

The Company has added to its Fixed Assets Rs. 0.80 million.

d. Revenues

During the year under review the total revenue was Rs. 76.59 million as against Rs. 57.89 million for the previous year signifying an increase of 32%. Both domestic and export sales showed considerable improvement with business picking up during the latter part of the year.

e. Operating Expenses

The operating expenditure for the year ended 31st March 2004 was Rs. 82.10 million as against Rs. 69.19 million for the same period last year.

f. Interest & Borrowings

The financial costs of the company stood at Rs. 2.57 million as against Rs. 4.11 million for the same period last year, a reduction of 33%.

g. EBIDT

The EBIDT was Rs. -8.72 million for the year ended 31st March, 2004 as compared to Rs. -20.50 million for the same period last year.

h. Developments in Human Resources/ Industrial Relations

The total employee strength as on 31st March, 2004 was 136 as against 95 on 31st March, 2003.

Your company believes that employees are the most important assets and are the primary drivers in the success of an organization. Hence people and HRD remain at the forefront of its mission. In this pursuit, the Company continually provides IT professionals with challenging assignments and exposure to new skills, technologies and global opportunities.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

(under clause 49 of the listing agreement)

To The Members of

M/s. ASM Technologies Limited

(formerly known as M/s. Advanced Synergic Microsystems Limited)

Bangalore 560 025.

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We have examined the compliance of conditions of Corporate Governance by **M/s. ASM Technologies Limited** (the Company) for the year ended on 31st March, 2004, as stipulated in Clause 49 of the Listing Agreements of the company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-referred Listing Agreements.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **Sudhakar Pai Associates,**
Chartered Accountants,

(B. SUDHAKAR PAI)
Proprietor

Place : Bangalore.

Date : 16th August 2004

SECRETARIAL AUDIT REPORT

The Members

ASM TECHNOLOGIES LIMITED

80/2, Lussane Court,
Richmond Road,
BANGALORE 560 025.

I have examined the registers, records, books and papers of **ASM TECHNOLOGIES LIMITED** (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2004**.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the financial year **01.04.2003 TO 31.03.2004**.

1. MAINTENANCE OF REGISTERS

The company has kept and maintained all Registers as stated in **Annexure A** to this certificate as per the provisions of the Companies Act, 1956 and the Rules made there under and entries therein have been duly recorded.

2. FILING OF RETURNS

The Company has filed all necessary returns that are to be filed under various sections with Registrar of Companies, Karnataka.

3. BOARD MEETINGS

The Company has duly complied with the provisions of sections 285, 286, 287, 288 and 289 of the Companies Act. The company has held board meetings during the year under report as under: -

Sl No.	Dates	No. of Meetings in a year
1.	29.04.2003	FIVE
2.	31.07.2003	
3.	16.08.2003	
4.	23.10.2003	
5.	31.01.2004	

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4. CLOSURE OF REGISTER OF MEMBERS

During the year under report the company has closed the Register of members from **23.09.2003 to 26.09.2003** after duly complying with the provisions of **sec. 154 of the Companies Act, 1956**.

5. ANNUAL GENERAL MEETING

The Eleventh AGM due to be held on or before 30.09.2003 for the year 2002-2003, has been held on **26.09.2003** by duly complying with Section 166 and 210 of the Companies Act, 1956. The company has also complied with section 159 and 220 of the Companies Act, 1956 relating to filing of the Annual Return and Annual Accounts with ROC Bangalore.

6. EXTRAORDINARY GENERAL MEETINGS

During the year the under report the company has not held any EGM.

7. LOANS

According to the information and explanations given to me, the company has not granted any loan to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

8. CONTRACTS IN WHICH DIRECTORS ARE INTERESTED

During the year the company has not entered into any contract which falls under the provisions of Section 297 of the Companies Act, 1956.

9. MAINTENANCE OF REGISTER OF CONTRACTS U/S 301

During the year the company has not entered into any contracts the details of which are to be entered in the register of contracts, except to the extent of arrangement (under related party transactions) with a Director who has lent loan to the company.

10. APPROVALS U/S 314

During the year there was no requirement of passing of resolutions or obtaining approvals under Section 314 as no director or relative of director has been appointed to the Office or place of profit.

11. ISSUE OF DUPLICATE SHARE CERTIFICATES

During the year under report the company has issued duplicate share certificates and has complied with the provisions of Issue of Share Certificate Rules 1960 in connection therewith.

12. DELIVERY OF SHARE CERTIFICATES, DEPOSIT OF DIVIDEND AMOUNT, POSTING OF DIVIDEND WARRANTS, TRANSFER OF UNPAID DIVIDEND TO INVESTORS EDUCATION AND PROTECTION FUND AND MEETING THE REQUIREMENTS OF SEC. 217 REGARDING DIRECTORS REPORT:

The Company being a listed company has:-

DELIVERY OF SHARE CERTIFICATES,

- (i) delivered all the share certificates on lodgment thereof for transfer in accordance with the provisions of the Companies Act, 1956 and as per listing agreement.

DEPOSIT OF DIVIDEND AMOUNT, POSTING OF DIVIDEND WARRANTS, TRANSFER OF UNPAID DIVIDEND TO INVESTORS EDUCATION AND PROTECTION FUND

- (ii) Not declared any dividend/interim dividend during the financial year under review.

REQUIREMENTS OF SEC. 217 REGARDING DIRECTORS REPORT

- (iii) duly complied with the requirements of Sec. 217 of the Companies Act, 1956.
- (iv) The company in addition has also complied with requirements of Clause 47-C Listing Agreement and also with In accordance to Circular No.D &CC/FITTC/CIR-16/2002 dated 31.12.2002 issued by the Securities and Exchange Board of India and Certification of compliance as per SEBI Guidelines for De-materialisation of shares for transfer by investors and custodians.

13. BOARD OF DIRECTORS

The Board of Directors of the Company is duly constituted and the appointment of Directors has been duly made in accordance with the provisions of the Act.

The directors at present are: -

Name of the Director	Dt. Of Appnt.	Dt. Of Resgn.
1. Dr. S. Srikantan	10.08.1992	—
2. Prof. B.S. Sonde	30.10.2002	—
3. Mr. M. Ravindra Vikram	30.06.1998	—
4. Mr. Rabindra Srikantan	10.08.1992	—
5. Ms. P.N. Lakshmi Company Secretary	17.08.1998	—

14. APPOINTMENT OF MANAGING DIRECTOR, WHOLETIME DIRECTOR, MANAGER

During the year Mr. S. Rabindra has been re-appointed as Managing Director of the Company, in the Board Meeting held on 23.10.2003 w.e.f. 08.11.2003 for a period of Five year subject to Approval of the Share Holders in the AGM and Central Government. The company has made necessary application to the Central Government, DCA New Delhi.

15. APPOINTMENT OF SOLE SELLING AGENTS

During the year under the report the Company has not appointed sole selling agents.

16. APPROVAL REQUIRED BY VARIOUS AUTHORITIES

During the year there was no event which required obtaining approval from various statutory authorities.

17. DISCLOSURE OF INTEREST BY DIRECTORS

The Company has obtained Form 24AA - Disclosure of interest by Director from all the Directors and the same has been placed before the Board Meeting and necessary entries have been made in the Register of Directors maintained for the purpose.

18. ISSUE OF SHARE CERTIFICATES, DEBENTURES OTHER SECURITIES DURING THE FINANCIAL YEAR

During the year under the report the company has not made any allotment of equity shares nor debentures and consequently compliance under this provision did not arise.

19. BUY BACK OF SHARES

The Company has not bought back any shares during the year under report.

20. REDEMPTION OF PREFERENCE SHARES AND DEBENTURES

The company has not issued any redeemable preference shares or debentures.

21. KEEPING IN ABEYANCE RIGHTS TO DIVIDEND, RIGHT SHARES, BONUS SHARES, PENDING REGISTRATION OF TRANSFERS

There is no such event or occasion during the year under report.

22. ACCEPTANCE OF THE DEPOSITS

During the year the company has not accepted any deposits from Public.

23. BOARD'S POWERS TO BORROW

During the year the company has not borrowed any loans from banks, but continues to availing credit facilities from banks as per facilities availed earlier.

24. INTER-CORPORATE LOANS AND INVESTMENTS

During the year the company has made investments in its subsidiaries and has also given guarantees in favour of its subsidiaries, which is outside the purview of Sec. 372A of the Companies Act, 1956.

25. ALTERATION OF MEMORANDUM - RELATING TO SHFITING OF REGISTERED OFFICE FROM ONE STATE TO ANOTHER STATE

The Company during the year has not altered its Memorandum of Association relating to Clause II of Memorandum of Association.

26. ALTERATION OF OBJECTS CLAUSE OF MEMORANDUM OF ASSOCIATION

During the year the company has not made any amendments to Memorandum of Association.

27. CHANGE OF NAME OF THE COMPANY

During the year the company has not changed its name of the company.

28. ALTERATION OF SHARE CAPITAL

During the year under the report the company has not altered its Authorised Capital.

29. ALTERATION OF ARTICLES OF ASSOCIATION

During the year the company has not altered the Articles of Association.

30. PROSECUTIONS, FINES AND PENALTIES

During the year under report as informed by the company, no prosecutions have been launched nor the company has paid any fines or penalties under the Companies Act.

31. EMPLOYEES SECURITIES

The Company has not received any security from its employees during the year under report.

32. DEPOSIT OF PROVIDENT FUND

The Company do not have a provident fund scheme falling under Sec. 418 of the Companies Act, 1956.

33. GENERAL

This Certificate is issued based on the information that were made available at the time of audit & verification of the records and clarifications furnished for queries raised by us and inspection of the documents, files, book, statutory & non-statutory registers and other relevant records, documents, papers made available for verification.

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Place: Bangalore
Date : 16th August 2004

Name : M.R. GOPINATH
Company Secretary in Wholetime Practice
C.P. No.: 1030 FCS 3812

ANNEXURE – A
TO
COMPLIANCE CERTIFICATE

ASM TECHNOLOGIES LIMITED

1. Register of investments in shares or securities U/s 49 (7) and (8).
2. Register of charges U/s 143(1) - copies of instruments creating charge U/s 136.
3. Register of members U/s 150(1).
4. Register of index of members if exceeds fifty U/s 151(1).
5. Minute Books of Board of Directors and Committees of the Board U/s 193(1).
6. Minute Books of Proceedings of General Meeting U/s 193(1) and 196(1).
7. Books of Accounts and the other cost records etc., U/s 209(1) and 209A(1).
8. Register of Contracts, with Directors, Companies and Firms in which Directors are interested U/s 301(1), (5).
9. Register of Managing Directors, Manager, Secretary and Directors U/s 303(1) and 304(1).
10. Register of Director's shareholdings U/s 307(1)(5).
11. Register of investment or loans made U/s 372A.

NON STATUTORY REGISTERS MAINTAINED

- i) Director's attendance books.
- ii) Register of transfers.
- iii) Register of duplicate certificates.
- iv) Register of Fixed Assets.

ANNEXURE - B

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Forms and Returns as filed by the Company, during the financial year ended 31.03.2004.

With Registrar of Companies

Sl.No.	Forms	Purpose
01.	Annual Accounts	U/s 220 for Balance Sheet
02.	Annual Return	U/s 159 of the Companies Act, 1956 as on 26.09.2003
03.	Form 32 / 26.09.2003	Appointment of Director in AGM
04.	Form 23 / 23.10.2003	For Re-appointment of Managing Director
05.	Form 32 / 23.10.2003	For Re-appointment of Managing Director

With Regional Director : Nil

With Central Government or other authorities

The Company has filed an application in Form 25A with the Central Government (DCA) New Delhi U/s. 269/198/309 etc., seeking the approval for re-appointment and payment of remuneration to the Managing Director for a period of five years w.e.f. 08.11.2003 and the application is under process.

Place: Bangalore
Date : 16th August 2004

Name : M.R. GOPINATH
Company Secretary in Wholetime Practice
C.P. No.: 1030 FCS 3812

AUDITORS' REPORT

To The Members of
M/s. ASM Technologies Limited
(formerly known as M/s. Advanced Synergic Microsystems Limited)
Bangalore 560 025

We have audited the attached Balance Sheet of **M/s. ASM Technologies Limited**, as at 31st March 2004 and also the Profit and Loss Account and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on 31st March 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
- f) *As explained in note number 12 of schedule number 17 forming part of the financial statements provision for interest due on term loan due to IDBI amounting to Rs. 89.53 lacs and liquidated damages amounting to Rs. 22.57 lacs have not been provided for the year 2003-04. The Management has provided the said interest and penal charges and the same is subject to confirmation from IDBI. Had the provision been made for the interest and liquidated damages, the loss would have been more by Rs. 112.10 lacs and the liability to IDBI would have been more by the same amount.*

Subject to the above, in our opinion and the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2004, and
- ii) in the case of the Profit and Loss Account of the Loss of the Company for the year ended on that date.
- iii) in the case of the cash flow statement of the cash flows for the year ended on that date.

for **Sudhakar Pai Associates**,
Chartered Accountants,

(B. SUDHAKAR PAI)
Proprietor

Place : Bangalore.
Date : 16th August 2004

THE ANNEXURE REFERRED TO THE AUDITORS' REPORT

M/s. ASM Technologies Limited

for the year ended 31st March, 2004. We report that:

1.
 - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
 - c) Fixed Assets disposed off during the year were not substantial and therefore do not affect the going concern status of the company.
2. The Company's nature of operations does not require it to hold inventories. Accordingly clause 4(ii) of the Companies (Auditors Report) Order 2003, is not applicable.
3.
 - a) The Company has taken loans from its Managing Director covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 22.81 lacs and the year-end balance of loans taken from such parties was Rs. 9.86 lacs.
The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956.
 - b) The rate of interest on the loan taken by the company is not prima-facie prejudicial to the interest of the company.
 - c) The repayment of the loan amount is not having any time schedule.
 - d) There is no overdue amount of loan taken or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. We have not noted any continuing failure to correct major weakness in the internal controls during the course of the audit.
5.
 - a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of section 301 of the Act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods and materials made in pursuance of contract or arrangement required to be entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 5.00 Lacs or more in respect of each party.
6. The company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9.
 - a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has except to Provident Fund, Income-Tax and ESI been regular in depositing with appropriate authorities undisputed statutory dues and any other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, undisputed *dues amounting to Rs. 11,93,251/- payable in respect of Income-Tax was outstanding as at 31st March 2004 for a period of more than six months from the date they became payable*. Except the above there were no undisputed dues towards Sales Tax, Wealth Tax, Customs Duty & Cess outstanding as at 31st March, 2004.
 - c) According to the information and explanations given to us, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.

10. The Company does have accumulated losses at the end of the financial year and has incurred cash losses amounting to Rs. 112.72 lacs in the financial year and Rs. 246.11 lacs as cash losses in the financial year preceeding such financial year.
11. Based on our audit procedures and on the information and explanations given by the management, in our opinion, the company *has defaulted in repayment of dues to IDBI*. The company has not issued any debentures. Accordingly clause 4(xi) of the order relating to the same is not applicable.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.
15. According to the information and explanations given to us, the company has given corporate guarantee for loans taken by a company from a financial institution amounting to Rs. 260.34 lacs. In our opinion, the terms & conditions are prima facie prejudicial to the interest of the company.
16. The Company has not taken any fresh term loans during the year.
17. On the basis of our examination & according to the information and explanations given to us, the Company has not raised any funds on short-term basis.
18. According to the information and explanations given to us, and on an overall opinion explanation of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment and vice-versa.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The Company has not raised any money by public issue during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

for **Sudhakar Pai Associates,**
Chartered Accountants,

(B. SUDHAKAR PAI)
Proprietor

Place : Bangalore.
Date : 16th August 2004

FINANCIALS**ASM Technologies Limited****Balance Sheet as at March 31, 2004**

(Amount in Rupees)

Particulars	Sch No.	As At 31.03.2004	As At 31.03.2003
SOURCE OF FUNDS			
1. SHAREHOLDERS FUND			
a. Share Capital	1	50,000,000	50,000,000
b. Reserves & Surplus	2	33,331,200	33,331,200
2. LOAN FUNDS			
a. Secured loan	3	40,361,146	45,821,679
b. Unsecured loan	4	986,598	2,616,703
TOTAL		124,678,944	131,769,582
3. APPLICATION OF FUNDS			
1. FIXED ASSETS (NET BLOCK)	5	39,671,358	47,574,976
2. INVESTMENTS	6	7,189,016	7,189,016
3. CURRENT ASSETS, LOANS, ADVANCE & DEPOSITS			
a. Inventories	7	—	3,218,600
b. Sundry Debtors	8	38,053,904	46,679,319
c. Cash & Bank balances	9	2,974,384	4,786,932
d. Loans & Advances	10	4,762,216	7,519,862
e. Deposits		1,267,777	1,125,755
		47,058,281	63,330,468
Less : Current Liabilities & Provisions Liabilities & Provisions	11	60,453,000	57,719,136
Net current assets		(13,394,719)	5,611,332
4. DEFERRED TAX ASSET		30,836,790	23,985,796
5. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		—	—
Profit & Loss a/c debit balance		60,376,499	47,408,462
Significant accounting policies and notes on accounts	17		
TOTAL		124,678,944	131,769,582

As per our report of even date
for **SUDHAKAR PAI ASSOCIATES**
Chartered Accountants

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

B. Sudhakar Pai
(Proprietor)

Place : Bangalore
Date : 16th August 2004

ASM Technologies Limited

Profit & Loss Account for the Year ended 31st March 2004

(Amount in Rupees)

Particulars	Sch No.	Year ended 31.03.2004	Year ended 31.03.2003
INCOME			
Domestic Sales		44,161,183	25,857,938
Export Sales		31,529,429	30,000,971
Other Income		908,753	2,032,644
Increase / (Decrease) in Closing Stock	13	(3,218,600)	(9,201,000)
TOTAL - A		73,380,765	48,690,553
EXPENDITURE			
Software development expenses	14	60,122,872	51,225,018
Administrative expenses	15	13,952,772	9,016,163
Bad debts		8,021,119	8,947,920
Financial Charges	16	2,569,893	4,108,997
Preliminary Expenses written off		—	4,198
Depreciation		8,533,140	14,457,327
TOTAL - B		93,199,796	87,759,623
Profit / (Loss) before Tax		(19,819,031)	(39,069,070)
Less : Provision for tax		—	—
Profit / (Loss) after Tax		(19,819,031)	(39,069,070)
Add: Deferred Tax Asset/Liability Adjustment		6,850,994	14,142,398
Profit / (Loss) after current & deferred Tax adjustment		(12,968,037)	(24,926,672)
Add previous year Surplus/Loss		(47,408,462)	(22,481,790)
Profit / (Loss) transferred to Balance sheet		(60,376,499)	(47,408,462)
Earnings per share			
(Equity shares, par value Rs. 10 each)			
Basic		(2.59)	(4.99)
Diluted		(2.59)	(4.99)
Significant accounting policies and notes on accounts	17		
		(60,376,499)	(47,408,462)

As per our report of even date
for SUDHAKAR PAI ASSOCIATES
Chartered Accountants

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

B. Sudhakar Pai
(Proprietor)

Place : Bangalore
Date : 16th August 2004

ASM Technologies Limited

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As At 31.03.2004	As At 31.03.2003
SCHEDULE - 1 : SHARE CAPITAL		
Authorised :		
70,00,000 Equity shares of Rs 10 each	70,000,000	70,000,000
Issued, Subscribed & Paid up		
50,00,000 equity shares of Rs 10 each	50,000,000	50,000,000
TOTAL	50,000,000	50,000,000
SCHEDULE - 2 : RESERVES & SURPLUS		
a) Capital reserve		
Profit on reissue of forfeited shares	331,200	331,200
Share premium account	33,000,000	33,000,000
TOTAL (a)	33,331,200	33,331,200
b) General Reserve	—	—
Less : Loss transferred from profit and Loss account	—	—
TOTAL (b)	—	—
TOTAL	33,331,200	33,331,200
SCHEDULE - 3 : SECURED LOAN		
Term Loan : IDBI	25,917,000	25,917,000
(Secured by 1st charge on all fixed assets of the company by way of hypothecation & mortgage of immovable property and personal guarantee by Director and Managing Director. Including interest accrued due & not paid amounting to Rs. 43.15 Lacs.)		
Cash Credit Account : SBI	14,444,146	19,884,659
(Secured by hypothecation of inventory, receivables, personal guarantee by Managing Director & second charge on fixed assets of the company)		
Vehicle Loan : ANZ Grindlays Bank	—	20,020
(Secured by Hypothecation of Vehicle)		
TOTAL	40,361,146	45,821,679
SCHEDULE - 4 : UNSECURED LOANS		
Directors	986,598	1,686,394
Others	—	930,309
TOTAL	986,598	2,616,703

ASM Technologies Limited**Schedules to Balance Sheet****SCHEDULE - 5 : FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.03	Additions	Deletion	As on 31.03.04	As on 31.03.03	For the Year	Deletion	As on 31.03.04	As on 31.03.04	As on 31.03.03
Land-free-hold	20,513,786	—	—	20,513,786	—	—	—	—	20,513,786	20,513,786
Building	2,766,300	—	—	2,766,300	1,059,800	92,394	—	1,152,194	1,614,106	1,706,500
Machinery & Systems	86,251,623	687,330	—	86,938,953	64,514,687	8,057,918	—	72,572,605	14,366,348	21,736,936
Electrical Fittings	932,069	—	—	932,069	343,056	42,713	—	385,769	546,300	589,013
Furniture & Fixtures	3,835,709	100,000	—	3,935,709	2,031,111	246,359	—	2,277,470	1,658,239	1,804,598
Office Equipment	1,362,304	9,103	—	1,371,407	327,109	71,719	—	398,828	972,579	1,035,195
Vehicles	258,135	—	254,535	3,600	69,187	22,037	87,624	3,600	—	188,948
Total	115,919,926	796,433	254,535	116,461,824	68,344,950	8,533,140	87,624	76,790,466	39,671,358	47,574,976
Previous Year	116,569,804	95,774	745,652	115,919,926	53,961,660	14,457,327	74,037	68,344,950	47,574,976	

ASM Technologies Limited

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As At 31.03.2004	As At 31.03.2003
SCHEDULE - 6 : INVESTMENTS - at cost		
Non Trade (Unquoted)		
1. Advanced Synergic Pte Ltd., Singapore 1,00,000 equity shares of SGD 1 each in wholly owned Subsidiary.	2,481,090	2,481,090
2. Pinnacle Talent Inc. USA 1,00,00,000 equity shares of USD 0.01 each in wholly owned Subsidiary.	4,707,926	4,707,926
TOTAL	7,189,016	7,189,016
SCHEDULE - 7 : INVENTORIES		
(Valued at Lower of cost or net realisable value as certified by a Manging Director of the Company)		
Work-in-progress	—	3,218,600
Finished Goods	—	—
TOTAL	—	3,218,600
SCHEDULE - 8 : SUNDRY DEBTORS		
(Unsecured considered good)		
Over Six months	6,266,764	12,135,230
Others debts	36,463,262	34,544,089
Unbilled revenues	1,303,600	—
Less: Provision for Doubtful Debts	5,979,723	—
TOTAL	38,053,904	46,679,319
SCHEDULE - 9 : CASH AND BANK BALANCE		
Cash on hand	1,054	1,527
Balance with Schedule banks:		
1. In current account	573,330	285,405
2. In deposit account	2,400,000	4,500,000
TOTAL	2,974,384	4,786,932

ASM Technologies Limited

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As At 31.03.2004	As At 31.03.2003
SCHEDULE - 10 : LOANS & ADVANCES		
(Unsecured, Considered good-advances recoverable in cash or in kind or for the value to be received)		
Advance to Employees	491,724	145,128
Interest accrued but not due	55,948	52,578
Tax deducted at source	1,969,493	1,310,592
Others	2,245,051	6,011,564
TOTAL	4,762,216	7,519,862
SCHEDULE - 11 : LIABILITIES & PROVISION		
Current Liabilities		
Sundry Creditors	52,060,138	48,497,299
Other Liabilities & provisions	8,304,336	9,133,311
Investor Education and Protection Fund	88,526	88,526
TOTAL - A	60,453,000	57,719,136
Provisions		
Provision for Taxation	—	—
TOTAL - B	—	—
TOTAL A+B	60,439,336	57,719,136
SCHEDULE - 12 : MISCELLANEOUS EXPENSE		
Preliminary Expenses		
opening balance	—	4,198
Less : Amount written off	—	4,198
TOTAL	—	—
SCHEDULE - 13 : INCREASE / (DECREASE) IN STOCKS		
Opening Stock :		
Work-in-progress	3,218,600	12,419,600
Finished goods	—	—
TOTAL A	3,218,600	12,419,600
Closing Stock :		
Work-in-progress	—	3,218,600
Finished goods	—	—
TOTAL B	—	3,218,600
Increase / (Decrease) in stock	(3,218,600)	(9,201,000)

ASM Technologies Limited

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As At 31.03.2004	As At 31.03.2003
SCHEDULE - 14 : SOFTWARE DEVELOPMENT EXPENSES		
Consultancy charges & Overseas expenses	31,657,513	36,184,627
Salaries and bonus	28,465,359	15,040,391
TOTAL	60,122,872	51,225,018
SCHEDULE - 15 : ADMINISTRATIVE OVERHEAD		
Advertisement	213,192	145,784
Audit fee	61,050	61,625
Books & Periodicals	49,824	6,448
Business promotions	145,699	35,467
Clearing & forwarding charges	65,689	—
Courier charges	64,010	90,158
Directors remuneration	1,500,000	1,500,000
Exchange difference	253,045	(314,839)
Electricity & water charges	519,060	463,120
Insurance charges	18,386	44,524
Lease rental & hire charges	24,735	341,808
Membership & subscription	250,950	107,110
Miscellaneous Expense	380,992	661,212
Office Maintenance	94,508	65,564
Postage, telephone, telex & fax charges	1,228,481	1,065,660
Printing & stationery	230,633	247,714
Professional Charges	671,889	1,469,734
Rates & Taxes	212,579	546,267
Rent	2,326,515	30,834
Repairs & maintenance	412,753	95,037
Security charges	160,433	156,500
Staff incentive & Welfare	1,631,063	432,059
Training & recruitment expenditure	29,000	140,750
Travelling & Conveyance	3,211,641	842,601
Vehicle Maintenance	19,772	96,265
Loss on sale of Vehicles	1,913	101,615
Loss on sale of shares	—	489,822
Visa Processing charges	174,961	93,323
TOTAL	13,952,772	9,016,163
SCHEDULE - 16 : FINANCIAL CHARGES		
Bank charges	263,875	152,482
Interest	2,306,018	3,956,515
TOTAL	2,569,893	4,108,997

ASM Technologies Limited

SCHEDULES TO THE BALANCE SHEET

SCHEDULE - 17 :

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. The accounts of the company have been prepared using the accrual method based on the historical cost convention.
2. **Income :** Sales include sale of software and service charges. Revenue from sale of software is recognized wherever the sale has been completed with the passing of the title and billed to the clients as per the specific contracts. Revenue from sale of software services is recognized on the basis of percentage of completion method. There is a change in the accounting policy in recognizing the software services revenue, which in our opinion does not have any material effect on the Financial statements. Other income mainly consisting of reimbursement of expenses and the same is accounted on accrual basis.
3. **Expenditure :** Expenses are accounted on accrual basis and provision for known liabilities or loss made in the same year.
4. **Fixed Assets :** Fixed Assets are stated at cost of acquisition less accumulated depreciation.
5. **Depreciation :** Depreciation is provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation for the assets purchased / sold during the year is proportionately charged. Individual assets acquired for less than Rs. 5,000/- are entirely depreciated in the year of acquisition.
6. The company contribution to the Gratuity has been provided based on the calculation as per payment of Gratuity Act 1972.
7. **Foreign currency transactions :** In case of sales made to clients outside India, income is accounted on the basis of average exchange rate. Adjustments are made for any change in sales proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the conversion rate prevalent when such expenditure is incurred. Debtors and Creditors are stated at exchange rate prevailing on the date of Balance Sheet.

ASM Technologies Limited

B. NOTES ON ACCOUNTS

	As at 31.03.2004 Rs.	As at 31.03.2003 Rs.
1. Contingent liability		
a) Claim against the Co., not acknowledged as debt	25,00,000	25,00,000
2. The company has provided corporate guarantees to IDBI for a sum of Rs. 324.37 lacs for discounting of bills with IDBI. The overdue payment as on 31st March 2004 was Rs. 260.34 lacs.		
3. Managing Directors remuneration		
a) Salary	11,45,250	11,22,000
b) Contribution to Provident Fund	72,000	72,000
c) Value of perquisites (as per IT Act)	1,14,525	1,12,000
4. Payment to auditors		
a) Audit fee	55,650	56,225
b) Tax audit fee (Inclusive of Service tax)	5,400	5,400
5. CIF value of imports		
a) Software	—	—
b) Capital goods	86,038	—
6. Expenditure in foreign currency		
a) Overseas travel expenses	90,210	4,06,601
b) Technical Consultancy & Living Expenses	2,33,69,907	2,41,25,796
c) Others	17,87,790	5,70,043
7. Earnings in foreign currency	3,16,54,490	3,00,00,971
8. Paises are rounded off to the nearest rupee.		
9. Previous year figures have been regrouped / rearranged wherever necessary.		
10. Closing balance of sundry debtors and creditors are subject to confirmation.		
11. The operations of the company are to develop software and the allied activities, which cannot be expressed in terms of units / quantity. Hence it is not possible to give the quantitative information as required by the Schedule VI of the Companies Act, 1956.		
12. Interest on IDBI loan has not been provided based on one time settlement (OTS) scheme proposed to IDBI. Principle outstanding as on 31st March 2004 is Rs. 216.01 lacs interest provided in the books is Rs. 43.15 lacs. Interest and further interest of Rs. 89.53 lacs and liquidated damages of Rs. 22.57 lacs have not been provided for the year 2003-04. Total interest and further interest of Rs. 218.63 lacs and liquidated damages of Rs. 77.72 lacs is not provided in the books of accounts till 31st March 2004. The interest and the liquidated damages mentioned above are subject to confirmation by IDBI.		
13. Deferred Taxes :		
In accordance with the Accounting Standard - 22 (AS-22) "Accounting for Taxes on Income" which became mandatory for reporting from 1st April 2001, the tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted regulations.		

ASM Technologies Limited

14. Related Party Transactions - (AS-18)

The Company had transactions with the following related parties.

Subsidiaries : Pinnacle Talent Inc, USA & Advanced Synergic Pte Ltd., Singapore.

Directors : Dr. S. Srikantan, Prof. B.S. Sonde, Mr. Rabindra Srikantan, Mr. M.R. Vikram.

Key Management Personnel Mr. N. Krishnan, Mr. Harisimha, Mr. T.S. Shanbhogue and Ms. P.N. Lakshmi.

Summary of the Transactions with the above related parties for the financial year ending 31st March 2004 are as follows.

	Rs. in Lacs
Wholly owned Subsidiaries	
Sales / Receivables	Rs. 198.61
Outsourcing / Payables	Rs. 184.90
Directors and Key managerial persons	
Remuneration Payables to Directors	Rs. 15.00
Loans from Directors	Rs. 13.19
Remuneration Payable to Key Management Personnel	Rs. 28.31

15. Earnings per share

In accordance with the Accounting Standard 20 (AS-20) "Earning per share" issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the period.

16. Segment Reporting - (AS-17)

In accordance with the Accounting Standard - 17 (AS-17) "Segment Reporting" which became mandatory for reporting from 1st April 2001, the company states that it is in the business of software development and I T related services. The Company's primary reporting segment is geographical as the revenues in non-software related areas are not more than 10% of the gross revenues.

	31.03.2004
	Rs. In Lacs
Geographic Segment	
Export Sales	315.29
Domestic Sales	409.43
	724.72
Other Income	
Interest	0.93
Others	8.15
	9.08
Particulars of Segment Asset and Liability	
Segment Assets	
Outside India	279.29
India	588.01
Investments	
Outside India	71.89
India	—
Segment Liabilities	
Outside India	437.92
India	580.08

As per our report of even date
for **SUDHAKAR PAI ASSOCIATES**
Chartered Accountants

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

B. Sudhakar Pai
(Proprietor)

Place : Bangalore
Date : 16th August 2004

ASM Technologies Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

(Amount in lacs)

Particulars	As At 31.03.2004	As At 31.03.2003
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax & extraordinary items	(198.19)	(390.69)
Adjustments for :		
Depreciation	85.33	144.57
Loss on Sale of Vehicles	0.02	1.02
Loss on Sale of Shares	—	4.90
Deferred Taxation (Net)	68.51	141.42
Finance charges	25.70	41.09
Miscellaneous expenses written off	—	0.04
operating profit before working capital changes	(18.63)	(57.65)
Adjustment for		
Inventories	32.19	92.01
Trade payables	27.34	98.99
Trade & other receivables	112.41	39.92
Deferred Tax Asset	(68.51)	(141.42)
Working capital finance	(54.41)	0.90
Cash generated from operations	30.39	32.75
Finance charges	(25.70)	(41.09)
Net cash from operating activities - A	4.69	(8.34)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(7.96)	4.74
Sale of Fixed Asset	1.65	
Purchase / Sale of Investments	—	5.00
Net cash from Investing activities - B	(6.31)	9.74
C. CASH FLOW FROM FINANCE ACTIVITIES		
Long term borrowings	(0.20)	(0.74)
Short term borrowings	(16.30)	(5.41)
Net cash from Finance activities - C	(16.50)	(6.15)
Net increase in cash and cash equivalents (A+B+C)	(18.12)	(4.75)
Cash & cash equivalents as at 1st April 2003	47.86	52.61
Cash & Cash equivalents as at 31st March 2004	29.73	47.86

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Place : Bangalore
Date : 16th August 2004

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

Auditor's Certificate

We have examined the above cash flow statement of ASM Technologies Limited, for the year ended 31st March, 2004. The statement has been prepared by the company in accordance with the requirement under clause 32 of the listing agreement with stock exchanges and is based on and in agreement with the corresponding profit and loss account and balance sheet of the company for the year ended 31st March, 2004.

for SUDHAKAR PAI ASSOCIATES
Chartered Accountants

Place : Bangalore
Date : 16th August 2004

B. SUDHAKAR PAI
(Proprietor)

ASM Technologies Limited

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

REGISTRATION DETAILS

State code	8
Registration No.	13421
Balance sheet date	31.03.2004

CAPITAL RAISED DURING THE YEAR (Rs. In thousand)

Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private placement	Nil

POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Rs. In Thousand)

Total liabilities	185132
Total assets	185132

SOURCE OF FUNDS

Paid up capital	50000
Reserves and surplus	33331
Secured loan	40361
Unsecured loan	986

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APPLICATION OF FUNDS

Net fixed assets	39671
Investments	7189
Net current assets	(13394)
Miscellaneous expenditure	91213

PERFORMANCE OF THE COMPANY (Rs. In Thousand)

Turnover	73380
Total expenditure	93199
Profit / (Loss) before tax	(19819)
Prof / (Loss) after tax	(12968)
Earning per share (in Rs.)	(2.59)
Dividend rate %	Nil

GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE CO.,

Item code No. (ITC Code)	85249009.10
Product description	Computer Software

AUDITORS' REPORT

To The Board of Directors on the Consolidated Financial Statements of
M/s. ASM Technologies Limited
(formerly known as M/s. Advanced Synergic Microsystems Limited)

We have examined the attached Consolidated Balance Sheet of M/s. ASM TECHNOLOGIES LIMITED and its subsidiary M/s. PINNACLE TALENT INC. and M/s. ADVANCED SYNERGIC PTE LTD., as at 31st March, 2004, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement 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. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India, and are free of material misstatements. 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. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2.
 - a) We did not audit the Financial statements of certain subsidiaries of them are subsidiary company is having a negative networth of Rs. 70.99 Lacs as on 31st March, 2004 & a total loss of Rs. 76.34 Lacs for the year then ended which has been audited by other auditors whose report has been furnished to us.
 - b) In case of another subsidiary, the subsidiary company is having a networth of Rs. 27.05 Lacs as on 31st March, 2004 & a total profit of Rs. 36.98 Lacs for the year then ended, which has been audited by other auditor whose report also has been furnished to us.
3. The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard-21, in respect of Consolidated financial statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of M/s. ASM TECHNOLOGIES LIMITED and its subsidiaries.
4. On the basis of the information and explanation given to us, and on consideration of the separate audit reports on individual audited financial statements of the company and its subsidiary, we are of the opinion that:
 - a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the company and its subsidiary as at 31st March, 2004.
 - b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Company and its subsidiary for the year then ended, and
 - c) The Consolidate Cash Flow Statements gives a true and fair view of the consolidated cash flows of the Company and its subsidiary for the year then ended.

for **Sudhakar Pai Associates,**
Chartered Accountants,

(B. SUDHAKAR PAI)
Proprietor

Place : Bangalore.
Date : 16th August 2004

ASM Technologies Limited
Consolidated Financial Statements

Balance Sheet as at 31st March, 2004

(Amount in Rupees)

Particulars	Sch No.	As At 31.03.2004	As At 31.03.2003
SOURCE OF FUNDS			
1. SHAREHOLDERS FUND			
a. Share Capital	1	50,000,000	50,000,000
b. Reserves & Surplus	2	33,331,200	33,331,200
2. LOAN FUNDS			
a. Secured loan	3	56,017,388	61,839,715
b. Unsecured loan	4	986,598	3,545,409
TOTAL		140,335,186	148,716,324
3. APPLICATION OF FUNDS			
1. FIXED ASSETS (NET BLOCK)	5	41,520,230	51,390,202
2. CURRENT ASSETS, LOANS, ADVANCE & DEPOSITS			
a. Inventories	6	—	3,218,600
b. Sundry Debtors	7	29,029,422	38,002,085
c. Cash & Bank balances	8	4,717,076	5,865,486
d. Loans & Advances	9	5,706,372	7,675,006
e. Deposits		1,893,233	1,736,265
		41,346,103	56,497,442
Less : Current Liabilities & Provisions Liabilities & Provisions	10	42,608,815	38,415,370
Net current assets		(1,262,712)	18,082,072
4. DEFERRED TAX ASSET		30,836,790	23,985,796
5. MISCELLANEOUS EXPENDITURE			
Profit & Loss a/c debit balance		69,240,879	55,258,254
Significant accounting policies and notes on accounts	15		
TOTAL		140,335,186	148,716,324

As per our report of even date
for SUDHAKAR PAI ASSOCIATES
Chartered Accountants

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

B. Sudhakar Pai
(Proprietor)

Place : Bangalore
Date : 16th August 2004

ASM Technologies Limited
Consolidated Financial Statements

Profit & Loss Account for the Year ended 31st March 2004

(Amount in Rupees)

Particulars	Sch No.	Year ended 31.03.2004	Year ended 31.03.2003
INCOME			
Domestic Sales		44,161,183	25,857,938
Export Sales		129,372,615	123,522,815
Other Income		1,425,263	2,096,148
Increase / (Decrease) in Closing Stock	11	(3,218,600)	(9,201,000)
TOTAL - A		171,740,461	142,275,901
EXPENDITURE			
Software development expenses	12	149,710,784	136,702,968
Administrative expenses	13	19,130,198	17,247,869
Bad debts		8,485,524	10,384,590
Financial Charges	14	4,536,929	6,061,384
Preliminary Expenses written off		—	4,198
Depreciation		10,710,645	17,512,234
TOTAL - B		192,574,080	187,913,243
Profit / (Loss) before Tax		(20,833,619)	(45,637,342)
Less : Provision for tax		—	192,726
Profit / (Loss) after Tax		(20,833,619)	(45,444,616)
Add : Deferred Tax Asset / Liability Adjustment		6,850,994	14,142,398
Profit / (Loss) after current & deferred Tax adjustment		(13,982,625)	(31,302,218)
Add previous year Surplus / (Loss)		(55,258,254)	(23,956,036)
Profit / (Loss) transferred to Balance sheet		(69,240,879)	(55,258,254)
Earnings per share			
(Equity shares, par value Rs. 10 each)			
Basic		(2.80)	(4.99)
Diluted		(2.80)	(4.99)
Significant accounting policies and notes on accounts	15		
		(69,240,879)	(55,258,254)

As per our report of even date
for **SUDHAKAR PAI ASSOCIATES**
Chartered Accountants

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

B. Sudhakar Pai
(Proprietor)

Place : Bangalore
Date : 16th August 2004

ASM Technologies Limited
Consolidated Financial Statements

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As At 31.03.2004	As At 31.03.2003
SCHEDULE - 1 : SHARE CAPITAL		
Authorised :		
70,00,000 Equity shares of Rs. 10 each	70,000,000	70,000,000
Issued, Subscribed & Paid up		
50,00,000 equity shares of Rs. 10 each	50,000,000	50,000,000
TOTAL	50,000,000	50,000,000
SCHEDULE - 2 : RESERVES & SURPLUS		
a. Capital reserve		
Profit on reissue of forfeited shares	331,200	331,200
Share premium account	33,000,000	33,000,000
TOTAL (a)	33,331,200	33,331,200
b. General Reserve		
Less : Loss transferred from profit and Loss account	—	—
TOTAL (b)	—	—
TOTAL	33,331,200	33,331,200
SCHEDULE - 3 : SECURED LOAN		
Term Loan : IDBI (Secured by 1st charge on all fixed assets of the company by way of hypothecation & mortgage of immovable property and personal guarantee by Director and Managing Director. Including interest accrued due & not paid amounting to Rs. 43.15 Lacs.)	25,917,000	25,917,000
Cash Credit Account : SBI (Secured by hypothecation of inventory, receivables, personal guarantee by Managing Director & second charge on fixed assets of the company)	14,444,146	19,884,659
Line of Credit Account : SBI Chicago (Secured by hypothecation of receivables personal guarantee by President)	11,571,737	12,873,498
Overdraft Account - Indian Bank Singapore	3,261,779	1,875,935
G & H Computer (Secured by hypothecation of assets of the Company)	822,726	1,268,603
Vehicle Loan : ANZ Grindlays Bank (Secured by Hypothecation of Vehicle)	—	20,020
TOTAL	56,017,388	61,839,715
SCHEDULE - 4 : UNSECURED LOANS		
Directors	986,598	1,686,394
Others	—	1,859,015
TOTAL	986,598	3,545,409

ASM Technologies Limited
Consolidated Financial Statements

Schedules to Balance Sheet

SCHEDULE - 5 : FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 31.03.03	Additions	Deletion	As on 31.03.04	For the Year	Deletion	As on 31.03.04	As on 31.03.04	As on 31.03.03
Land-free-hold	20,513,786	—	—	20,513,786	—	—	—	20,513,786	20,513,786
Building	2,766,300	—	—	2,766,300	92,394	—	1,152,195	1,614,105	1,706,500
Machinery & Systems	99,439,016	887,485	—	100,326,501	10,231,765	—	84,118,646	16,207,855	25,552,135
Electrical Fittings	932,069	—	—	932,069	42,713	—	385,769	546,300	589,013
Furniture & Fixtures	3,835,709	100,000	—	3,935,709	246,359	—	2,277,470	1,658,238	1,804,597
Office Equipment	1,364,186	20,101	—	1,384,287	75,376	—	404,340	979,946	1,035,222
Vehicles	258,135	—	254,535	3,600	22,038	87,624	3,600	—	188,949
Total	129,109,201	1,007,585	254,535	129,862,251	10,710,645	87,624	88,342,021	41,520,230	51,390,202
Previous Year	129,640,989	213,864	745,652	129,109,201	17,512,234	74,037	77,718,999	51,390,202	62,608,144

ASM Technologies Limited
Consolidated Financial Statements

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As At 31.03.2004	As At 31.03.2003
SCHEDULE - 6 : INVENTORIES		
(Valued at Lower of cost or net realisable value as certified by a Managing Director of the Company)		
Work-in-progress	—	3,218,600
Finished Goods	—	—
TOTAL	—	3,218,600
SCHEDULE - 7 : SUNDRY DEBTORS		
(Unsecured considered good)		
Over Six months	6,266,764	16,313,612
Others debts	27,438,780	21,688,473
Unbilled Revenues	1,303,600	—
Less: Provision for Doubtful Debts	5,979,723	—
TOTAL	29,029,422	38,002,085
SCHEDULE - 8 : CASH AND BANK BALANCE		
Cash on hand	1,054	1,527
Balance with Schedule banks:		
1. In current account	573,330	285,405
2. In deposit account	4,142,692	5,578,554
TOTAL	4,717,076	5,865,486
SCHEDULE - 9 : LOANS & ADVANCES		
(Unsecured, Considered good-advances recoverable in cash or in kind or for the value to be received)		
Advance to Employees	491,724	145,128
Interest accrued but not due	55,948	52,578
Tax deducted at source	1,969,493	1,310,592
Others	3,189,207	6,166,708
TOTAL	5,706,372	7,675,006
SCHEDULE -10 : LIABILITIES & PROVISION		
Current Liabilities		
Sundry Creditors	34,215,953	20,912,420
Other Liabilities & Provisions	8,304,336	17,414,424
Investor Education and Protection Fund	88,526	88,526
TOTAL A	42,608,815	38,415,370
Provisions		
Provision for Taxation	—	—
TOTAL B	—	—
TOTAL A+B	42,608,815	38,415,370

ASM Technologies Limited
Consolidated Financial Statements

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As At 31.03.2004	As At 31.03.2003
SCHEDULE - 11 : INCREASE / (DECREASE) IN STOCKS		
Opening Stock :		
Work-in-progress	3,218,600	12,419,600
Finished goods	—	—
TOTAL A	3,218,600	12,419,600
Closing Stock :		
Work-in-progress	—	3,218,600
Finished goods	—	—
TOTAL B	—	3,218,600
Increase / (Decrease) in stock	(3,218,600)	(9,201,000)
SCHEDULE - 12 : SOFTWARE DEVELOPMENT EXPENSES		
Consultancy charges and overseas expenses	26,841,799	42,049,843
Salaries and bonus	122,868,986	94,653,125
TOTAL	149,710,784	136,702,968
SCHEDULE - 13 : ADMINISTRATIVE OVERHEAD		
Advertisement	383,224	244,060
Audit fee	127,300	177,749
Books & Periodicals	49,824	6,448
Business promotions	259,689	92,172
Clearing & forwarding charges	65,689	—
Courier charges	64,010	104,880
Directors remuneration	1,500,000	1,500,000
Exchange difference	(3,220,574)	(596,525)
Electricity & water charges	562,119	463,120
Insurance charges	18,386	131,832
Lease rental & hire charges	166,095	499,679
Membership & subscription	664,893	396,954
Miscellaneous Expense	764,453	908,940
Office Maintenance	502,043	96,291
Postage, telephone, telex & fax charges	3,122,058	3,323,976
Printing & stationery	302,475	267,494
Professional Charges	909,312	1,898,307
Rates & Taxes	278,958	625,150
Rent	2,237,905	1,254,594
Repairs & maintenance	442,978	197,750
Security charges	160,433	156,500
Staff incentive & Welfare	1,730,199	451,062
Training & recruitment expenditure	29,000	189,080
Travelling & Conveyance	5,686,221	2,538,423
Vehicle Maintenance	19,772	96,265
Loss on sale of Vehicles	1,913	101,615
Loss on sale of shares	—	489,822
Visa Processing charges	2,301,825	1,632,231
TOTAL	19,130,198	17,247,869
SCHEDULE - 14 : FINANCIAL CHARGES		
Bank charges	327,956	273,636
Interest	4,208,972	5,787,748
TOTAL	4,536,929	6,061,384

ASM Technologies Limited
Consolidated Financial Statements

Schedules to Balance Sheet

SCHEDULE - 15 :

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The accompanying consolidated financial statements include the accounts of ASM Technologies Limited and its following wholly owned Subsidiaries:-

1. Pinnacle Talent Inc, USA
2. Advanced Synergic Pte Ltd, Singapore

A. Significant Accounting Policies

- 1. Basis of Preparation of financial statements :** The consolidated financial statements have been prepared using the accrual method based on the historical cost convention.

The consolidated financial statements are prepared in accordance with the principles and procedures laid out by the accounting standard on Consolidated Financial Statements issued by the ICAI.

- 2. Income:** Sales include sale of software and service charges. Revenue from sale of software is recognized wherever the sale has been completed with the passing of the title and billed to the clients as per the specific contracts. Revenue from sale of software services is recognized on the basis of percentage of completion method. There is a change in the accounting policy in recognizing the software services revenue, which in our opinion does not have any material effect on the Financial statements. Other income mainly consisting of reimbursement of expenses and the same is accounted on accrual basis.
- 3. Expenditure :** Expenses are accounted on accrual basis and provision for known liabilities or loss made in the same year.
- 4. Fixed Assets :** Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- 5. Depreciation :** Depreciation is provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation for the assets purchased / sold during the year is proportionately charged. Individual assets acquired for less than Rs. 5,000/- are entirely depreciated in the year of acquisition. In Pinnacle Talent Inc, depreciation on Computer and Software is provided on straight-line method at 20%. In Advanced Synergic Pte Ltd. depreciation is provided at 100% for Computers and 33.33% for the Office Equipments.
- 6.** The company contribution to the Gratuity has been provided based on the calculation as per payment of Gratuity Act 1972.
- 7. Foreign currency transactions :** In case of sales made to clients outside India, income is accounted on the basis of average exchange rate. Adjustments are made for any change in sales proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the conversion rate prevalent when such expenditure is incurred. Debtors and Creditors are stated at exchange rate prevailing on the date of Balance Sheet.

ASM Technologies Limited
Consolidated Financial Statements

B. NOTES ON ACCOUNTS

	As at 31.03.2004	As at 31.03.2003
	Rs.	Rs.
1. Contingent liability		
a) Claim against the Co., not acknowledged as debt	25,00,000	25,00,000
2. The company has provided corporate guarantees to IDBI for a sum of Rs. 324.37 lacs for discounting of bills with IDBI. The overdue payment as on 31st March 2004 was Rs. 260.34 lacs.		
3. The operations of the company are to develop software and the allied activities, which cannot be expressed in terms of units / quantity. Hence it is not possible to give the quantitative information as required by the Schedule VI of the Companies Act, 1956.		

4. Related Party Transactions - (AS-18)

The Company had transactions with the following related parties.

Subsidiaries: Pinnacle Talent Inc, USA & Advanced Synergic Pte Ltd., Singapore.

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Directors : Dr. S. Srikantan, Prof. Sonde, Mr. Rabindra Srikantan, Mr. M.R. Vikram, Mr. Venkataramaiyer Sivaramakrishnan

Key Management Personnel: Mr. Sundar Ramanathan, Mr. N. Krishnan, Mr. Shalabh Singh, Mr. Harisimha, Mr. Sunil Andrews, Mr. T.S. Shanbhogue, Ms. P.N. Lakshmi.

Summary of the Transactions with the above related parties for the financial year ending 31st March 2004 are as follows.

	Rs. in Lacs
Remuneration / Payables to Directors	Rs. 48.48
Loans from Directors	Rs. 13.19
Remuneration Payable to Key Management Personnel	Rs. 107.86

5. Earnings per share

In accordance with the Accounting Standard 20 (AS-20) "Earning per share" issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the period.

ASM Technologies Limited
Consolidated Financial Statements

6. Segment Reporting - (AS-17)

In accordance with the Accounting Standard - 17 (AS-17) "Segment Reporting" which became mandatory for reporting from 1st April 2001, the company states that it is in the business of software development and I T related services. The Company's primary reporting segment is geographical as the revenues in non-software related areas are not more than 10% of the gross revenues.

	31.03.2004
	Rs. In Lacs
Geographic Segment	
Export Sales	1293.72
Domestic Sales	409.43
	1703.15
Other Income	
Interest	1.03
Others	13.22
	14.25

Particulars of Segment Asset and Liability

Segment Assets

Outside India	240.65
India	588.01

Segment Liabilities

Outside India	416.04
India	580.08

As per our report of even date
for SUDHAKAR PAI ASSOCIATES
Chartered Accountants

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

B. Sudhakar Pai
(Proprietor)

Place : Bangalore
Date : 16th August 2004

ASM Technologies Limited
Consolidated Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

(Amount in lacs)

Particulars	As At 31.03.2004	As At 31.03.2003
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax & extraordinary items	(208.34)	(454.45)
Adjustments for :		
Depreciation	107.11	175.12
Loss on Sale of Vehicles	0.02	1.02
Loss on Sale of Shares	—	4.90
Deferred Taxation (Net)	68.51	141.42
Finance charges	45.37	60.61
Miscellaneous expenses written off	—	0.04
operating profit before working capital changes	12.67	(71.33)
Adjustment for		
Inventories	32.19	92.01
Trade payables	41.93	15.76
Trade & other receivables	107.84	97.66
Deferred Tax Asset	(68.51)	(141.42)
Working capital finance	(53.56)	42.97
Cash generated from operations	72.56	35.64
Finance charges	(45.37)	(60.61)
Net cash from operating activities - A	27.19	(24.97)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(10.07)	3.56
Sale of Fixed Asset	1.65	—
Purchase / Sale of Investments	—	5.00
Net cash from Investing activities - B	(8.42)	8.56
C CASH FLOW FROM FINANCE ACTIVITIES		
Long term borrowings	(4.66)	11.94
Short term borrowings	(25.59)	3.88
Net cash from Finance activities - C	(30.25)	15.82
Net increase in cash and cash equivalents (A+B+C)	(11.48)	(0.60)
Cash & cash equivalents as at 1st April 2003	58.65	59.25
Cash & Cash equivalents as at 31st March 2004	47.17	58.65

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Place : Bangalore
Date : 16th August 2004

Rabindra Srikantan
Managing Director

M.R. Vikram
Director

P.N. Lakshmi
Company Secretary

Auditor's Certificate

We have examined the above cash flow statement of ASM Technologies Limited, for the year ended 31st March, 2004. The statement has been prepared by the company in accordance with the requirement under clause 32 of the listing agreement with stock exchanges and is based on and in agreement with the corresponding profit and loss account and balance sheet of the company for the year ended 31st March, 2004.

for SUDHAKAR PAI ASSOCIATES
Chartered Accountants

Place : Bangalore
Date : 16th August 2004

B. SUDHAKAR PAI
(Proprietor)

Pinnacle Talent Inc.

Statement Regarding Subsidiary Company

(Pursuant to Section 212 of the Companies Act, 1956)

- | | |
|---|--|
| 1. Name of the Subsidiary Company | Pinnacle Talent Inc. |
| 2. Financial year ended | 31st March 2004 |
| 3. Holding Company's Interest | 10000000 equity share of US \$ 0.01 each fully paid up |
| 4. Extent of holding | 100% |
| 5. Net aggregate amounts of profit / (Loss) in the Subsidiary Company to the extent these concern the Members of the Holding Company and not dealt with in the attached accounts of the Holding Company is as follows | |
| For the year ended 31st March 2004 | US \$ (164,178) |
| Previous year ended 31st March 2003 | US \$ (49,143) |
| 6. As the financial year of the subsidiary Company coincides with the Financial year of the Holding Company, Section 212(5) of the act is not applicable. | |

For and on behalf of the Board

Place : Bangalore
Date : 16th August 2004

RABINDRA SRIKANTAN
Managing Director

M.R. VIKRAM
Director

P.N. LAKSHMI
Company Secretary

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PINNACLE TALENT INC.
1919, MIDWEST ROAD, # 210
OAKBROOK, ILLINOIS 60523 USA

Directors' Report

To the Members,

Your Directors have pleasure in submitting their Sixth Annual Report and Accounts for the year ended 31st March, 2004. Pinnacle Talent Inc. is a wholly owned subsidiary of ASM Technologies Limited. The Company's operation during the year ended 31st March, 2004 resulted in a net loss of US \$ 164,178 (approx. Rs. 7.63 Million).

Your Directors do not recommend any dividend due to loss.

For and on behalf of the Board

Place : Bangalore
Date : 16th August 2004

RABINDRA SRIKANTAN
President

Pinnacle Talent Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Activities

Pinnacle Talent Inc. was incorporated in California to provide software development talent to business. It is wholly owned subsidiary of ASM Technologies Limited, whose headquarters is in Bangalore, India. The accompanying financial statements are of Pinnacle Talent Inc. only and not include assets, liabilities, income or expense of ASM Technologies Limited, other than amounts owing to or from ASM Technologies Limited.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Accounts Receivable

The Company does not maintain an allowance for estimated uncollectable accounts. When an account is determined uncollectable it will be deducted from the accounts receivable and will be charged to uncollectable accounts expense.

Equipments

Equipment is recorded at cost. Depreciation is provided using the prevailing income tax statutes.

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2. Accounts Receivable

Accounts receivable are shown at gross value and include an amount of US \$ 200,115 due from ASM Technologies Limited the parent company.

3. Fixed Assets

A summary of fixed assets as on 31st March, 2004 is as follows:

Machinery and Equipment	\$ 20,905
Software	\$ 197,934
Less: Accumulated depreciation	\$ (218,839)
Net Fixed Assets	\$ —

4. Bank Overdraft

The Company enjoys a line of credit facility provided by the State Bank of India. The total line of credit facility is \$ 260,000 collateralized by the accounts receivable and other assets of the company.

Pinnacle Talent Inc.**BALANCE SHEET AS AT 31ST MARCH 2004**

Particulars	As On 31.03.2004 US \$	As On 31.03.2003 US \$
CURRENT ASSETS		
Cash & Cash Equivalents	20,000	5,000
Accounts Receivable	402,013	515,628
TOTAL CURRENT ASSETS	422,013	520,628
FIXED ASSETS		
Machinery & Equipment	20,905	20,905
Software	197,934	197,934
Accumulated Depreciation	(218,839)	(176,394)
TOTAL FIXED ASSETS	—	42,445
OTHER ASSETS		
Advances & deposits	15,166	12,372
TOTAL OTHER ASSETS	15,166	12,372
TOTAL ASSETS	437,179	575,445
LIABILITIES & OTHERS EQUITY		
CURRENT LIABILITIES		
Accounts Payable	319,945	251,884
Bank Overdraft	255,729	270,168
TOTAL CURRENT LIABILITIES	575,674	522,052
LONG TERM LIABILITIES	18,404	46,113
TOTAL LIABILITIES	594,077	568,165
OWNERS EQUITY		
Common Stock	100,000	100,000
Retained earnings	(256,898)	(92,720)
TOTAL EQUITY	(156,898)	7,280
TOTAL LIABILITIES & OWNERS EQUITY	437,179	575,445

Pinnacle Talent Inc.

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2004**

Particulars	As On 31.03.2004 US \$	As On 31.03.2003 US \$
INCOME		
Sales & Service	1,761,318	2,033,970
Inter Company Revenue	35,500	140,000
Other income	10,902	1,323
Net Sales	1,807,719	2,175,293
COST OF SALES		
Subcontractors	304,081	747,935
TOTAL COST OF SALES	304,081	747,935
Gross Profit	1,503,638	1,427,358
EXPENSES		
Salaries	1,002,120	923,368
Payroll Taxes	79,404	71,868
Advertising	2,975	1,785
Accounts Receivable discounting fee	—	6,312
Audit and accounting fees	—	1,013
Bank Charges	990	1,580
Bonus Overtime & incentives	4,624	26,803
Business Development	850	896
Bad Debt	9,987	—
INS Fees	45,739	32,061
Dues & Subscriptions	8,902	6,038
Depreciation	42,445	43,778
Reimbursement of Expenses to Employees	340,987	226,846
Equipment Lease	3,040	3,289
Insurance	—	466
Interest Expense	35,214	26,384
Legal & Professional	3,462	10,445
Licenses	922	1,506
Miscellaneous	313	767
Office Expense	723	640
Outside Services	960	4,841
Postage	2,688	5,161
Rent	18,906	20,230
Repairs	650	2,140
Telephone	25,721	35,325
Travel	35,268	27,104
Utilities	926	66
Total Expenses	1,667,817	1,480,713
Net operating income	(164,178)	(53,355)
OTHER INCOME AND EXPENSES		
Interest income	—	—
INCOME BEFORE TAXES	(164,178)	(53,355)
INCOME TAX	—	4,212
NET INCOME	(164,178)	(49,143)

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

Statement Regarding Subsidiary Company
(Pursuant to Section 212 of the Companies Act, 1956)

- | | |
|---|--|
| 1. Name of the Subsidiary Company | Advanced Synergic Pte Ltd. |
| 2. Financial year ended | 31st March 2004 |
| 3. Holding Company's Interest | 100000 equity share of S \$ 1 each fully paid up |
| 4. Extent of holding | 100% |
| 5. Net aggregate amounts of profit / (Loss)
in the Subsidiary Company to the extent these
concern the Members of the Holding Company
and not dealt with in the attached accounts of
the Holding Company is as follows | |
| For the year ended 31st March 2004 | S \$ 139,572 |
| Previous year ended 31st March 2003 | S \$ (159,775) |
| 6. As the financial year of the subsidiary Company coincides with the Financial year of the Holding Company, Section 212(5) of the act is not applicable. | |

For and on behalf of the Board

Place : Singapore
Date : 29th July 2004

RABINDRA SRIKANTAN
Managing Director

M.R. VIKRAM
Director

P.N. LAKSHMI
Company Secretary

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements of the company for the year ended 31st March 2004.

Directors:

The directors in office at the date of this report are:-

RABINDRA SRIKANTAN
VENKATARAMAIYER SIVARAMAKRISHNAN

Arrangements to enable directors to acquire shares or debentures:

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures of the company or any other body corporate.

Directors' Interest in Shares or Debentures:

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Companies Act, Cap.50 are as follows:

Shares in Ultimate Holding Company	Share of Rupees 10 each	
	At the beginning of the year	At the end of the year
Names of the Director		
RABINDRA SRIKANTAN	1,802,860	1,838,601

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Directors' contractual benefits:

During the year, no director has received or become entitled to receive a benefit by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than those disclosed in the financial statements.

Options granted:

During the year, there were no options to take up unissued shares of the company.

Options exercised:

During the year, no shares have been issued by virtue of the exercise of options granted.

Options outstanding:

There were no shares option outstanding, as at 31st March 2004.

Auditors:

The Auditors, M/s. MGI N Rajan Associates have expressed their willingness to accept re-appointment.

On behalf of the directors,

RABINDRA SRIKANTAN

VENKATARAMAIYER
SIVARAMAKRISHNAN

Place : Singapore
Date : 29th July 2004

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying balance sheet, profit and loss account, statement of changes in equity and the cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March 2004 and of the results of the business, changes in equity and cash flows of the company for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The Board of the Directors authorised these financial statements for the issue on 29th July 2004.

On behalf of the directors,

RABINDRA SRIKANTAN

**VENKATARAMAIYER
SIVARAMAKRISHNAN**

Place : Singapore

Date : 29th July 2004

REPORT OF THE AUDITORS' TO THE MEMBERS

We have audited the accompanying financial statements of ADVANCED SYNERGIC PTE LTD. as at 31st March 2004, the profit and loss account, the statement of changes in equity of the company and cash flow statement for the year then ended 31st March 2004, and notes thereto. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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We conducted our audit in accordance with Singapore Standards on Auditing. 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 the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31st March 2004 and of the results, changes in equity of the company and the cash flows of the company for the year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

MGI N RAJAN ASSOCIATES
Certified Public Accountants

Place : Singapore

Date : 29th July 2004

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

BALANCE SHEET - 31ST MARCH 2004

Particulars	NOTE	2004 S \$	2003 S \$
ASSETS			
Non-Current Assets			
Property, Plant and equipment (net)	5	279	2
		279	2
Current Assets			
Cash and cash equivalents	6	31,611	31,250
Trade and other receivables	7	327,127	95,856
Amount due from Holding Company (trade)	8	1,204	—
Cost of Software	9	33,334	66,667
		393,276	193,773
TOTAL ASSETS		393,555	193,775
EQUITY AND LIABILITIES			
58 Current liabilities			
Trade payables and other payables	10	168,370	120,778
Bank overdraft	11	123,086	69,763
Amount due to Holding company (trade)	8	—	40,707
Provision for taxation	12	—	—
		291,456	231,248
Capital and reserves			
Issued capital	13	100,000	100,000
Accumulated profit / (losses)		2,099	(137,473)
		102,099	(37,473)
TOTAL EQUITY AND LIABILITIES		393,555	193,775

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

Particulars	NOTE	2004 S \$	2003 S \$
REVENUE			
Sale of services		1,999,480	950,906
Other revenues		361	—
TOTAL REVENUES		1,999,841	950,906
Less: Costs and expenses			
Costs of services sold		1,678,662	935,479
Depreciation on fixed assets		7,691	2,562
Other operating expenses	4	163,897	162,593
TOTAL COSTS AND EXPENSES		1,850,250	1,100,634
Profit / (loss) from operations before finance cost		149,591	(149,728)
Less: Finance cost-interest on overdraft		10,019	9,698
Profit / (Loss) before tax		139,572	(159,426)
Less / (Add): Tax expense	12		
– Current year provision		—	—
– (Over) / under provision in prior years		—	(350)
Net profit/(loss) for the year		139,572	(159,776)

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2004**

Particulars	Issued Capital S \$	Accumulated Profit / (losses) S \$	Total S \$
Balance at 31st March 2002	100,000	22,303	122,303
Issuance of ordinary shares	—	—	—
(Loss) for the year	—	(159,776)	(159,776)
Balance at 31st March 2003	100,000	(137,473)	(37,473)
Issuance of ordinary shares	—	—	—
Profit for the year	—	139,572	139,572
Balance at 31st March 2004	100,000	2,099	102,099

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

Particulars	2004 S \$	2003 S \$
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (loss) before taxation	139,572	(159,426)
Adjustments for :		
Depreciation	7,691	2,562
Cost of software written off	33,333	33,333
Operating profit / (loss) before working capital changes	180,596	(123,531)
(Increase) / Decrease in trade and other receivables	(232,475)	15,421
Increase / (decrease) in trade and other payables	6,885	138,350
Cash generated from / (used in) operating activities	(44,994)	30,240
Tax paid	—	(1,225)
Net cash flows from operating activities	(44,994)	29,015
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(7,968)	(2,494)
Net cash flows from operating / (used in) investing activities	(7,968)	(2,494)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from operating / (used in) financing activities	—	—
Net change in cash and cash equivalents	(52,962)	26,521
Cash and cash equivalents at the beginning of the year	(38,513)	(65,034)
Cash and cash equivalents at the end of the year	(91,475)	(38,513)
Represented by:-		
Cash and cash equivalents	31,611	31,250
Bank overdrafts	(123,086)	(69,763)

(The annexed notes form an integral part of and should be read in conjunction with these financial statements.)

NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 2004

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

The financial statements of the company for the year ended 31st March 2004 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The principal activities of the company are to carry on the business of developing software and provide services according to the requirements of the clients.

There have been no changes in these activities of the business during the year

The company's registered office & principal place of business address is located at :

The Comtech, # 09-32, 60 Alexandra Terrace, Singapore 118502.

The Company had employed 26 (2003:15) employees as at 31st March 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard (FRS) as required by the Companies Act. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standards (SAS). The transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements, are expressed in Singapore dollars, have been prepared under the historical cost convention.

b) Property, plant & equipment & depreciation

All items of property, plant and equipment are recorded at cost.

Depreciation is calculated on the straight-line method to write off the cost of the assets over their estimated useful lives. The annual rates have been taken as follows:

Computers & accessories	100 %
Telecom equipment	33 1/3 %

Full depreciation is provided in the year of the purchase and no depreciation is provided in the year of disposal.

c) Revenue recognition

Revenue from interest on fixed deposit is recognised on accrual basis.

Revenue from service income is upon completion of services.

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

d) Income taxes

The liability method of tax effect accounting is adopted by the company. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset relating to the deductible temporary differences arises from goodwill or the initial recognition of an asset or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.)

The statutory tax rates enacted the balance sheet date are used to determine deferred income tax.

e) Impairment of assets

The carrying amounts of the assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit recoverable amount. All impairment losses are recognised in the profit and loss account. Recoverable amount is defined as the higher of value in use and net selling price.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

f) Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit and loss account in the period in which they arise. However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

g) Related party

For the purpose of these financial statements, parties are considered to be related to the company if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

h) Receivables

Receivables are recognised and carried at cost, which is the original invoiced amount less provision for doubtful debts. The carrying value approximates the fair value of receivables. All known bad debts are written off and specific provision is made for those debts, which are considered to be doubtful.

Advanced Synergic Pte Ltd.
(Incorporated in the Republic of Singapore)

i) Payables

Payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

j) Cash and cash equivalents

Cash and cash equivalents comprise fixed deposits with the bank.

k) Employee benefits

The company contributes to the Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The company’s contributions to CPF are charged to the profit and loss account in the period to which the contributions relate.

l) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

m) Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, trade receivables and payables, other payables and receivables, finance leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 14.

n) Going concern

The accounts are prepared on a going concern basis on the assumption that the Company will be able to obtain the necessary financial support from its holding & ultimate holding company to enable it to continue its operations as a going concern.

3. STAFF COSTS

	<u>2004</u>	<u>2003</u>
	S \$	S \$
Staff salaries, bonus & allowances	996,162	797,610
Central provident fund	34,919	5,598
	<u>1,031,081</u>	<u>803,208</u>

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4. OTHER OPERATING EXPENSES

	2004	2003
	S \$	S \$
Audit fee	2,500	2,500
Exchange loss-realised	593	—
Bad debts written off-trade	—	53,210
Office rent	25,774	9,360
Cost of software written off	33,333	33,333
Travelling expenses	26,906	11,673
Telephone charges	21,224	35,310
Others	53,567	17,207
	163,897	162,593

5. PROPERTY, PLANT & EQUIPMENT

	Computers & Accessories	Office Equipment	Total
	S \$	S \$	S \$
Cost			
At 01.04.2003	6,792	779	7,571
Additions	7,553	415	7,968
At 31.03.2004	14,345	1,194	15,539
Depreciation			
At 01.04.2003	6,791	778	7,569
Charge for the year	7,553	138	7,691
At 31.03.2004	14,344	916	15,260
Charge for 2003	2,494	68	2,562
Net book value			
At 31.12.2004	1	278	279
At 31.12.2003	1	1	2

6. CASH & CASH EQUIVALENTS

	2004	2003
	S \$	S \$
Fixed deposits with banks	31,611	31,250
	31,611	31,250

This is under lien to the bank for the facilities availed.

The fixed deposits earn interest at the rate of 0.875% and 1.875% per annum.

Advanced Synergic Pte Ltd.
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7. TRADE AND OTHER RECEIVABLES

	2004	2003
	S \$	S \$
Trade receivables:		
Trade debtors	307,338	89,307
Other receivables:		
Other debtor	385	—
Prepayment	6,352	—
Advances	250	5,769
Deposits	12,802	780
	327,127	95,856

8. HOLDING AND ULTIMATE HOLDING COMPANY

The Company's holding and ultimate holding company is ASM Technologies Limited, India.

The Company has entered into the following transactions:-

	2004	2003
	S \$	S \$
Reimbursement of training charges & service charges	—	6,375
Reimbursement of recruitment charges	—	24,000
Reimbursement of travelling expenses	11,153	5,133
Service income	600,978	48,000

9. COST OF SOFTWARE WRITTEN OFF

The Company purchased "ERP" Enterprise software for an amount of S \$ 100,000/- to be used for the various projects undertaken by the Company. The directors have decided to write-off the cost of software over three years in the financial statements from the year ended 31.3.2003.

	2004	2003
	S \$	S \$
Balance, at the beginning of the year	66,667	100,000
Less: written off during the year	(33,333)	(33,333)
Balance, at the end of the year	33,334	66,667

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10. TRADE AND OTHER PAYABLES

	2004	2003
	S \$	S \$
Trade payables:		
Trade creditors	4,000	20,168
Other payables:		
Other creditors	135,981	88,766
Accrued liabilities	28,389	11,844
	168,370	120,778

11. BANK OVERDRAFT

This is secured by fixed deposit. This carries interest at 7.75% per annum, which is 2.25% above prime lending rate.

12. TAXATION

	2004	2003
	S \$	S \$
Current taxation	—	—

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The tax expense on the results of the financial period varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on company's profit as a result of the following differences:

	2004	2003
	S \$	S \$
Profit / (loss) before taxation	139,572	(159,426)
Tax at statutory rate of 20%(2003:22%)	27,914	(35,074)
Utilisation of unutilised wear & tear allowances	(7,165)	7,882
Utilisation of unutilised losses	(20,749)	27,192
	—	—

No deferred tax assets is recognised since there is no convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

13. SHARE CAPITAL

	2004	2003
	S \$	S \$
Authorised		
Ordinary shares of S \$ 1/- each	100,000	100,000
Issued & fully paid up		
Ordinary shares of S \$ 1/- each	100,000	100,000

14. FINANCIAL RISK MANAGEMENT

The company does not have any written financial risk management policies and guidelines. The company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The company's exposure to financial risks associated with financial instruments held in the ordinary course of business include:

a) Price risk

i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due changes in foreign exchange rate.

The company's operational activities are mainly carried out in Singapore Dollars. The risk arising from movements in foreign exchange rates is minimized as the company has minimal transactions in foreign currency.

ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company obtains additional financing through bank borrowings. Information relating interest rate exposure is also disclosed in the respective notes.

iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company has no significant concentrations of credit risk.

Cash is held with financial institutions of good standing / established financial institutions / reputable financial institutions.

c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The parent company has given assurance to support the company as and when it requires working capital and from the available credit lines with the bank.

d) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The company is not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.

15. FINANCIAL INSTRUMENTS

Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate to their fair value. Information on the fair values of borrowing, interest rate and foreign currency exchange are included under Note 14.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

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This does not form part of the audited financial statements.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

	S \$
Sale of services (net of returns)	1,999,480
Less: Cost of purchases	
Staff salaries and allowances	1,050,844
Professional fees	627,818
	<u>1,678,662</u>
GROSS PROFIT	320,818
Add: Interest on fixed deposits	361
	<u>321,179</u>
Less: Expenses	
Advertisements	1,196
Audit fee	2,500
Bank charges	681
Business promotions	2,810
Conveyance	4,589
Cost of software written off	33,333
Depreciation on fixed assets	7,691
Insurance	7,339
Interest on overdraft	10,019
Loss on exchange	593
Miscellaneous expenses	13,921
Office maintenance	14,110
Postage and courier	382
Printing and stationery	2,711
Rent	25,774
Secretarial fee	1,200
Staff welfare expenses	3,741
Telephone charges	21,224
Tender fee	887
Travelling expenses	26,906
	<u>181,607</u>
Net profit for the year	<u>139,572</u>

GENERAL INFORMATION FOR SHAREHOLDERS

12th Annual General Meeting

1. Date & Time : 29th Sept. 2004 at 10.00 a.m.
2. Venue : No. 530/58, Pai Vijay Hall, 33rd Cross
11th Main, 4th Block Jayanagar
Bangalore 560 011
3. Financial year of Company : April to March
4. Corporate & Registered Office : No. 80/2, Lusanne Court, Richmond Road
Bangalore 560 025
5. Exchanges Listed at : Bangalore Stock Exchange Limited (BgSE)
Stock Exchange Towers, No. 51, 1st Cross, J.C. Road
BANGALORE 560 027

The Stock Exchange, Mumbai (BSE)
P J Towers, No. 25 Dalal Street
MUMBAI 400 001

The Listing fees for the financial year 2003-2004 has been paid
6. Stock Code : BgSE - ADVSYNER
BSE - 526433
7. D'mat ISIN No. in NSDL & CDSL
for Equity Shares : INE867C01010
8. Date of Book Closure : 25.9.2004 to 29.9.2004 (both days inclusive)
9. Market Price Data : The month wise high and low prices and volume of shares
of the Company traded on the Mumbai Stock Exchange (BSE)
for the period April 2003 - March 2004 is given below:

Months	High (Rs.)	Low (Rs.)	Volume
30.4.2003	-	-	-
30.5.2003	4.55	4.30	1100
30.6.2003	4.00	3.02	4360
31.7.2003	4.03	3.00	8900
29.8.2003	4.05	3.50	3700
30.9.2003	4.70	4.50	2090
31.10.2003	5.10	5.00	700
28.11.2003	4.01	4.01	191
31.12.2003	7.05	7.05	500
30.1.2004	6.50	4.65	8799
27.2.2004	7.19	5.75	250
31.3.2004	5.70	5.70	1500

10. Dematerialisation of Shares : 62.88% of the capital has been dematerialised as on 31.3.2004

11. No. of Employees as on 31.03.2004 : 136
12. No. of Shareholders as on 31.03.2004 : 5431
13. Investor Services : Queries / Requests received during the year ended 31.3.2004

Nature of queries	Received	Cleared
Change of address	30	30
Transfer related	6	6
D'mat related	13	13
Non-receipt of D/W	3	3
Loss of share certificate	5	5
Others*	39	39
TOTAL	73	73

* Non receipt of Annual Report, procedure for transmission, letters recd. from Stock exchanges & revalidation of D/W.

BSE & BGSE have confirmed that as on 31.03.2004 there are no investor complaints/queries pending to be solved by the Company / Registrars & Share Transfer Agents.

14. Share Transfers : Physical shares sent for transfers or dematerialisation are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents. During the year there were 10200 physical transfer of shares and the transfer of 1300 shares were rejected due to technical reasons.

15. Distribution of Shareholding as on 31.03.2004 :

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No. of shares	No. of shareholders	% of shareholders	Share Amt. Value in Rs.	% to Total
0 - 500	5030	92.62	869919	17.40
501 - 1000	200	3.68	166502	3.33
1001 - 2000	87	1.60	129028	2.58
2001 - 3000	37	0.68	94789	1.90
3001- 4000	17	0.31	61193	1.22
4001 - 5000	11	0.20	52800	1.05
5001- 10000	20	0.37	157843	3.16
> 10001	29	0.53	3467926	69.36
TOTAL	5431	100.00	50000000	100.00

16. Share holding in Physical & Electronic form as on 31.03.2004

Particulars	No. of shares	% of holding
Physical	1855777	37.12
Electronic	3144223	62.88
Total	5000000	100.00

17. Shareholding pattern as on 31.03.2004 :

Category	No. of shares	%age
Indian Promoters (including Persons acting in concert)	2480621	49.61
Mutual Funds & UTI	1100	0.02
Institutions / Banks	1200	0.02
Private Corporate Bodies	131692	2.63
Indian Public	2191887	43.85
NRI's / OCB's	193500	3.87
TOTAL	5000000	100.00

18. Investor Correspondence : All enquiries clarifications and Correspondences should be addressed to Registrars & Share Transfer Agents or to the Compliance Officer at the following address :

Registrars & Share Transfer Agents	Compliance Officer
Karvy Computershare Private Limited 51/2, TKN Complex, Vanivilas Road Opp. National College, Basavanagudi Bangalore 560 004 Tel : 26621184 / 26621192 Fax : 26621169	Ms. P.N. Lakshmi Company Secretary 80/2, Lusanne Court, Richmond Road Bangalore 560 025 Tel: 22274121 / 22124854

ASM Technologies Limited

Registered Office : # 80/2, Lusanne Court, Richmond Road, Bangalore 560 025

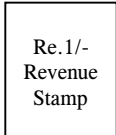
PROXY FORM

Regd. Folio No.

I / We
..... of being a member / member
..... of or failing him / her
of as my / our proxy to
vote for me / us on my behalf at the 12th Annual General Meeting of the Company to be held on Wednesday,
29th September, 2004 at 10.00 a.m. and at any adjournment thereof.

Signed this day of 2004

Signature



Note : This form in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the Meeting.



ASM Technologies Limited

Registered Office : # 80/2, Lusanne Court, Richmond Road, Bangalore 560 025

ATTENDANCE SLIP

Regd. Folio No.

No. of Shares held :

I certify that I am a registered shareholder / proxy for the registered shareholder of the company.

I hereby record my presence at the 12th Annual General Meeting of the Company held at Pai Vijay Hall, 33rd Cross,
11th Main, 4th Block, Jayanagar, Bangalore 560 011 on Wednesday, 29th September, 2004 at 10.00 a.m.

Member's / Proxy Name in

Signature of Member / Proxy

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL. Members are requested to bring their copies of the Annual Report to the meeting.

Registered Office

India

80/2, Lusanne Court
Richmond Road
Bangalore 560 025, India
Phone +91 80 2227 4121, +91 80 2212 4854-57
Fax +91 80 2227 3606
Email: info@asmltd.com

Board of Directors

Dr. S. Srikantan	Chairman
Prof. B.S. Sonde	Director
Mr. M.R. Vikram	Director
Mr. Rabindra Srikantan	Managing Director

Audit Committee

Mr. M.R. Vikram
Prof. B.S. Sonde
Dr. S. Srikantan

Compensation Committee

Prof. B.S. Sonde
Mr. M.R. Vikram
Mr. Rabindra Srikantan

Share Transfer & Investor Grievance Committee

Prof. B.S. Sonde
Mr. Rabindra Srikantan

Company Secretary

Ms. P.N. Lakshmi

Auditors

M/s. Sudhakar Pai Associates
Chartered Accountants
C-4, Unity Buildings
J.C. Road
Bangalore 560 002, India

M/s. Mallesh B. Hullatti & Co.
68/155/4B, 'Shivasiri'
Harinagar Cross, Kathanur, Anjanapura Post
Bangalore 560 062, India

M/s N. Rajan Associates
10, Jalan Besar,
10 -12, Sim Lim Tower
Singapore 208 787

Jack Iyer CPA
39120 Argonaut Way No.684
Fremont, CA 94538
USA

Company Law Advisor

Mr. M.R. Gopinath
"Rukmini", 252/B, 2nd "C" Main,
1 st Phase, Girinagar,
Bangalore 560 085

Branch / Subsidiary Others

USA

1919, Midwest Road,
210, Oak Brook,
Illinois 60523, USA
Phone +1 630 629 4900
Fax +1 630 629 1573

Singapore

The Comtech
09-32, 60, Alexandra Terrace
Singapore 118 502
Phone +65 6324 5343
Fax +65 6324 5345

Legal Advisors

M/s Michael A. Cotteleer & Associates
207, N. Washington
Wheaton, Illinois 60187, USA

Bankers

State Bank of India
Industrial Finance Branch
Residency Road
Bangalore 560 025, India

State Bank of India
19, La Salle Street,
Chicago, Illinois 60603, USA

Indian Bank
Bharat Building
3, Raffles Place
Singapore 048 617

Stock Exchanges

(Where the shares of the company are listed)
The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
25 th Floor, Dalal Street
Mumbai 400 001, India

Bangalore Stock Exchange Limited
51, Stock Exchange Towers
1 st Cross, J.C. Road
Bangalore 560 027, India

Stock Code

BgSE - ADVSYNER
BSE - 526433

Demat ISIN No. in NSDL & CDSL for Equity Shares

INE867C01010

Investor Relation Cell

Secretarial Department
80/2, Lusanne Court
Richmond Road
Bangalore 560 025, India, Ph : +91 80 2227 4121

Registrars & Share Transfer Agents

Karvy Computershare Private Limited
51/2, TKN Complex, Vanivilas Road
Opp. National College, Basavanagudi
Bangalore 560 004, India, Ph : +91 80 2662 1192