

IBS Group Holding Limited  
Consolidated Balance Sheets

	<b>March 31,</b>	
	<b>2005</b>	<b>2004</b>
	<i>(In thousands of US Dollars, except share amounts)</i>	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13,165	\$ 13,125
Trade accounts receivable and accrued revenue, net of allowance for doubtful accounts of \$ 738 as of March 31, 2005 and \$ 573 as of March 31, 2004	65,983	29,397
Inventory	38,516	46,030
Due from related parties	244	1,109
VAT and other taxes receivable	14,320	10,163
Assets held for sale	1,427	–
Restricted cash, current	2,500	–
Deferred income taxes	447	–
Other current assets	7,566	5,065
<b>Total current assets</b>	<b>144,168</b>	104,889
Property and equipment, net	16,844	15,880
Intangible assets, net	1,633	1,960
Due from related parties	516	705
Other non-current assets	1,753	1,111
<b>Total assets</b>	<b>\$ 164,914</b>	\$ 124,545

IBS Group Holding Limited  
Consolidated Balance Sheets (continued)

	<b>March 31,</b>	
	<b>2005</b>	<b>2004</b>
	<i>(In thousands of US Dollars, except share amounts)</i>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 45,163	\$ 33,201
Long-term debt, current portion	7,255	439
Accounts payable	32,664	20,307
Advances received	8,713	10,956
Accrued liabilities	13,254	10,799
Deferred revenue	749	2,121
Due to related parties	6,439	2,719
Capital lease obligation, current portion	605	610
VAT and other tax payable	10,297	5,704
Liabilities of a disposal group	1,062	–
Other current liabilities	4,897	3,380
<b>Total current liabilities</b>	<b>131,098</b>	90,236
Long-term loan, non-current	6	7,154
Deferred income taxes, non-current	–	554
Deferred revenue – non-current	392	–
Capital lease obligation, less current portion	170	535
<b>Total liabilities</b>	<b>\$ 131,666</b>	\$ 98,479
Minority interests	480	–
<b>Shareholders' equity:</b>		
Share capital (GBP 1 per share 2,250 and 2,250 shares authorized, 2,151 and 2,151 issued and outstanding as at March 31, 2005 and 2004, respectively)	4	4
Additional paid-in capital	31,493	27,977
Retained earnings (accumulated deficit)	1,271	(1,915)
<b>Total shareholders' equity</b>	<b>32,768</b>	26,066
<b>Total liabilities and shareholders' equity</b>	<b>\$ 164,914</b>	\$ 124,545

IBS Group Holding Limited  
Consolidated Statements of Income

	<b>Years ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
	<i>(In thousands of US Dollars)</i>	
<b>Operating revenues</b>		
Sales of goods	\$ 453,391	\$ 357,564
Service revenues	72,704	51,551
Total operating revenues	526,095	409,115
<b>Cost of revenues</b>		
Cost of goods sold	400,693	315,168
Cost of services	32,717	19,533
Total cost of revenues	433,410	334,701
<b>Gross margin</b>	92,685	74,414
<b>Operating expenses</b>		
Selling expenses	3,630	3,084
General and administrative expenses	82,834	65,696
Depreciation and amortization	4,955	3,981
<b>Operating income</b>	1,266	1,653
<b>Other gains and losses</b>		
Interest expense, net	(6,852)	(3,341)
Other gains, net	8,476	7,001
Net foreign exchange gain	353	454
<b>Income before income taxes</b>	3,243	5,767
Income tax expense	(127)	(698)
Minority interest in net losses of subsidiaries	70	27
<b>Net income</b>	\$ 3,186	\$ 5,096

# IBS Group Holding Limited

## Consolidated Statements of Shareholders' Equity

	Common stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount			
Balances at March 31, 2003	2,151	\$ 4	\$ 27,977	\$ (4,993)	\$ 22,988
Dividends paid	-	-	-	(2,018)	(2,018)
Net income for the year	-	-	-	5,096	5,096
Balances at March 31, 2004	2,151	\$ 4	\$ 27,977	\$ (1,915)	\$ 26,066
Effect of issuance of shares by a subsidiary	-	-	3,516	-	3,516
Net income for the year	-	-	-	3,186	3,186
<b>Balances at March 31, 2005</b>	<b>2,151</b>	<b>\$ 4</b>	<b>\$ 31,493</b>	<b>\$ 1,271</b>	<b>\$ 32,768</b>

**IBS Group Holding Limited**  
**Consolidated Statements of Cash Flows**

	<b>Years ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
	<i>(In thousands of US Dollars)</i>	
<b>Operating activities</b>		
Net income	\$ 3,186	\$ 5,096
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	4,325	3,459
Amortization	630	522
Provision for (benefit from) deferred taxes	(1,001)	29
Gain on foreign exchange	(353)	(454)
Provision for doubtful accounts	615	301
Minority interest in net losses of Subsidiaries	(70)	(27)
Other	355	391
Changes in operating assets and liabilities:		
Trade accounts receivable	(37,201)	(10,136)
Inventory and costs related to long-term contracts	7,514	(23,103)
Due to and from related parties	4,774	259
Accounts payable	12,357	7,769
Advances received	(2,243)	3,924
Accrued liabilities	2,455	1,966
Deferred revenue	(980)	(540)
Changes in other assets and liabilities	(1,557)	(3,203)
Net cash used in operating activities	(7,194)	(13,747)
<b>Investing activities</b>		
Purchases of property and equipment	(5,542)	(5,520)
Restricted cash	(2,500)	-
Proceeds from disposal of property and equipment	88	511
Purchase of intangible assets and other assets	(208)	(494)
Short-term investments	-	(88)
Proceeds from issuance of common stock by a subsidiary	4,066	-
Net cash used in investing activities	(4,096)	(5,591)
<b>Financing activities</b>		
Proceeds from bank loans and promissory notes	68,621	39,572
Repayment of bank loans and promissory notes	(57,536)	(13,381)
Repayment of long-term debt	(332)	(233)
Repayment of obligation under capital leases	(370)	(975)
Proceeds from (repayments of) overdraft facility, net	877	512
Dividends paid	-	(2,018)
Net cash provided by financing activities	11,260	23,477
Effect of exchange rate changes on cash and cash equivalents	70	47
<b>Net increase in cash</b>	<b>40</b>	<b>4,186</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>13,125</b>	<b>8,939</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 13,165</b>	<b>\$ 13,125</b>