

new Aptech

WELCOME TO THE NEW APTECH.

New ownership.

New strategy.

New opportunities.

read on...

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

2005 has been a watershed year for me as it has been for most Indians. For the first time, the confidence of Indians is palpable, and the foreigners recognize the potential of India. Personally for me, it's a great feeling to see India's growth pan out just as I had envisaged in an article in The Economic Times in June 2002 "India on the threshold of a Structural and Secular Bull Market". With the stock markets in an unprecedented bull run, it has been as financially rewarding as it is intellectually rewarding.

Although the markets are down, its good to read on my Telerate screen that India grew 9.4% in the last quarter and 8.6% in the year ended March 2006, thus exceeding all expectations.

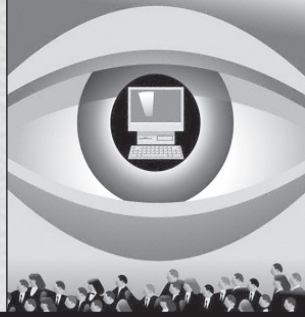
As you must be aware I, along with my partners, Mr. Damani and Mr. Koticha, have acquired the controlling stake in your Company. We, all three of us, have invested successfully in many a company, but never have we ventured before, to be responsible for the management of a company. When this opportunity offered itself before us, I knew that funds worldwide had earned billions of dollars by taking over management control of companies and I thought I should give it a try. The thought did cause butterflies in my stomach, but we love a challenge and here I am before you writing this statement. I do not know what will be the ultimate result of our endeavour, but I can assure you that we shall put our best foot forward. At the same time, we pray for the blessings of the Almighty for this challenge.

You may ask why Aptech?

The Opportunity

The education opportunity, which Aptech represents, is getting bigger and better. 'A Century of Skill Sets' is how Peter Drucker describes the opportunity. It's a USD 2 trillion opportunity. The addressable market for Aptech includes India, China and Rest of the World (ROW).

Take India and China, Aptech's two biggest markets, for instance. The demographics are clearly in favour. India and China, have the youngest (and the largest) population bases in the world. For any young country, education, both formal and specialised, is vital for their growth. Aptech today is a proxy for investment in the specialised



education opportunity in India and China. Besides, Aptech's presence in Rest of the World (ROW) is largely in emerging countries, which also offers immense opportunity.

Sustainable competitive advantage

To capitalize on the opportunity, one needs to have infrastructure, content and a brand that can be trusted. With the industry going through a rough patch post-2000, only the fittest have survived. Aptech is one of them. With there being two significant players, entry barriers are relatively high. Hence, I expect the competitive advantage of Aptech to sustain for a long period of time.

Scalability and Operating leverage

With the opportunity expanding and Aptech having sustainable competitive advantage, I believe Team Aptech will be able to scale its business in each of the markets. With renewed focus on the retail and institutional segment, the scalability will be sooner than later. As I look at it, with scalability, operating leverage (impact on profitability) will be high. Over the years, Aptech has invested in infrastructure creation in India, China and ROW. The investment phase is now being rewarded with an upturn in market. Increased scalability will therefore lead to sustainable increase in revenues and profits.

Price Value divergence

The price at which we invested in Aptech, in my opinion was compelling as it offered great value.

I believe, a fresh perspective can be introduced through strategic thinking and focus combined with the existing management capabilities at Aptech.

Having shared with you the rationale let me now share with you what value we bring to Aptech.

Our philosophy has been that change is not necessary for the sake of change.

We worked alongwith the current management team to bring about focus on RoE (exit low RoE business), streamlined and enhanced MIS aligned to financial statements, to make it more value added, enhanced scalability by recognizing the size and the

quality of the opportunity and then working towards tapping it.

We emphasized the benefits of strict corporate governance and best practices. An indication of this is the decision to clean the balance sheet through restatement and provisioning of assets and liabilities.

With strong investors, Aptech will never be short on capital for strategic initiatives having appropriate economic rationale.

With strong ownership, competent management and good governance, Aptech will attract and retain the best talent in the industry.

I must admit that the last six months have been a tremendous learning experience for me, understanding the business of Aptech from within and interacting with the management team. The learning has been both about the business and people, though not yet complete.

The interactions with Team Aptech and our strategic inputs have already resulted in a strategic resurgence for Aptech. Aptech will now concentrate on its core competencies that can be leveraged to address high growth areas with higher ROI. We have also decided to exit businesses that are capital intensive and have low ROI, or have limited scalability. We will leverage Aptech's strengths to build profitable and scalable businesses, and aspire for leadership in the same.

To quote from the book, The Triumph of Goldman Sachs, 'Be greedy, but be long term greedy'. My conviction tells me that Aptech can perform successfully well, but with time. The success can be slow, but sure.

I want to conclude by requesting shareholders to be patient. I do not expect that things will change overnight, but all change will happen in due course.

I also take this opportunity to welcome my fellow board members and my fellow Team Aptech members and thank them for their support and contribution.

Sincerely yours,

Rakesh Jhunjhunwala

A new

STRATEGIC OVERVIEW

LOOKING AT DIFFERENT BUSINESSES, DIFFERENTLY



Over the last decade various 'Megatrends' have emerged, which now influence the path and

growth of businesses the world over. One, the driving force of this century is now shifting from industrial and capital power to a knowledge-driven society, leading to a 'Century of skill sets'. Two, Globalization, now all pervasive, has created several opportunities, and, challenges as well. Three, economic power is now shifting from the developed world to the emerging world, making them the growth engines of the world. In such a dynamic and challenging environment, specialised education has not only become a basic necessity but also a key driver of business.

Enter Aptech.

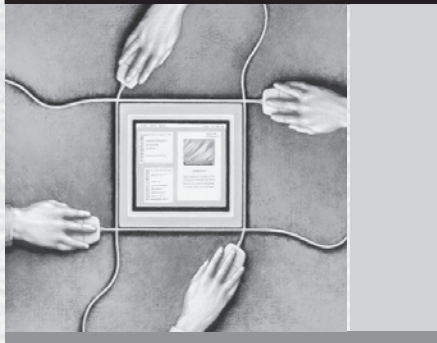
Aptech is well positioned to leverage the tailwinds of all the above 'Megatrends'. With presence in 36 countries through a network of 1404 centres, Aptech has become a key participant in the global education market. Aptech also has the strategic advantage of being the distinctive market leader in the two largest emerging markets, India and China. The opportunity, as we see it, is getting bigger and better. We believe that we are at a strategic inflection point and entering a new era.

While the Company already caters to various sections of the IT education industry, it intends to re-align the existing business with a different focus aimed towards the Retail and Institutional segments. These segments have different business models with different value chains and economics, and we intend to build our strategies around these.

At Aptech, we believe that this renewed focus will help us take higher share of the emerging specialised education opportunity and deliver superior ROI.

Aptech

GOING FULL STEAM TO CAPTURE THE SPECIALISED



EDUCATION OPPORTUNITY IN INDIA AND CHINA

The rise in the share of the service sector in India's GDP marks a

structural shift in the Indian economy. This has been aided by the IT/ITES sectors, which have contributed significantly to this growth momentum, by recording a CAGR of 32% over the last five years. To the extent, IT/ITES have become synonymous with India.

What IT/ITES is to India, manufacturing outsourcing is to China. But China is also now concentrating on the IT opportunity. China enjoys significant potential for growth in the development of the IT/ITES sector due to its advantage of quality infrastructure, low cost, Chinese predominance in hardware, a huge domestic IT market and a vast pool of technically skilled personnel churned out each year by the Chinese universities.

Supplementing this, India and China have the youngest and largest population base in the world. For the growth of such young economies and large populations, we believe, specialised education is imperative. Seizing this emerging opportunity, Aptech already has a strong presence in both these countries. Today, Aptech is a leader in both India and China. Aptech expects to exploit this first mover advantage and increase its presence both in India and China.

In India, Aptech has a strong network of 1006 centres across the country. In China, the Company has a Joint Venture with Beida Jadebird IT Co., an affiliate of Beijing University, and has opened 241 centres in 57 cities across the country in the last five years. The Company is also increasing its presence in rest of the world (ROW), and has opened five new centres in the past year, clearly indicating its intention of building on the lead.

INTRINSIC POTENTIAL TO CREATE SHAREHOLDER VALUE



Having been part of the global education space for a number of years, we believe that

there is a lot of potential for us to grow profitably. And in the process create shareholder value.

This is how.

Expanding the opportunity

From being just an IT education service provider, Aptech has expanded the external opportunity by addressing a larger 'learning solutions' market. With globalization and shift of power to the emerging markets, new markets are emerging. New opportunities require specialised education and training and, more importantly, they require them in large numbers. For instance, the IT/ITES, Retail, Hospitality and Telecom industries are going through tremendous expansion. Each requires specialised training thus expanding our scope.

Leveraging our reach and infrastructure

'Learning solutions' need both physical infrastructure and reach. Very few companies have both. The entry barriers, therefore, are relatively high. With tough years in the past, there aren't formidable players left. There is a clear duopoly like situation. Besides, addressing the specialized opportunity requires high investment, trust of the customer and ability to scale business. By leveraging this reach and infrastructure advantage, we can bring in high growth.

Growth

The specialised education opportunity has an interesting dimension. It requires consistency in quality of delivery and is required by customers in large numbers. On the one hand, it increases the competitive advantage, and on the other hand it also provides our business high scalability. Having invested in the infrastructure and having gone through tough times, the operating leverage from incremental business can be high.

Unleashing the intrinsic potential and creating profitable growth can lead to higher shareholder value creation over the long term. With new owners, we can assure you of focusing on economic profit such that in every business, our endeavour will be to generate ROI exceeding the cost of capital and thus create value.



APTECH AT A GLANCE

Who We Are

Aptech Limited is a leading provider of IT and specialised education globally. Aptech was the first IT education and training Company in Asia to receive the ISO 9001 quality certification for Education Support Services in 1993. Since its inception in 1986, Aptech has pioneered in providing quality education and training in the retail as well as the institutional segment and has till date trained over 4 million people across the globe.

Ownership

The year 2005 was a year of transformation for Aptech. In October, a new Board of Directors lead by the new promoters, Aptech Investments, took over the reins of Aptech. Mr. Jhunjhunwala, Mr. Damani and Mr. Koticha through their respective investment companies are partners in Aptech Investments.

Mr. Rakesh Jhunjhunwala, a prominent equity investor in the country, is now the Chairman, while Mr. Pramod Khera continues as the Managing Director.

Other members on the board are C.Y. Pal – Chairman, Cadbury (India) Ltd., Yash Mahajan – Vice Chairman and MD, Punjab Tractors Ltd. and Swaraj Mazda Ltd. and Group CEO, Swaraj Group, Asit Koticha – Managing Director, Ask Raymond James, Ramesh Damani – MD, Ramesh Damani Finance Pvt. Ltd., Vijay Aggarwal – MD, H & R Johnson (I) Ltd., Ashish Pant – Managing Director, Farallon Capital and Mr. Utpal Sheth – CEO, Rare Enterprises. The new Board represents a rich mix of professionals from the financial markets as well as the corporate world.



Services

Aptech's programs and courses are well-diversified and range from providing basic computer education to high-end technology training, certification, and testing services. Aptech also offers online assessments as well as screening, sourcing, training and placing candidates for the BPO segment. Aptech also addresses the need of new age careers like multimedia education and graphic designing. Corporate needs are addressed by providing learning solutions as well as complete training solutions.

Reach

Aptech has presence in 36 countries across the globe. Besides being the leader in learning solutions in India and China, Aptech has a strategic global presence in countries like Vietnam, Nigeria, Iran and Sudan. Its network is spread across 398 centres internationally while 1006 centres dominate the Indian market.

During 2005, Aptech continued to expand its footprint by successfully opening 24 centres within India and 5 centres internationally. These investments are expected to drive current and future growth and contribute to year-on-year improvement in profitability.

Internationally, retail presence is achieved through a network of training centres/franchising. Institutional requirements are addressed through strategic alliances while academics and content are catered through partnerships with the formal education sector and Student Exchange Programs through the IWP (India Window Programme).

Alliances

- Joint venture with Beida Jade Bird IT Co. Ltd, an affiliate of Beijing University to provide IT training in China.
- Tie-ups with leading educational institutions such as Edexcel International.
- Alliance with Southern Cross University, Australia.
- Alliance with Sikkim Manipal University.



Vision

"To be a Global Corporation and a World-Class organization". Aptech has embarked on a Business Excellence initiative and is investing in developing competencies to deliver superior quality with Total Customer Orientation.

Mission

"Empowerment through Technology". IT is an empowering technology, when rightly employed, leads to productivity improvements and prosperity at individual, organizational, societal, national and global level.

Corporate Achievement, 2005

- Featured among the top 50 'India's Biggest Newsmakers' in the prestigious Business Today – Cirrus Review of CEOs and Companies – 2005.
- Retained the number one position in IT training in China for the fourth consecutive year according to the CCID (China Center for Information Industry Development) Report. Its market share increased to approximately 19% in the year 2005.

Performance

The income from operations of Aptech increased by 20.42% to Rs. 154.34 crs for the year ended December 31, 2005. The EBIDTA of the Company increased by 39.28% to Rs 35.02 crs during the year. The EBIDTA margin expanded from 19.29% in 2004 to 22.69% in 2005. The ROCE increased from 23.86% in 2004 to 29.15% in 2005. The shares of Aptech Limited are listed on the National and Mumbai Stock Exchange. The market capitalization of the Company on December 31, 2005 was Rs. 522.39 crs.

RAKESH JHUNJHUNWALA

Chairman

(Appointed with effect from
October 28, 2005)

UTPAL SHETH

Director

(Appointed with effect from
October 28, 2005)

ASIT KOTICHA

Director

(Appointed with effect from
October 28, 2005)

PRAMOD KHERA

Managing Director

C. Y. PAL

Director

RAMESH S. DAMANI

Director

(Appointed with effect from
October 28, 2005)

YASH MAHAJAN

Director

(Appointed with effect from
October 28, 2005)

VIJAY AGGARWAL

Director

(Appointed with effect from
October 28, 2005)

ASHISH PANT

Director

(Appointed with effect from
October 28, 2005)

KALPATHI S. SURESH

Chairman

(Resigned with effect from
October 28, 2005)

K. S. AGHORAM

Vice-Chairman

(Resigned with effect from
October 28, 2005)

K. S. GANESH

Director

(Resigned with effect from
October 28, 2005)

D. V. NARASINGARAO

Director

(Resigned with effect from
October 28, 2005)

R. NAGARAJAN

Director

(Resigned with effect from
October 28, 2005)

N. SESHADRI KUMAR

Director

(Resigned with effect from
October 28, 2005)

AUDITORS

M/s. Khimji Kunverji & Company, Mumbai

COMPANY SECRETARY

Sree Vidhya Raju

BANKERS

Union Bank of India
Corporation Bank

REGISTERED OFFICE

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Sir M. VasANJI Road,
Andheri (East), Mumbai - 400 093
Tel. : 91 22 5691 9624 - 26
Fax : 91 22 5692 2434
Website:www.aptech-worldwide.com

CORPORATE OFFICE

Aptech House, A-65, M.I.D.C., Marol,
Andheri (East), Mumbai - 400 093
Tel.: 91 22 2827 2300 / 01
Fax : 91 22 2827 2399

REGISTRAR & SHARE TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.
Unit : Aptech Limited,
3rd Floor, Satam Estate,
Cardinal Gracious Road,
Above Bank of Baroda, Chakala,
Andheri (East), Mumbai - 400 099
Tel.: 91 22 2821 51 68/69
Fax : 91 22 2837 56 46

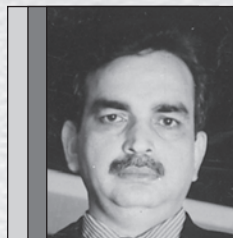
PROFILES OF THE BOARD OF DIRECTORS



Mr. Rakesh Jhunjunwala is a partner in his asset management firm, Rare Enterprises. He is a Chartered Accountant by profession and is one of the better known equity investors in India. He has been a keen and active participant in

Indian Capital Markets since 1985. He has been profiled as one of India's best five investors by Business India magazine in 1998. His views are constantly sought after by the media and he regularly interacts and shares his opinions with the investing community. He is also on the Board of Bilcare Ltd., Concord Biotech Ltd., Geojit Financial Services Ltd., Innovasynth Technologies (I) Ltd., Mid Day Multimedia Ltd., Nagarjuna Construction Co. Ltd., Praj Industries Ltd., Prime Focus Ltd., Provogue India Ltd., Viceroy Hotels Ltd. and Tops Security Ltd., among others.

in Commerce from Mumbai University. He brings with him over 20 years of rich experience in equity research and extensive contacts in the industry. Along with his brother, he started ASK Investment & Financial Consultants Pvt. Ltd. in 1983, which got subsequently partnered with Raymond James Financial Inc. of U.S.A. and came to be known as ASK Raymond James Securities India Private Limited. He has also been involved in providing research based portfolio management services for high networth individuals.



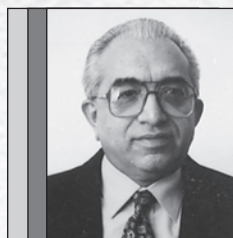
Mr. Pramod Khera is the Chief Executive Officer and Managing Director of Aptech Limited and has over 20 years of experience in the IT Industry. He is particularly strong in franchising, product management and international

expansion. He has a Bachelors degree in Engineering from IIT Delhi and a PGDM from IIM Bangalore. He has authored "Franchising – The Route Map to Rapid Business Excellence". He joined the Aptech Board in 1998 and has led Aptech as its CEO and MD since 2001. Previously, he has been the CEO of Tele-Shopping Network.



Mr. Utpal Sheth is the Chief Executive Officer of Rare Enterprises, the asset management firm of Mr. Rakesh Jhunjunwala. At Rare Enterprises, he is responsible for Investment Management, Risk Management and

Institutionalization. He is a Cost Accountant and Chartered Financial Analyst from ICFAI, Hyderabad (a Gold Medalist at an all India level). In 1991, he was the Director of Insight Asset Management (India) Pvt. Ltd., - an equity research and portfolio advisory firm and HRS Insight Financial Intermediaries Pvt. Ltd. – a broking firm. In 2001, he was the Principal Relationship Manager of investment banking with Enam Financial Consultants Pvt. Ltd.

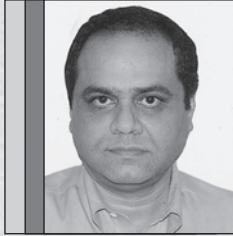


Mr. C. Y. Pal is the Chairman of Renfro India Pvt. Ltd. He possesses a Bachelors Degree in Mechanical Engineering from Delhi University. He is also the President of the Franchising Association of India - a body affiliated to the World

Franchising Council. In 1991 – 92, he was the President of the prestigious Bombay Chamber of Commerce and Industry and was also a member of the Management Committee of Assocham for many years. He was with Hindustan Lever Ltd. in a number of senior positions for 17 years. He has been associated with Cadbury India Ltd. as Managing Director for over 10 years and is currently their Non-Executive Chairman. He is also on the Board of Shriram Pistons & Rings Ltd. and United Breweries Ltd.



Mr. Asit Koticha is the Managing Director of ASK Raymond James Securities India Private Limited which deals with Institutional Brokerage, Investment Management and Corporate Finance related activities. He possesses a Bachelors Degree



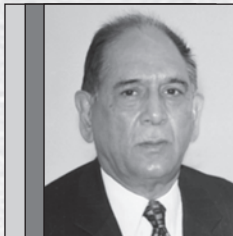
Mr. Ramesh Damani is a Member of the Bombay Stock Exchange Limited and is one of the well known faces of the stock broking community in India. He has been a Broker for over 16 years. He has done his Bachelors Degree in Commerce from HR College in

Mumbai and has a Masters Degree in Business Administration from California State University, Northridge. Today, he is a well known host of the TV Show "Wizards of Dalal Street" on CNBC TV18 and is a frequent commentator on financial issues on CNBC and NDTV News. He also hosts a weekly chat show on Moneycontrol.com.



Mr. Vijay Aggarwal is the Managing Director and CEO of H & R Johnson (India) Limited, India's No. 1 Tile Company. He graduated from IIT Delhi with a B.Tech. in Electrical Engineering and thereafter completed his MBA degree from IIM

Ahmedabad, where he was conferred the gold medal honour for being the first ranker. He was the Chairman of the Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS), the apex body of tile manufacturers in India, from 2003 to 2005 and is on the Managing Committee of The Bombay Chamber of Commerce & Industry. He is also on the Board of Exide Industries Ltd., Prism Cement Ltd., Asianet Satellite Communication Ltd., RMC Readymix India Pvt. Ltd. and BAL Endura Adhesives (India) Pvt. Ltd. among others.



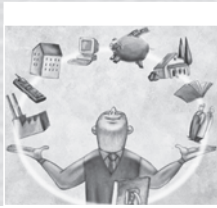
Mr. Yash Mahajan is the Vice Chairman and Managing Director of Punjab Tractors Ltd. and Swaraj Mazda Ltd. He is the Chairman of Swaraj Engines Ltd. and Swaraj Automotives Ltd. He has provided outstanding leadership to all these companies

for the last two decades. He is a Commerce Graduate and a Fellow Member of the Institute of Chartered Accountants of England and Wales. He is the recipient of "Marketing Man of the year" awarded by Institute of Marketing & Management in 1979. He is also on the Board of Pidilite Industries Limited.



Mr. Ashish Pant is the Managing Director of Farallon Capital Management, California and manages a portfolio of global investments for Farallon Capital Management (US \$ 15 billion Investment Fund). Mr. Pant graduated with Honors from the

University of Delhi with B.A. in Economics. He completed his Post Graduate Diploma in Management with specialization in finance from IIM and had done his M.B.A. from Harvard University where he was elected as Baker Scholar. Earlier he was the Vice President of Research at Altgate Capital, Inc. He had also worked as an Investment analyst at Oaktree Capital Management and Morgan Stanley India Securities Private Limited.



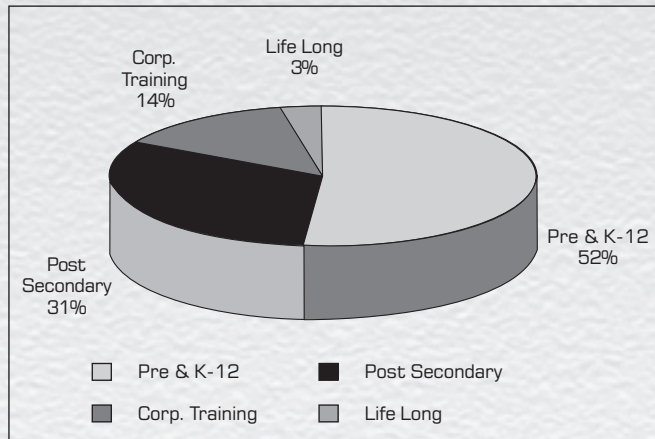
MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Training and Education Industry

The training industry which witnessed sustained rapid growth in the late 1990's, was impacted by the dip in the fortunes of the IT services industry, post 2000. However, the orbit shift of the IT services industry over the past few years has provided the much required impetus to the training industry.

The training and education industry globally is estimated at USD 2 trillion. Of this, the bulk is in USA estimated at USD 740 billion. This is how the USA education market is segmented:



Source: Merrill Lynch, BankAm Sec, Sun Trust equitable (VC companies)

Aptech today represents a major part of the specialised education opportunity in India, China and the Rest of the World. This is how Aptech is addressing the opportunity :

Within the education opportunity, Aptech has been a leader in the IT Education space.

IT Education Industry

The Global IT Industry is fast evolving with many opportunities and challenges. Information Technology and Knowledge have become the key drivers for individuals and the society at large has become indispensable.

In the year 2005, India witnessed substantial spends in the ITES segment with the BPO sector taking a prominent lead. A lot of emphasis has also been laid down by the Government of India on launch of computer literacy and other educational programmes in order to improve the overall literacy rate in the country.

In such a dynamic and challenging environment, Aptech is playing a key role in helping individuals, organizations and even nations to adapt to the changing requirements of a knowledge driven world. For over two decades, Aptech has been providing quality-based IT education and training solutions and has emerged as a "Global Learning Solutions" Organization.

2. APTECH BUSINESS SEGMENTS

Aptech has two distinct business segments, Retail and Institutional. Within Retail, International operations cater to China and Rest of the World, while Domestic operations offer IT Education and Multimedia Training.

Within the Institutional segment, Government Projects, Training Solutions, Learning Services and Testing and Certification divisions reside.

Education	INDIAN MARKET				GLOBAL MARKET			
	Retail		Institutional		Retail		Institutional	
	IT Vertical	Other Verticals	IT Vertical	Other Verticals	IT Vertical	Other Verticals	IT Vertical	Other Verticals
K-12	Aptech Plus	-	Aptech Plus	-	Aptech Plus	-	Aptech Plus	-
Higher Education	ACE Alliances - University - Edexcel	ARENA Alliances - University - Edexcel	ACE	-	ACE Alliances - University - Edexcel	ARENA	ACE	-
Professional Education	ACE, SSI	ARENA	-	-	ACE	-	-	-
Corporate Training	eLearning	Soft Skills	eLearning	Soft Skills	eLearning	-	eLearning	-

A. RETAIL

Aptech restructured its retail segment in the domestic market by rationalizing the outlets and thereby improving the productivity of the outlets. As a result, the revenue per operating outlet increased by 30% over the previous year.

i. International

Aptech's current International operations encompass China and Rest of the World (ROW) which include Africa, Latin America, South East Asia, Middle East, APAC and SAARC. Aptech's course content is translated into English, Spanish, Russian, Chinese, Turkish and Vietnamese.

2005 was an important year in the evolution of our International operations. Your Company continued to grow and prosper, delivering record revenues and earnings. During 2005, 46 new centres were opened in China, while 5 new were launched in ROW, taking your Company's international reach to 398. With the increase in reach, your Company expects international business to increase its contribution in the coming years.

China

The Chinese IT Industry, though at a nascent stage is fast evolving. It is expected that IT spending by China's industries will grow at a compound annual growth rate of 6.2 percent to touch \$85 billion in 2009. Consequently, the Chinese IT Education and Training service market has also seen substantial growth, an increase from USD 4,177 million in 2004 to USD 5,173 million in 2005, an increase of 23.8%.

Aptech started its operations in China in the year 2000 through its joint venture – Aptech Beida Jade Bird IT Co. Ltd, an affiliate of Beijing University. Over the past five years, it has successfully trained over 200,000 students through its vast network of 241 centres across 57 cities.

This Joint Venture was awarded the 'No. 1 – IT Training Brand in China' status for the fourth consecutive year by China Center for Information Industry Development (CCIID). As per the CCIID Report for 2005, the market share of the JV has grown from 14.8% in 2004 to 18.8% in 2005.

Revenues from the Joint Venture amounted to Rs. 42.86 crs (50% share) during 2005, an increase of over 69% over the previous year. This growth has been possible on account of better product mix, brand visibility, increased geographical penetration and standardization of the processes followed for sales, teaching, centre management and JV management.

The outlook for 2006 is encouraging and this JV is expected to scale its business further up with the launch of new version of Aptech Certified Computer Professional (ACCP) course i.e. ACCP – 4.0 version. The Company's other product mixes viz., Networking Training (BENET), Software Testing (BTEST), ACCP junior courses and ACCP course curriculum replacement is expected to contribute to a fast paced growth. Greater effort is being invested to improvise recruitment and training for the new staff, setting up of additional training facilities/centres at the Head Quarters for conducting training programmes for counselors, marketing team, faculty and centre heads. Your Company expects this incremental investment to further improve productivity. Besides, the implementation of standardized process, technical upgradation and training will accelerate the growth in China.

Rest of the World (ROW)

ROW continues to show a strong performance. Some of the key highlights during 2005 are as under :

- In Malaysia, your Company did business of about USD 1.8 million and trained over 500 participants on high-end software programming. Looking at the huge potential for IT Training in the Corporate and Government sectors, your Company proposes to set up a wholly owned subsidiary by which the business presence could be significantly improved on the one hand while the revenue share could also be higher on the other.
- In South Africa, your Company incorporated a subsidiary company after which two Franchise centres were



launched in the year 2005. Considering the fact that the ACCP program is accredited by the Government of South Africa, the business potential appears to be promising.

- In Latin America, two centres, one in Mexico and the other in Venezuela became operative during the year. With the translation arrangements from English to Spanish language getting completed, your Company hopes to further penetrate and put up more centres in Latin America.
- In Vietnam, your Company continues to maintain its leadership position and for the third year in succession, your Company was the proud recipient of the award for the best training centre in Vietnam awarded by IDG and Hoch Minh City Computer Association.
- The operations in Turkey, Nigeria and Iran have been progressing steadily and are likely to improve further in the years to come.

During the year, Company's resources were also mobilized towards understanding processes and systems followed across different countries and centres and efforts were made to standardize them. The uniformity in the systems will not only help centres to replicate systems that were successful in one country but would also be beneficial to the management for handling the operations. We feel these are important building blocks and will act as a strong foundation for our future growth strategy.

2005 also witnessed further commitment and investment in the 'India Window Programme' (IWP) as your Company opened a dedicated centre in Bangalore for the same.

IWP, which was launched during 2004, is a student exchange programme which offers a unique IT curriculum for foreign university graduates and undergraduates. Your Company is already expecting students from

Japan and Korea, while students from Philippines, Maldives and Thailand have also shown a keen interest.

ii. Domestic

IT Education and Training

The domestic retail market has witnessed a mature and stable growth in the last two years after a deep phase of consolidation in the IT Training Industry. The established players in the industry have invested in high-end delivery mechanisms, enhanced quality standards and hence, enjoy customer preference. Going forward, your Company expects margins to improve with its continued efforts and hardwork.

Your Company's flagship brand Aptech Computer Education continues to cater to the career segment, while the SSI brand fulfils the need of working professionals and the engineering graduates who look to improve their skill sets.

Over a period of time, the networks of these two brands have been right sized and consolidated, ensuring an integrated electronic system that comprehensively captures academic, marketing, operational and financial metrics for appropriate monitoring and control.

Going forward, your Company perceives that the metro markets will be the thrust areas for this business. Your Company envisages that the certification and internship-oriented courses will be in vogue as employment opportunities in the IT industry continue to be on the rise.

Besides, the country is also providing opportunities in the form of emerging sectors like hospitality, telecom and retail. Aptech is exploring and pursuing these new areas, for providing innovative solutions that will drive and fulfil the ever-advancing customer needs.

Multimedia and Animation

Aptech has established its leadership in the Multimedia segment through the Arena Multimedia brand. Since its inception in 1996, Arena has trained over 150,000 students in a range of diverse career programmes in graphics, print, publishing, web designing and animation. In fact, in 2005, Arena recorded its highest bookings of Rs. 62 crs.

APTECH LIMITED

Courses for animation are expected to gain popularity due to a large demand-supply gap. There is a dearth of good quality animators to fulfil an expected demand of 40,000 animators. Being the leaders in this segment your Company aspires to maximize on this attractive opportunity in the times to come.

B. INSTITUTIONAL

Training Solutions

Training Solutions – IT Training and Soft Skills Training – focuses on selling end-to-end solutions mainly to the corporate segment as detailed below :

IT Training: Due to the consolidation in the IT Industry and few organised players addressing this space, there is need for a quality player in this segment who can understand and cater to all the training needs of corporates.

Large orders were received from Indian and Multinational Corporates, Public and Private Sector Banks for training their staff on IT applications. Orders were also received from an automobile company for training its employees and dealers on an application software developed by your Company. IT companies have also outsourced high end IT training for their employees to this division.

In 2005, Aptech also entered into 'Train for Hire Model' contracts with a couple of ITES majors. Under this model, Aptech trains candidates in specific areas, which would make them eligible to get employed in ITES organizations.

Soft Skills Training: Soft Skills Training programs have been conducted for organizations from the Telecom, Banking, BPO and Auto verticals.

Aptech tied up with a telecom major to provide product and sales training to majority of their sales force. Aptech also received contract from a Financial Institution to provide Soft Skills Training to majority of their employees in six months. Aptech has also entered into a contract with an automobile major to evolve a customized training program for their Dealer Management System to train the employees and dealers of their Company across the country.

Going forward, your Company feels that customer interface training and IT training for IT verticals are the emerging areas and will be the key growth drivers for this business. Your Company views this as a thrust area and believes that penetrating this segment would enable the Company to ascend the value chain and move to the next level.

Learning Services

Aptech Learning Services Group offers customized eLearning and content development solutions for clients in diverse areas of sales, product, customer services, R&D, technical and other corporate functions. Aptech has over 20 years of instructional design experience in delivering learner-centric content and instructional kits.

Your Company creates customized content solutions ranging from designing curriculum to offering instructional programs and manuals that are delivered in various forms such as CBT (Computer Based Training), WBT (Web Based Training), instructor led and a blended model of training. It also pioneers in areas such as content conversion and digitization.

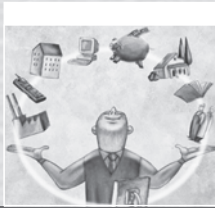
During 2005, the Learning Services Group opened a new centre, built strategic alliances and added a host of new customers. While your Company already has dedicated centres in Mumbai and Chennai, a new centre was opened in Pune to cater to the area's growing needs. Strategic partnership were built with reputed vendors to provide offshore learning solutions, while dedicated teams were set up in development centres to cater to the ongoing projects for some clients. Your Company also initialized localization services for courses in 13 international languages.

Testing and Certification Business

Testing and certification service is addressed through ATTEST, which offers technology based assessment and testing systems to various clients through its dedicated Attest Authorised Test Centres (AATC). These assessments and testing systems are delivered either Web based or through a network of AATC centres across India. The customer base includes organizations belonging to state governments, educational organizations, certification bodies and corporates among others.

Online assessments and tests are fast becoming popular due to its accuracy, convenience, efficiency and adaptability while retaining cost effectiveness and security. ATTEST, through its collaborative approach, assists organizations in implementing assessment solutions that enhance performance and reliability. ATTEST also has an added advantage that the tests are proctored unlike other web-based assessments available.

The year 2005 was both a year of opportunities and challenges. Your Company was successful in broadening the customer base by adding diverse clients like a petrochemical major, a premier design



and development institute and a US based service provider to the IT Industry, while innovative solutions were developed to cater to the changing needs of the existing clients. Besides, your Company continued to establish its leadership in the academic segment. The year 2005 also marked the opening of the first dedicated ATTEST test centre in Chennai. The number of tests conducted increased from a mere 4000 in 2004 to around 250,000 in 2005 which is a testimony of ATTEST's commitment to its clients.

Through constant technology innovation, your Company intends to continually assess, refine and add new services. Your Company has started addressing more complex and high value services, which would not only help increase profitability but also provide an impetus to growth.

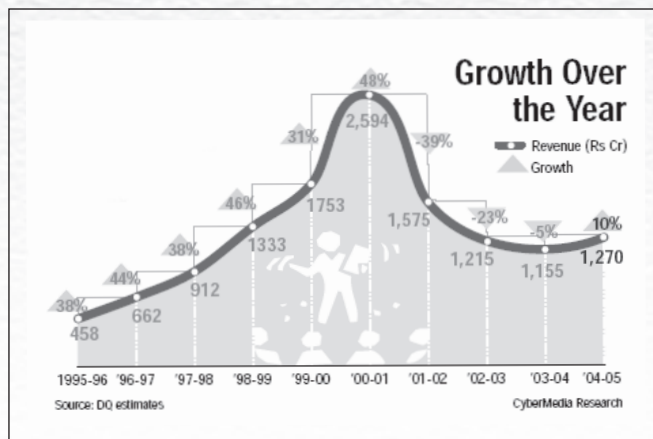
The challenge for Testing and Certification business is to convince organizations to use new technology in substitution of the usual pen and paper assessment. However, your Company feels the substitution of the traditional method with the online system of evaluation is inevitable.

2. OPPORTUNITIES AND THREATS

a) Opportunities

The opportunity for Aptech is getting bigger and better. With the scope of activity expanded from just IT Education to Education and Training the addressable opportunity has expanded to USD 2 trillion.

Within the IT Education opportunity, Aptech has survived the toughest period and come out stronger with few players existing and addressing the entire opportunity. So, on the one hand, the opportunity has expanded, on the other hand competition has reduced as the market has matured as shown below :



Your Company has set itself firmly on the path of being a world class learning corporation. With the advent and forays made into various value-added initiatives viz., corporate training solutions, manpower services etc., a plethora of opportunities have been unfolded. Today, your Company offers a wide range of courses covering basics, progressive courses, high-end courses, etc. in IT, Multimedia and Soft Skills which enables the participants to seek lucrative and attractive job opportunities.

b) Threats

There is no denial of the emerging specialized education opportunity for Aptech. However, your Company is faced with a few challenges. There are certain risks due to changing environment. However, with superior education methodologies and your Company's aim to achieve pedagogical excellence, there are ways to mitigate them.

c) Competition

With the specialized education opportunity increasing in scope and need, competitive landscape is bound to change. There is always a possibility of new players entering this space. At Aptech, we approach this differently. Adaptability and pro-activeness will be the only insurance against competition and obsolescence.

3. SEGMENTWISE PERFORMANCE

	(Rs.In Crs)							
	Group Consolidated				Aptech Standalone			
	Retail		Institutional		Retail		Institutional	
	2005	2004	2005	2004	2005	2004	2005	2004
Operational Income*	96.43	76.65	59.57	51.51**	51.75	48.05	49.58	52.03
Operational Expenses**	50.10	71.55	72.42	29.13	21.08	25.31	53.39	42.06
Operational Profit	46.33	5.21	(12.85)	22.38	30.67	22.74	(3.54)	9.97
Operating Margin (%)	48.04	6.79	-	43.45	59.27	47.33	-	19.16

* Excluding unallocable Income & Expenditure

** Including 15% of the contract amount payable on completion of installation.

With a strategic intent on de-focusing low ROI and profitable business (institutional), the statement above indicates the possibility of better earnings.

4. OUTLOOK

Over the last two decades, Aptech has metamorphosed into a Global Learning Organization with strong brands in specialized education. It has leadership position in most of the geographies due to its capabilities in content development, delivery mechanism and partner networks. Your Company offers comprehensive solutions to corporates in multiple verticals. Outsourcing of learning and training functions is soon becoming more imperative for global organizations. Rapid growth in human resource intensive service verticals is also driving growth opportunities for your Company. Aptech hopes to capitalize on the tailwinds of these 'Megatrends' in this 'century of skillsets'. Aptech aspires to be a World Class Organization in the global learning space.

5. RISKS AND CONCERNS

Your Company has expanded the scope of activities to emerge as a participant in the specialized education opportunity that encompasses IT education too. Your Company's forays into various business initiatives has thrown open multiple opportunities with handsome margins.

Aptech is spreading itself geographically to de-risk dependence on any market. Besides, Aptech is integrating vertically to expand the scope of services offered, thereby increasing revenue streams on the one hand and reduces dependence on any particular service on the other hand.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The operations of your Company at centres all across the globe are supported by efficient and prudent systems put in place by the Company. The emphasis from the past year has been to make these systems more centralized for better control and monitoring as also to ensure efficiency in the delivery. More than 70% of all centres of all brands (domestic and international) are running E-CAS. Invigilated exams are being conducted in many centres and faculty approvals and appraisals are also taking place.

Your Company ensures implementation of standardized policies and procedures for smooth operation across various locations. This has resulted in improved efficiency, speed and error free transactions thus improving confidence in the system.

The Central Internal Audit cell established to ensure compliance with Management Systems and procedures recommends improvements on an ongoing basis that are carefully evaluated before implementation.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

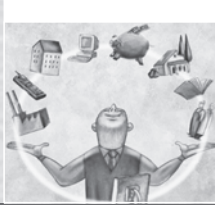
Your Company reported Income from Operations at Rs. 100.28 crs for the year ended December 31, 2005 as compared to Rs. 99.88 crs for the previous year. The total income for the year 2005, stood at Rs. 114.45 crs, which comprises other income at Rs. 14.16 crs. The details of the operational expenses are given below :

Expenses	Year ended December 31, 2005 (In Crs)	Previous Year ended December 31, 2004 (In Crs)
Training & Education	46.59	36.25
Employment	12.40	14.81
Administration	14.70	16.95
Total Operational Expenditure	73.69	68.01

The total interest expenses stood at Rs. 5.73 crs for the year ended December 31, 2005 as compared to Rs. 3.01 crs for the year ended December 31, 2004. Your Company reported a net loss of Rs. 31.68 crs for the year under review. The loss was essentially due to one time adjustment aggregating to Rs. 52.66 crs comprising diminution in the value of investments Rs. 4.19 crs, doubtful advances and deposits Rs. 19.86 crs, doubtful debts Rs. 18.44 crs, impairment of certain assets Rs. 8.90 crs and write-off of certain fixed assets amounting to Rs. 1.27 crs.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company's key management focus on developing and retaining human resources resulted in introduction of various employee development initiatives including mentoring, culture building, result orientation program and work-life balance program. Variable pay is introduced to index compensation to performance level. Joining of the new employees is centralized at HO-Mumbai. This has helped in providing comprehensive information



about the organization at the time of joining. In order to reduce attrition rate, compensation benchmarking through Hewitt Associates is undertaken. Succession planning is initiated for building future leadership. Balanced Score Card for performance evaluation is introduced for Learning Services. Further, for enhancing quality standards at franchisee centres, Standard Operating Practices (SOP) for sourcing and performance management have been introduced through extended organization support. Field sales staff was certified for providing counselor certification training at centres. Based on the good results achieved from Skip Level Focus Group Discussions (SLFGD) during previous year, the initiative was continued this year as well.

Your Company has 500 employees as on December 31, 2005. There are 2061 project employees who manage Orissa and Delhi School projects.

Note :

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

APTECH LIMITED

DIRECTORS' REPORT

To,
The Members of Aptech Limited

Your Directors are pleased to present their Sixth Annual Report on the business and operations of your Company and the Audited Financial Results for the period ended December 31, 2005.

FINANCIAL RESULTS

The Consolidated financial results of the Aptech group of companies alongwith the stand-alone financial results of the Company for the Accounting year ended December 31, 2005 are presented below:

	(Rs. in Lacs)			
	Year ended 31st December			
	Aptech Group Consolidated		Aptech Limited Standalone	
	2005	2004	2005	2004
INCOME FROM OPERATIONS	15,434	12,817	10,028	9,988
OTHER INCOME	270	18	1,417	558
TOTAL REVENUE	15,704	12,835	11,445	10,546
TRAINING & EDUCATION EXPENSES	6,494	5,431	4,659	3,625
PAYMENTS TO AND PROVISION FOR EMPLOYEES	2,841	2,234	1,240	1,481
ADMINISTRATION AND OTHER EXPENSES	2,867	2,697	1,470	1,695
INTEREST AND FINANCE EXPENSES (Net)	616	340	573	301
TOTAL EXPENDITURE	12,818	10,702	7,942	7,102
PROFIT BEFORE EXCEPTIONAL ITEMS AND DEPRECIATION	2,886	2,133	3,503	3,444
DEPRECIATION AND AMORTISATION	2,482	1,849	1,951	1,717
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX EXCEPTIONAL ITEMS	404	284	1,552	1,727
FIXED ASSETS WRITTEN OFF	127	3,943	127	3,943
PROVISION FOR DOUBTFUL ADVANCES (Net)	72	507	1,986	2,466
PROVISION FOR DIMINUTION IN INVESTMENT IMPAIRMENT OF FIXED ASSETS	-	-	419	-
PROVISION FOR DOUBTFUL DEBTS	2,727	-	489	-
PROVISIONS/LIABILITIES NO LONGER REQUIRED WRITTEN BACK	1,844	2,112	1,844	1,612
	(145)	-	(145)	-
TOTAL EXCEPTIONAL ITEMS	4,625	6,562	4,720	8,021
PROFIT/(LOSS) BEFORE TAX	(4,221)	(6,278)	(3,168)	(6,294)
PROVISION FOR TAX				
INCOME TAX & WEALTH TAX	118	36	16	(39)
FRINGE BENEFIT TAX	43	-	40	-
DEFERRED TAX	-	(128)	-	(128)
PROFIT/(LOSS) AFTER TAX	(4,382)	(6,186)	(3,224)	(6,127)
ADD : SURPLUS/(DEFICIT) BROUGHT FORWARD FROM PREVIOUS YEAR	(55)	3,370	-	3,324
ADD : TRANSFERRED FROM GENERAL RESERVE	-	2,803	-	2,803
ADD : ADJUSTMENT ON ACCOUNT OF APTECH TRAINING AND EDUCATION TRUST	-	5	-	-
BALANCE AVAILABLE FOR APPROPRIATIONS	(4,437)	(8)	(3,224)	-
APPROPRIATIONS				
LESS : TRANSFERRED TO GENERAL RESERVE	11	47	-	-
LESS : PROPOSED DIVIDEND ON EQUITY SHARES	-	-	-	-
LESS : TAX ON DIVIDEND	-	-	-	-
SURPLUS/(DEFICIT) CARRIED TO BALANCE SHEET	(4,448)	(55)	(3,224)	-

DIVIDEND

In view of the loss reported for the year 2005, your Directors regret their inability to declare dividend for the year ended December 31, 2005.



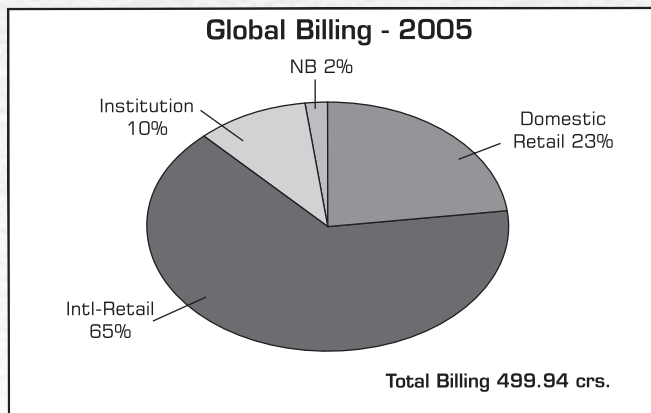
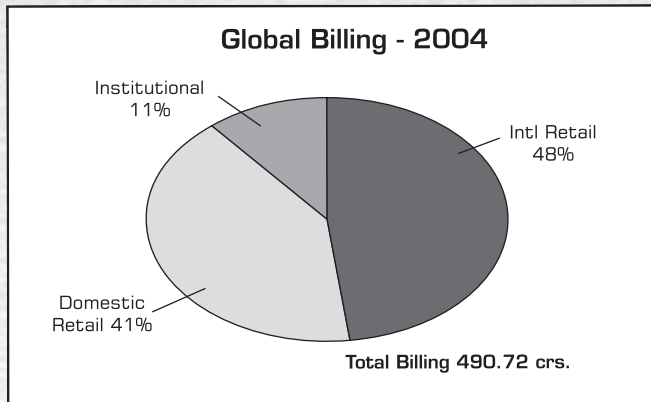
CONSOLIDATED ACCOUNTS

As per the Listing Agreement with the Stock Exchanges, consolidated financial statements have been annexed with the financial results of the Company.

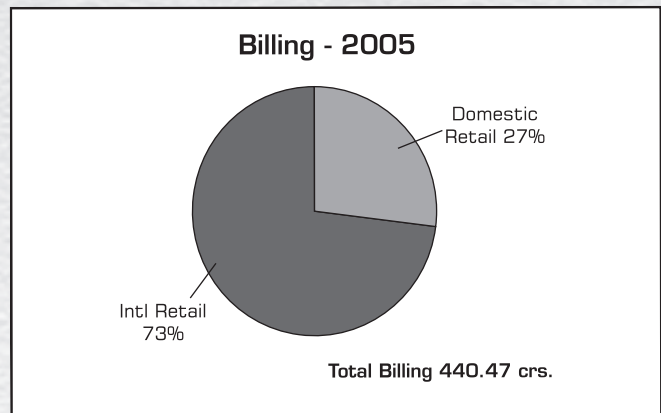
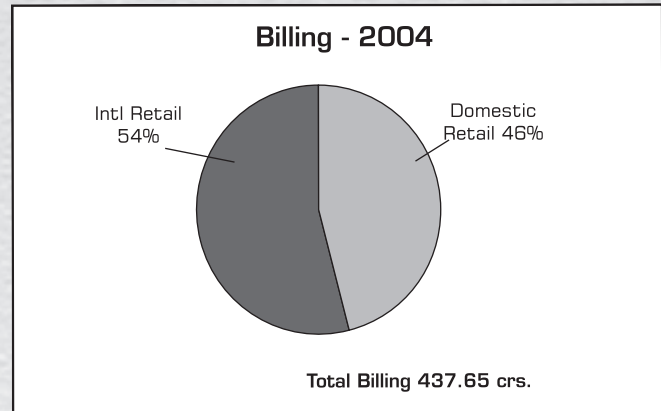
OPERATIONS

Global billing in 2005 shows interesting trend. As can be observed below, the Domestic retail billing contribution has reduced from 41% in 2004 to 23% in 2005. There was a strategic intent behind this. Aptech went through a rationalization of its centres. As a result, though the contribution showed a decrease, the revenue per centre increased by 30%. The International billing showed an increase in contribution from 48% in 2004 to 65% in 2005, signifying the Company's growing presence in International markets. New Businesses (NB) that includes learning services and testing and certification services also contributed 2%.

The overall growth in the systemwide revenue of your Company's business is given below :



Though the retail segment appears to have grown marginally, as explained below, there is a strategic intent towards this. The rationalization has happened and you can expect higher and qualitative growth in the coming years.



1. INTERNATIONAL

The International Business of your Company is on a sound footing and has shown improved growth in 2005.

During the year, the international business grew significantly, thanks to greater focus leading to higher penetration in the developing markets. Besides, your Company has also opened new centres thereby increasing its reach and is confident of higher penetration in the coming years leading to higher growth from the international business.

China

Your Company's joint venture (JV) in China has done exceedingly well and retains leadership position in IT training in China for the fourth consecutive year according to the CCID (China Center for Information Industry Development) Report. Its market share increased to approximately 19% in 2005, up from 14.8% in 2004.

The number of training centres of this JV increased from 145 centres in 2004 to 241 centres at the end of 2005, a growth of 66% during the year. The

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revenues and profits also grew by 69% and 100% respectively, over the previous year.

In the coming years, this JV is expected to further accelerate growth with the launch of new and improved program offerings as well as investment in manpower, training infrastructure and technical upgradation.

Rest of the World (ROW):

Your Company continued to consolidate its position in other ROW markets like Malaysia, South Africa, Latin America, Turkey, Nigeria, Iran, Sudan and Vietnam. Your Company also invested in business opportunities that took it into new markets, as well as provided customers with better solutions, simply by leveraging the existing capabilities. During the first quarter of 2006, your Company has launched operations in Mexico as well as Venezuela.

All these initiatives have enabled your Company to achieve strong growth in revenues as well as increased market share.

With opportunities expanding at a rapid pace in the global arena, your Company plans to accelerate the rate of investment in the business by opening new centres in existing countries as well as entering new territories.

2. DOMESTIC

Your Company continued to establish its presence in the domestic market through its flagship brand ACE, which provides IT Education and Arena, which caters to training in Multimedia and Animation. Revenues from domestic operations amounted to Rs. 87.72 crs, an increase of 7% over 2004.

During the year, your Company introduced high value programs in select cities which have shown encouraging response, resulting in improved per student billing. Animation training has also made significant contribution to the overall multimedia business and your Company plans to invest further in different dimensions of the animation training opportunity.

The year also witnessed renewed focus on consolidation of centres and your Company now operates through a network of 1006 retail centres across the country.

Your Company continues to strengthen its successful brands and introduce new programs and products that take advantage of the network's unique offerings. Using this strategy, your Company plans to venture into new verticals and intends to produce continued margin expansion and earning growth.

B) INSTITUTIONAL

Government Projects

During the difficult time of the consolidation phase in the post-tech boom scenario, your Company

ventured into K-12 segment Government projects to cover operating overheads. However, your Company found this business to have poor margins and low ROI, and hence, has chosen to restrict incremental exposure to this business. Aptech will keep evaluating more economically efficient and appropriate business models in the K-12 segment both in the Domestic and International markets.

Training Solutions

Training Solutions – IT Training and Soft Skills Training – focuses on selling end-to-end solutions mainly to the corporate segment. Due to the consolidation in the IT Industry, few serious players are today addressing this space. The need for quality IT training is increasing. Aptech is positioned to leverage its experience and provide IT Training to companies.

Soft Skills Training

Soft Skills training programs have been conducted for organizations from the Telecom, Banking, BPO and Auto verticals.

Learning Services

In 2004, your Company commenced new business that caters to the customized content requirements of Global Corporations. Now, this business has achieved critical mass and has been able to establish itself as a serious player in this segment.

Your Company has set up three content factories in Chennai, Mumbai and Pune. This has empowered quality and timely delivery with appropriate redundancy, thus helping build customer relationship worldwide.

Testing and Certification Business

The Company has pioneered organized electronic testing and certification which we hope will lead to a paradigm shift in the academic and corporate world with regard to Testing and Certification.

Currently, Academic Institutions conduct the usual pen and paper examinations to evaluate students and companies also are evaluating their employees/dealers through similar method. The substitution of the traditional method with the online system of evaluation is inevitable.

CHANGE IN PROMOTERS


SSI Limited, the erstwhile promoters sold 33,51,000 equity shares vide a Share Purchase Agreement dated July 15, 2005, constituting 10% of the then equity share capital of the Company to M/s. Aptech Investments. M/s. Aptech Investments is a firm promoted by a consortium of strong and able financial investors who



believe in the global learning opportunities and are committed to bring in strategic inputs for best practices towards Corporate Governance.

Recognizing the need for growth capital, your Company decided to do a preferential allotment of equity shares and accordingly after obtaining the requisite approvals from the concerned authorities, the Company allotted 36,00,000 fully paid equity shares to the strategic investors and 3,00,000 fully paid equity shares to other investors. In addition, a further 36,00,000 convertible warrants were also allotted to the strategic investors.

Pursuant to the said acquisition of the equity shares and the applicable SEBI rules and regulations, M/s. Aptech Investments made an open offer to the shareholders of the Company to acquire upto an aggregate of 20% of the fully diluted equity voting capital of the company. The completion certificate for the open offer was received on October 28, 2005 and thereafter the Board of Directors of the company was reconstituted with immediate effect.

NEW CORPORATE LOGO 

As you may be aware, Aptech Limited has earned itself a leading position in the field of IT education. Your Company is at a strategic inflection point. Hence, the need to redefine your Company's realm and respond to the changing market needs and opportunities. Your Company decided to showcase the entire gamut of its business, and in order to channel its resources and

explore newer possibilities, a new identity to reposition itself as a Learning Solutions Company in the global arena was developed.

This change in logo, coinciding with the change in the promoters of Aptech Limited symbolizes a global attitude and a dynamic ability of your Company to respond and seize the opportunities afforded by a changing market paradigm which will enable your Company to unleash its potential and thus represents the current and future focus of the Company.

RESOURCE MOBILISATION

During the current year, the Company has renewed and enhanced its credit facilities in line with the requirements of the expanding business.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

Your Company had formulated Employees Stock Option Scheme in February 2004 for the benefit of the employees of the Company and its subsidiaries. The said scheme was approved by the Members at the Extra ordinary General Meeting held on February 13, 2004 and is administered by the Compensation Committee of the Board.

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter "SEBI guidelines"), the details in relation to the options granted, vested, exercised, lapsed etc. as per ESOS, 2004 are given as under:

Description	ESOS 2004
Total Number of Options granted	10,36,500
The Pricing formula	Exercise price of the options has been computed at 50% of the market price as on the date of grant of option and accordingly, the price per option has been fixed at Rs. 32/-. Market price, for the purpose of calculation of exercise price, has been considered as the six months average price of the Company's share on the actively traded stock exchange, immediately preceding the date of grant of Option.
Number of Options vested	3,10,950
Number of Options exercised	2,26,440
Total No. of Shares arising as a result of exercise of options	2,26,440
Number of Options lapsed	2,91,240
Variation of terms of options	N.A.
Money realized by exercise of options	72,46,080
Total Number of Options in force	5,18,820
Grant to Senior Managerial personnel and Directors	7,11,000
Employees who were granted 5% or more of the total number of options granted during the year	Mr. Pramod Khera, Managing Director – 3,30,000 options.

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Description	ESOS 2004
Employees who were granted options equal to or exceeding 1% of the issued capital of the Company at the time of grant	None
Diluted Earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20	Anti-Dilutive
Difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized had the fair value of options, were used	15694305-19363368 = (3669063)
Impact of this difference on profits of the Company	Negative
Impact of this difference on EPS of the Company	(0.105)
Weighted average exercise price ; Weighted average fair value of options for options whose exercise price either equals or exceeds or is less than the market price of the share	32 37.32
Description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information: (a) Risk-free interest rate, (b) Expected life (c) Expected volatility (d) Expected dividends (e) The price of the underlying share in market at the time of option grant	Binominal Method 5.5.% p.a. 1 year Assumed at 0.358 Ignored Rs. 62.25

INCREASE IN THE INVESTMENT LIMIT FOR FOREIGN INSTITUTIONAL INVESTORS (FIIs)

Your Company is globally recognized for its IT Training and Education services and seeks to grow further and strengthen its leadership position in the IT Training and Education sector in the Domestic and International market.

Keeping in view the global nature of business, your Company enhanced the limits for FII Investment to 74% of the paid-up share capital of the Company, in order to facilitate and attract further foreign investments.

SUBSIDIARIES

During the year, your Company has set up its subsidiaries in South Africa viz., Aptech Worldwide Limited to popularize your Company's training products in South Africa. To this end, the Government of South Africa had accorded accreditation to Aptech's training courses and the Company is in the process of identifying franchisees who would carry out business in the continent.

Your Company has also set up another subsidiary in India viz., Aptech Manpower Services Limited which is into the business of sourcing and supplying manpower resources on a temporary basis. This business is gaining tremendous popularity and more and more companies are resorting to employing people resources on a temporary basis. Your Company has set up this subsidiary company to specifically seize this opportunity in the market and has started its efforts in the direction.

COMMUNITY SERVICES

Your Company continued its endeavour of providing equal opportunities to the underprivileged through various initiatives in 2005.

With excellent feedback received in the first phase of its tie-up, your Company embarked on the second phase of its tie-up with Udayan by facilitating free multimedia education through its multimedia-training brand, Arena Multimedia. By providing free education to the less fortunate sections of the society, your Company has



empowered them to stand on an equal ground in a world in which they were otherwise not counted. The art work produced by these students will be utilized to design a special table calendar for the New Year.

Your Company entered into a tie-up with leading Mumbai-based NGO, DEEDS (Development, Education, Empowerment of the Disadvantaged in Society), to provide free IT training and courseware to the hearing impaired DEEDS students at Aptech's Borivili, Mumbai centre in the first phase of its tie-up. DEEDS is synonymous with the Deaf in society. Founded in 2001, DEEDS aims to assist 10,000 children by 2010 and will focus on providing education, training in vocational courses and job placements to the physically challenged.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. C. Y. Pal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Upon completion of the open offer made by M/s. Aptech Investments, the Board of Directors was reconstituted with effect from October 28, 2005 and following persons were appointed as Additional Directors on the Board of Directors of our Company :

- 1) Mr. Rakesh Jhunjunwala
- 2) Mr. Utpal Sheth
- 3) Mr. Asit Koticha
- 4) Mr. Ramesh S. Damani
- 5) Mr. Yash Mahajan
- 6) Mr. Vijay Aggarwal
- 7) Mr. Ashish Pant

Further, Mr. Rakesh Jhunjunwala has been unanimously elected as the Chairman by the said Board of Directors.

The appointment of the aforesaid Additional Directors shall be put forth at the ensuing Annual General Meeting for the Members approval.

RECONSTITUTION OF THE VARIOUS COMMITTEES

Consequent to the reconstitution of the Board of Directors, the following statutory committees, were reconstituted with effect from October 28, 2005 and the composition of the said committees are as given below:

- (a) Audit Committee was reconstituted and comprises Mr. C. Y. Pal as the Chairman, Mr. Ramesh S. Damani and Mr. Vijay Aggarwal as the other Members of the said Committee.

- (b) Shareholders and Investors Grievance Committee comprises Mr. Ramesh S. Damani as the Chairman, Mr. Asit Koticha and Mr. C. Y. Pal as the other Members of the said Committee.

- (c) Remuneration Committee comprises Mr. Vijay Aggarwal as the Chairman, Mr. C. Y. Pal and Mr. Utpal Sheth as the other Members of the said Committee.

The non-statutory committees viz., Capital Issues Committee, Compensation Committee and Banking & Operations Committee were reconstituted with effect from November 17, 2005 and the composition of the said Committees are as given below :

- (a) Committee of Directors (Capital Issues) comprises Mr. Ramesh S. Damani as the Chairman, Mr. Asit Koticha and Mr. C. Y. Pal as the other Members of the said Committee.

- (b) Committee of Directors (Banking and Operations) comprises Mr. C. Y. Pal as the Chairman, Mr. Pramod Khara and Mr. Utpal Sheth as the other Members of the said Committee.

- (c) Committee of Directors (Compensation) comprises Mr. Vijay Aggarwal as the Chairman, Mr. C. Y. Pal and Mr. Utpal Sheth as the other Members of the said Committee.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on the Corporate Governance and Management Discussion and Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) They have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments 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 loss of the Company for that period;

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- (iii) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

CHANGE IN AUDITORS

The Company had received a resignation letter dated November 8, 2005 from the Statutory Auditors of the Company, M/s. CNGSN & Associates, Chartered Accountants, Chennai, expressing their inability to continue as Statutory Auditors of the Company, with immediate effect, due to their other occupational assignments on hand.

Therefore, the Board of Directors on the recommendation of the Audit Committee had requested M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai to consider appointment as the Statutory Auditors of the Company, in place of M/s. CNGSN & Associates, Chartered Accountants, Chennai, subject to the Members approval. Accordingly at the Extraordinary General Meeting of the Company held on December 19, 2005, the Members have accorded their approval for appointment of M/s. Khimji Kunverji & Co., as the Statutory Auditors of the Company.

At the forthcoming Annual General Meeting, M/s. Khimji Kunverji & Co., will retire and being eligible, have offered themselves for re-appointment as the Company's Statutory Auditors. The Company has requested them to furnish a certificate regarding their eligibility for re-appointment as the Company's Statutory Auditors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed to and forms part of this Report.

PARTICULARS OF EMPLOYEES

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975 is annexed herewith.

FIXED DEPOSITS

During the period under review, your Company has not accepted or invited any deposits from public.

INSURANCE

All the properties of the Company have been adequately insured.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude to the members, financial institutions, bankers, Government authorities, esteemed corporate clients and customers. We also wish to acknowledge the spirit of dedication, commitment and co-operation extended by employees at all levels.

For and on behalf of the Board of Directors

Rakesh Jhunjunwala
Chairman

Pramod Khera
Managing Director

Place : Mumbai
Date : March 25, 2006.



ANNEXURE TO DIRECTORS' REPORT

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 217(I) (e) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.

Conservation of Energy

The range of activities of your Company require minimal energy consumption and every endeavour has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

All possible measures have been taken to conserve energy :

1. Through automation, i.e. using timer, automatic level controllers, etc; and
2. By incorporating energy efficient equipment.

Technology Absorption

Your Company has, in its endeavour to obtain and deliver the best, entered into alliances/ tie-ups with major Global players in the IT industry to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and appropriate.

At the same time, your Company has also attached tremendous significance to indigenous development and upgradation of technology through its Research and Development Operations.

Foreign Exchange Earnings and Outgo

The details of Foreign Earnings and Outgo are mentioned in sub-para (ii) and (iii) of Para B-25 of Schedule 15-Notes to Accounts, forming part of the Balance Sheet.

For and on behalf of the Board of Directors

Rakesh Jhunjunwala
Chairman

Pramod Khara
Managing Director

Place : Mumbai

Date : March 25, 2006

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES RULES), 1975 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Sr. No.	Name	Age (years)	Designation / Nature of Duties	Gross Remuneration Received Rs.	Qualification & Experience (years)	Date of commencement of Employment	Last employment Held Period (years)
1	Employed throughout the year Pramod Khera	45	Managing Director	4,385,188	B.Tech. , P.G.D.M. (21)	July 1, 1996	Tele Shopping Network (1)

Notes:

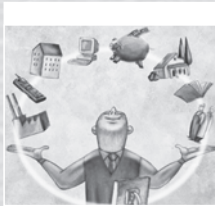
- 1 Remuneration includes Salary, Company's Contribution to Provident & Superannuation Fund and taxable value of Perquisites and allowances as per Income Tax Act, 1961 and rules made thereunder.
- 2 All appointments are contractual in nature.
- 3 Mr. Pramod Khera, the sole employee covered above, is not related to any Director of the Company except that he is the Managing Director of the Company.

For and on behalf of the Board of Directors

Rakesh Jhunjunwala
Chairman

Pramod Khera
Managing Director

Place : Mumbai
Date : March 25, 2006



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1.	Name of the Subsidiary	Aptech (WOS) Bangladesh Limited	Aptech Training Limited F.Z.E.	Aptech Software Limited	Attest Testing Services Limited	Aptech Worldwide Corporation
2.	The Financial Year of the Company ended on	30th September 2005	31st December 2005	31st December 2005	31st December 2005	31st December 2005
3.	Holding Company India	Aptech Limited	Aptech Limited	Aptech Limited	Aptech Limited	Aptech Limited
4.	Holding company's Interest	100%	100%	100%	100%	100%
5.	Shares held by the holding Company in the Subsidiary no./par value	160,000 Shares of 10 Taka each	37 Shares of 100,000 UAE Dirhams each	50,000 Equity Shares of Rs 10 each	50,000 Equity Shares of Rs 10 each	Share Allotment Pending
6.	The aggregate of profits or losses for the current Financial year of the subsidiary so far as it concerns the members of the holding company a) dealt with or provided for in accounts of the holding company b) not dealt with or provided for in the accounts of the company	NIL	Rs. (41,914,896)	Rs. (157,575,065)	NIL	Rs. (24,339,959)
		Rs. (1,094,248)	Rs. (1,419,226)	Rs. (100,155,694)	Rs. (17,511,680)	Rs. (14,171,610)
7.	The aggregate of profits or losses for the previous financial year of the subsidiary so far it concerns the members of the holding company a) dealt with or provided for in accounts of the holding company b) not dealt with or provided for in the accounts of the company	NIL	NIL	NIL	NIL	NIL
		Rs. 2,003,045	Rs. (7,757,832)	Rs. (24,724,891)	Rs. (5,830,435)	Rs. (1,648,912)
8.	Material change between the end of the Financial year of the Subsidiary company and the company's Financial year ended 31st December 2005	Rs.	Rs.	Rs.	Rs.	Rs.
	a) Fixed Assets	NIL	NIL	NIL	NIL	NIL
	b) Investments	NIL	NIL	NIL	NIL	NIL
	c) Money Lent	NIL	NIL	NIL	NIL	NIL
	d) Money Borrowed other than those for meeting current Liabilities	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

PRAMOD KHERA
Managing Director

C. Y. PAL
Director

Place : Mumbai
Date : March 25, 2006

PHILOSOPHY :

Your Company believes that Corporate Governance is critical to sustaining corporate development, increasing productivity and competitiveness. The governance process should ensure that available resources are utilized in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis.

BOARD OF DIRECTORS :

Composition :

The Company has a Non-Executive Chairman and the number of Independent Directors is more than one-

third of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been furnished by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below :

Names of the Directors	Category	No. of Board Meetings attended during the year ended December 31, 2005	Whether attended AGM held on June 30, 2005	No. of Directorships in other public companies incorporated in India		No. of Committee positions held in other public Companies incorporated in India	
				Chairman	Member	Chairman	Member
Mr. Rakesh Jhunjunwala*#	Promoter Non-Independent Non-Executive	1	Not Applicable	Nil	11	Nil	1
Mr. Utpal Sheth*	Promoter Non-Independent Non-Executive	2	Not Applicable	Nil	Nil	Nil	Nil
Mr. Asit Koticha*	Promoter Non-Independent Non-Executive	2	Not Applicable	Nil	Nil	Nil	Nil
Mr. Pramod Khera	Managing Director Non-Independent Executive	7	Yes	Nil	3	Nil	Nil
Mr. C. Y. Pal	Independent Non-Executive	6	Yes	1	2	3	1
Mr. Ramesh S. Damani*	Independent Non-Executive	2	Not Applicable	Nil	Nil	Nil	Nil
Mr. Yash Mahajan*	Independent Non-Executive	1	Not Applicable	2	3	Nil	3
Mr. Vijay Aggarwal*	Independent Non-Executive	2	Not Applicable	Nil	4	Nil	3
Mr. Ashish Pant*	Independent Non-Executive	Nil	Not Applicable	Nil	Nil	Nil	Nil
Mr. Kalpathi S. Suresh**	Promoter Non-Independent Non-Executive	4	No	1	1	Nil	Nil



Names of the Directors	Category	No. of Board Meetings attended during the year ended December 31, 2005	Whether attended AGM held on June 30, 2005	No. of Directorships in other public Companies incorporated in India		No. of Committee positions held in other public Companies incorporated in India	
				Chairman	Member	Chairman	Member
Mr. Kalpathi S. Aghoram**	Promoter Non-Independent Non-Executive	3	No	Nil	2	Nil	Nil
Mr. Kalpathi S. Ganesh**	Promoter Non-Independent Non-Executive	3	No	Nil	2	Nil	Nil
Mr. D. V. Narasingarao**	Promoter Non-Independent Non-Executive	2	No	Nil	1	Nil	Nil
Mr. R. Nagarajan**	Independent Non-Executive	5	Yes	Nil	4	2	4
Mr. N. Seshadri Kumar**	Independent Non-Executive	5	Yes	Nil	2	Nil	2

* Appointed with effect from October 28, 2005

Appointed as Chairman with effect from October 28, 2005

** Resigned with effect from October 28, 2005

Necessary Declaration has been furnished by all the Independent Directors of the Company to confirm that :

- Apart from receiving Director's Sitting Fees, the Director does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- Is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- Has not been an executive of the Company in the immediately preceding three financial years;
- Is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following :
 - The statutory audit firm or the internal audit firm that is associated with the Company and
 - the legal firm(s) and consulting firm(s) that have a material association with the Company.
- Is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director; and

f. Is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.

Seven Board Meetings were held during 2005 and the gap between two meetings did not exceed four months.

The dates on which the Board Meetings were held are as follows :

January 25, 2005, March 31, 2005, April 20, 2005, July 19, 2005, October 28, 2005 (meeting of the Old Board of Directors), October 28, 2005 (meeting of the new Board of Directors upon reconstitution of the Board) and November 17, 2005.

Other Provisions :

The Company also confirms that it did not have any material pecuniary relationship or transaction with any Non-Executive Director during 2005, except for the payment of Sitting Fees made to them for attending the Board and/or the Committee meetings.

The information as required under Annexure 1 to Clause 49 is being made available to the Board.

The Board of Directors periodically review the compliance report submitted by the Managing Director regarding compliance with the various laws applicable to the Company.

Code of Conduct :

The Board of Directors have laid down a code of conduct for all Board Members and Senior Management of the Company. The said code of conduct has been posted on the website of the Company.

All Board Members and Senior Management personnel have affirmed compliance with the said code of conduct for the year ended December 31, 2005. Necessary declaration to this effect signed by the Managing Director forms a part of the Annual Report of the Company for the year ended December 31, 2005.

AUDIT COMMITTEE :

Consequent to the provisions of the revised Clause 49 of the Listing agreement, the role of the Audit Committee stands enlarged as below to cover the areas prescribed by Clause 49 (II) (D).

The broad terms of reference of the Audit Committee are as follows :

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees and approving payments for any other services rendered by them.
- (c) Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by Management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report.
- (d) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval, with particular reference to :
Matters required, focusing primarily on :

- Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by Management.
 - Qualifications in draft Audit Report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with the accounting standards.
 - Compliance with Stock Exchanges and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- (e) Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - (f) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - (g) Discussion with internal auditors of any significant findings and follow up thereon.
 - (h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - (i) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - (j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 - (k) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 - (l) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 - (m) Reviewing the Company's financial and risk management policies.
- The Audit Committee has also been granted powers as prescribed under Clause 49 (II) (C). The Company has complied with the requirements of Clause 49 (II) (A) as regards composition of Audit Committee. Further as per the requirements of Clause 49 (II) (E),



the Audit Committee shall mandatorily review the following information :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control

weaknesses; and

5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Consequent to the reconstitution of the Board of Directors of your Company, the Audit Committee was also reconstituted on October 28, 2005. The Composition of the Audit Committee along with the details of the meetings attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during 2005
Mr. C. Y. Pal – Chairman#	Independent, Non-Executive	5
Mr. Ramesh S. Damani*	Independent, Non-Executive	1
Mr. Vijay Aggarwal*	Independent, Non-Executive	1
Mr. R. Nagarajan - Chairman**	Independent, Non-Executive	4
Mr. N. Seshadri Kumar**	Independent, Non-Executive	4

Appointed as Chairman with effect from October 28, 2005

* Appointed with effect from October 28, 2005

** Resigned with effect from October 28, 2005

All the members of the Audit Committee are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

The Company Secretary acts as the secretary to the Committee.

Five Audit Committee Meetings were held during 2005. The dates on which the said meetings were held are as follows :

March 31, 2005, April 19, 2005, July 18, 2005, October 28, 2005 and November 17, 2005.

At the Annual General Meeting held on June 30, 2005, the then Chairman of the Audit Committee, Mr. R. Nagarajan, was present.

REMUNERATION COMMITTEE :

The terms of reference of the remuneration committee

are as follows :

- a) To determine the Company's policy on specific remuneration packages for Managing Director/ Whole-time Director including pension rights and any compensation payment.
- b) To do such other acts, deeds, matters and things as are necessary for or incidental to the carrying out of any of the above functions.

The matters relating to remuneration of Managing Director/Whole time Director is decided by the Board of Directors based on the recommendations of the Remuneration Committee and as per the terms approved by the shareholders at the General Meeting.

The Remuneration Committee was also reconstituted on October 28, 2005. The Composition of the Remuneration Committee along with the details of the meeting attended by the Directors are given below :

Names of Members	Category	No of Meetings attended during 2005
Mr. Vijay Aggarwal – Chairman*#	Independent, Non-Executive	-
Mr. Utpal Sheth*	Promoter, Non-Independent, Non-Executive	-
Mr. C. Y. Pal	Independent, Non-Executive	3
Mr. R. Nagarajan – Chairman**	Independent, Non-Executive	3
Mr. N. Seshadri Kumar**	Independent, Non-Executive	3

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- * Appointed with effect from October 28, 2005
- # Appointed as Chairman with effect from October 28, 2005
- ** Resigned with effect from October 28, 2005

Three Remuneration Committee Meetings were held during 2005. The dates on which the said meetings were held are as follows :

March 31, 2005, April 20, 2005 and July 18, 2005.

At the Annual General Meeting held on June 30, 2005, the then Chairman of the Remuneration Committee, Mr. R. Nagarajan, was present.

Pursuant to the respective terms and conditions approved by the Members of the Company, Mr. Pramod Khera was appointed as the Managing Director of the Company with effect from December 28, 2001, for a period of 5 years and has been paid remuneration as per the terms of his contract of appointment approved by the Members and in accordance with the overall limits specified under Schedule XIII of Companies Act, 1956.

The details of remuneration paid to Mr. Pramod Khera for the year ended December 31, 2005 are as follows :

Particulars of remuneration	Amount (in Rs.)
Salary & Allowances	38,59,427
Perquisites	5,400
Contribution to Provident Fund and Superannuation Fund	6,18,892
TOTAL	44,83,719

Pursuant to Employees Stock Option Scheme (ESOS) formulated in February 2004 for the benefit of the employees of the Company and its subsidiaries, 3,30,000 options were granted to Mr. Pramod Khera and the vesting was due over a period of 3 years viz., 99,000 options in 2005, 1,15,500 options in 2006 and 1,15,500 options in 2007. In respect of the options vested in the first phase, Mr. Khera has exercised the entire 99,000 options at an exercise price of Rs. 32/-. Consequently the Company has allotted 99,000 equity shares to Mr. Pramod Khera. The balance options viz. 1,15,500 options under the second phase shall vest in 2006 and the last phase comprising 1,15,500 options shall vest in 2007 and the exercise period for all the options is fixed at one year from the date of vesting, as per the terms of the ESOS.

The Non-Executive Directors (NEDs) do not draw any remuneration from the Company except Sitting Fees which were paid @ Rs. 5000/- for each Board/Committee Meeting attended by them. The said Sitting Fees paid to the NEDs has been fixed by the Board of Directors. The details of the Sitting Fees paid to the Non-Executive Directors for the year ended December 31, 2005 are as follows :

Names of the Non-Executive Directors	Amount (in Rs.)
Mr. Ramesh S. Damani*	20,000
Mr. Yash Mahajan*	5,000
Mr. Vijay Aggarwal*	20,000
Mr. C. Y. Pal	1,05,000
Mr. Kalpathi S. Suresh**	20,000
Mr. Kalpathi S. Aghoram**	15,000
Mr. Kalpathi S. Ganesh**	15,000
Mr. D. V. Narasingarao **	10,000
Mr. R. Nagarajan**	95,000
Mr. N. Seshadri Kumar**	85,000
TOTAL	3,90,000

* Appointed with effect from October 28, 2005

** Resigned with effect from October 28, 2005

None of the Non-Executive Directors hold any shares in the Company.



SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :
The Shareholder/Investors Grievance Committee was also reconstituted on October 28, 2005. The

Composition of the Shareholders/Investors Grievance Committee along with the details of the meetings attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during 2005
Mr. Ramesh S. Damani – Chairman* #	Independent, Non-Executive	1
Mr. Asit Koticha*	Promoter, Non-Independent, Non-Executive	1
Mr. C. Y. Pal	Independent, Non-Executive	2
Mr. N. Seshadri Kumar – Chairman**	Independent, Non-Executive	2
Mr. R. Nagarajan**	Independent, Non-Executive	2

* Appointed with effect from October 28, 2005

Appointed as Chairman with effect from October 28, 2005

** Resigned with effect from October 28, 2005

Three Shareholders/Investors Grievance Committee Meetings were held during 2005. The dates on which

the said meetings were held are as follows :
April 19, 2005, October 24, 2005 and November 17, 2005

Name and Designation of Compliance Officer :

Ms. Sree Vidhya Raju,
Company Secretary

Status of Complaints received during the year ended December 31, 2005 :

Nature of Complaints	Received	Resolved	Pending
Relating to Transfer, Transmission etc.	35	35	Nil
Other/Miscellaneous	36	36	Nil
TOTAL	71	71	Nil

Pending Transfers :

There were no pending transfers as on December 31, 2005.

Subsidiary Companies :

The Company does not have any material non-listed Indian subsidiary companies which fall within the definition of Clause 49 (III).

Disclosures :

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company :

There are no materially significant related party transactions during the period under review that

may have potential conflict with the interest of the Company.

(b) 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 :

No penalties and strictures have been imposed by any statutory authorities on matters relating to capital markets since the incorporation.

(c) Though the Company does not have a Whistle Blower policy in place, the Company maintains a suggestion box wherein the suggestions without disclosing identities can be forwarded by employees. There is a kiosk which can be accessed and employees can post their queries/complaints for redressal. Further the Company holds open house

meetings, skip level meetings etc. wherein the employees are encouraged to freely express the various issues faced by them within the Company and the same are noted by the HR Division for escalation and necessary resolution.

- (d) Details of compliance with mandatory requirements and adoption of the non mandatory requirements of Clause 49 :

All the mandatory items of Clause 49, as listed below, have been complied with and covered in this report :

- (i) Brief statement on Company's philosophy on code of governance;
- (ii) Board of Directors;
- (iii) Audit Committee;
- (iv) Remuneration Committee;
- (v) Shareholders Committee;
- (vi) General Body Meetings;
- (vii) Disclosures;
- (viii) Means of Communication;
- (ix) General Shareholder Information;

In respect of the non-mandatory requirements of Clause 49, the Company has complied with the following :

Remuneration Committee has been constituted by the Company which comprises of three Directors and all of them are Non-Executive Directors. The composition of this Committee has been detailed earlier in this report. Mr. Vijay Aggarwal, the Chairman of this Committee is an Independent Director.

Board Disclosures :

The Company has initiated the process for laying down procedures to inform Board members about the risk assessment and minimization procedures.

Proceeds from Preferential Issue :

The details of the monies raised through the preferential issue made in August 2005 and its utilization has been disclosed to the Audit Committee on a quarterly basis.

CEO/CFO Certification :

In terms of Clause 49 (V), Mr. Pramod Khera, Chief Executive Officer and Managing Director and Mr. T. K. Ravishankar, Chief Financial Officer and Senior Vice President – Finance have issued certificates to the Board of Directors which forms a part of the Annual Report of the Company for the year ended December 31, 2005.

General Body Meetings :

Details of the last three Annual General Meetings along with the details of the Extraordinary General Meetings held from the year 2003 to 2005 are given below :

1. In 2005, the Extraordinary General Meeting was held on December 19, 2005 at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai – 400 093 at 4.30 p.m.
2. In 2005, the Extraordinary General Meeting was held on August 12, 2005 at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai – 400 093 at 3.00 p.m.
3. In 2005, the Annual General Meeting was held on June 30, 2005 at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai – 400 093 at 10.30 a.m.
4. In 2004, the Annual General Meeting was held on June 25, 2004 at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai – 400 093 at 2.30 p.m.
5. In 2004, an Extraordinary General Meeting was held on February 13, 2004 at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai – 400 093 at 12.30 p.m.
6. In 2003, the Annual General Meeting was held on June 30, 2003 at Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai – 400 057 at 11.30 a.m.

Details of the Special Resolutions passed in the previous three Annual General Meetings :

At the Fifth Annual General Meeting held on June 30, 2005, Special Resolutions were passed pertaining to the following businesses :

- Cancellation of the Preferential Issue of shares to SSI Limited.
- Modification in the particulars stated in the Explanatory Statement attached to the Notice dated January 5, 2004, convening the Extraordinary General Meeting of the Company on February 13, 2004, with respect to the Employees Stock Option Scheme (ESOS) for employees of the Company.



At the Fourth Annual General Meeting held on June 25, 2004 , Special Resolution was passed pertaining to the following business :

- Preferential Issue of shares to SSI Limited.

At the Third Annual General Meeting held on June 30, 2003, Special Resolutions were passed pertaining to the following businesses :

- Issue of Equity Shares and/or equity linked instruments and/or any other instruments or securities of the Company, under Employees Stock Option Scheme 2004 (hereinafter ESOS 2004) for the benefit of the permanent employees of the Company including Directors of the Company except the Promoter Directors.
- Extension of ESOS 2004 for the benefit of the permanent employees of the Company's subsidiaries including the Directors of such subsidiaries except their Promoter Directors.
- Issue of new or additional equity shares or American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or any other form of receipts or American Depository Shares or bonds/debentures convertible into equity shares of the Company whether in the domestic or any other international markets.
- Amendment to the Articles of Association of the Company for (a) increase in the Authorised Share Capital of the Company to Rs. 60 Crores and (b) due to change in promoters of the Company, consequent alteration in certain articles relating to meetings of Directors, power to appoint Managing Director etc.

No special resolutions were passed through Postal Ballot at the last Annual General Meeting. No special resolutions are proposed through Postal Ballot at the forthcoming Annual General Meeting.

Means of Communication :

- Is Half yearly report sent to each household of shareholders : No
- Quarterly Results - Which newspapers normally published in : Loksatta, Maharashtra Times, Financial Express, Economic Times
- Any Website, where displayed : www.aptech-worldwide.com
- Whether it also displays official news releases and presentations made to institutional investors/analysts : Yes
- Whether MD & A is a part of Annual Report : Yes

General Shareholder Information :

AGM : Date, Time and Venue : Thursday, June 29, 2006, 4.30 p.m.
Kamalnayan Bajaj Hall, Bajaj Bhavan,
Jamnalal Bajaj Marg, 226,
Nariman Point, Mumbai – 400 021

As required under Clause 49 (VI) (A), particulars of Directors seeking appointment/re-appointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on Thursday, June 29, 2006.

Financial Calendar :

- A. Financial Year : 1st January to 31st December
- B. First Quarter results : to be published by end April
- C. Second Quarter results : to be published by end July
- D. Third Quarter results : to be published by end October
- E. Results for the year ending December 31, 2006 : to be published by end March, 2007

Date of Book Closure : Thursday, June 1, 2006 to Friday, June 9, 2006
(both days inclusive)

Dividend Payment Date : N.A.

APTECH LIMITED

Listing of Equity Shares/

Global Depository Receipts (GDRs) on Stock Exchanges

: The Company's equity shares are listed on the following Stock Exchanges in India

The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023

The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

The Company has paid the annual listing fees to the above Stock Exchanges for the financial year 2005-2006

The Company's GDRs are listed on the following Stock Exchange :

SOCIÉTÉ DE LA BOURSE DE LUXEMBOURG
Société Anonyme
11, av de la Porte-Neuve
L-2227 Luxembourg

Stock Code

The Code for the Company's shares is as follows :

The Stock Exchange, Mumbai :

: 532475

The National Stock Exchange of India Limited :

: APTECHT

ISIN No. for Shares in Dematerialised Mode :

: INE266F01018

The Code for the Company's GDRs on the Luxembourg Stock Exchange is as follows :

Common Code :

: 017796747

GDR ISIN :

: US03833M3060

Market Information :

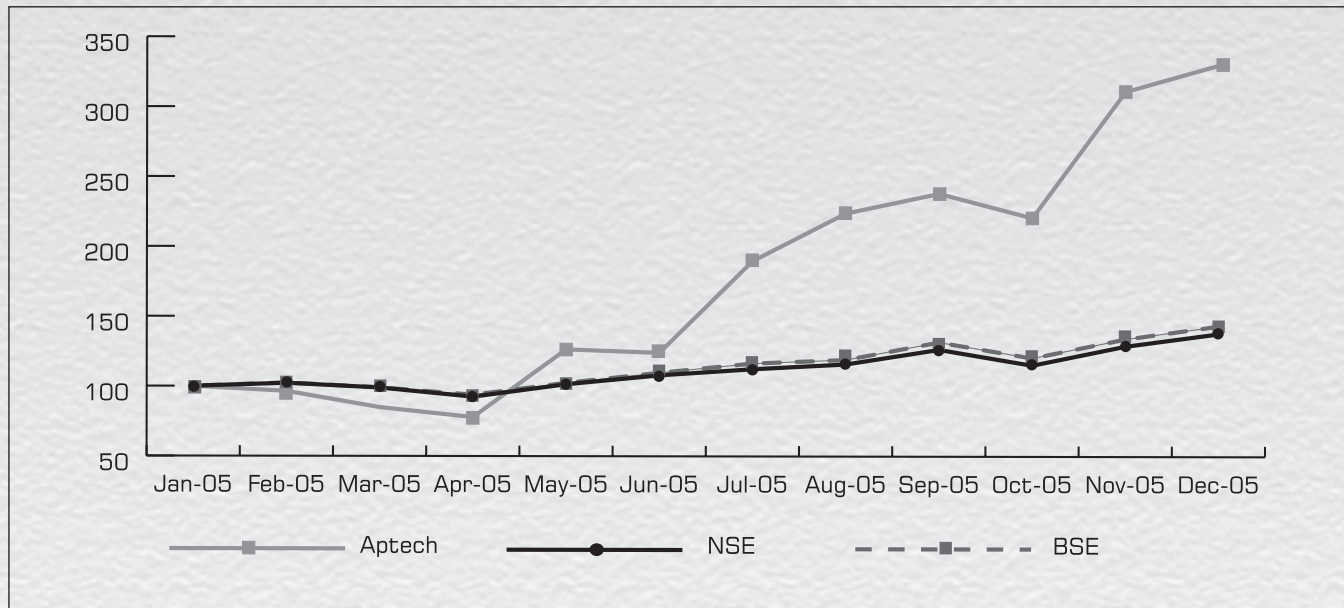
Aptech Share Price Data :

Month and Year	The Stock Exchange, Mumbai (Rs.)		The National Stock Exchange of India Limited (Rs.)	
	High	Low	High	Low
Jan 2005	48.40	39.30	48.30	39.15
Feb 2005	46.25	39.60	49.00	39.80
March 2005	43.95	32.50	43.90	32.50
April 2005	37.80	32.05	38.00	29.50
May 2005	58.30	32.50	58.50	32.65
June 2005	69.20	51.25	62.35	51.35
July 2005	101.50	51.50	101.50	52.00
Aug 2005	97.40	76.70	97.15	78.50
Sep 2005	117.35	90.25	120.00	90.60
Oct 2005	110.25	86.50	110.40	85.70
Nov 2005	140.40	92.25	140.45	92.40
Dec 2005	149.35	130.60	149.70	130.55

(Source : www.bseindia.com and www.nseindia.com)



Stock Performance : (Indexed)



Registrar and Share Transfer Agents

: **M/s. Sharepro Services (India) Private Limited**
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400 099.
Contact Person : Mrs. Indira Karkera
Tel. No. : 91-22-28215168/69
Fax No. : 91-22-28375646
E-mail : sharepro@vsnl.com
Business Hours : Monday to Saturday,
9.30 a.m. to 5.00 p.m.

M/s. Sharepro Services (India) Private Limited
912, Raheja Centre,
Free Press Journal Road, Nariman Point,
Mumbai - 400 021.
Tel. No. : 91-22-2288 1568/2288 1569
Fax No. : 91-22-22825484

Share Transfer System :

Share Transfers in physical form can be lodged with Sharepro Services at any of the above mentioned addresses. Such transfers are normally processed within 30 days from the date of receipt if the documents are in order in all respects. The Shareholders/Investors Grievance Committee usually approves the transfer of shares every 15 days.

APTECH LIMITED

Distribution of Shareholding :

No. of Equity Shares held	As on December 31, 2005				As on December 31, 2004			
	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1-500	84162	96.42	4839031	12.86	94567	95.72	5655577	16.88
501-1000	1565	1.79	1286462	3.42	2156	2.18	1738633	5.19
1001-2000	669	0.77	1042827	2.77	1125	1.14	1697026	5.06
2001-3000	253	0.29	665128	1.77	344	0.35	883664	2.64
3001-4000	115	0.13	419947	1.12	151	0.15	541575	1.62
4001-5000	168	0.19	808206	2.15	131	0.13	621281	1.85
5001-10000	164	0.19	1254923	3.33	183	0.19	1303980	3.89
10001 and above	195	0.22	27319353	72.59	142	0.14	21067701	62.87
TOTAL	87291	100.00	37635877	100.00	98799	100.00	33509437	100.00

Categories of Shareholding :

Sr. No.	Category	As on December 31, 2005			As on December 31, 2004		
		No. of Shareholders	No. of Shares	Voting Strength	No. of Shareholders	No. of Shares	Voting Strength
1.	Promoter Holding	3	6954403	18.48	1	8627798	25.75
2.	Mutual Funds	12	2480307	6.59	7	16115	0.05
3.	UTI	1	10980	0.03	4	43871	0.13
4.	Banks/Financial Institutions/Insurance Companies (Central/ State Government Institutions/Non-Government Institutions)	38	145804	0.39	40	742267	2.22
5.	FIs	19	8052487	21.40	14	6336563	18.91
6.	NRIs	2905	255168	0.68	3080	285741	0.85
7.	OCBs	3	13451	0.04	4	9901	0.03
8.	Foreign National	1	120	0.00	1	120	0.00
9.	Domestic Companies	1809	6977955	18.54	1973	5171871	15.43
10.	GDR	1	50420	0.13	2	975888	2.91
11.	Trust	4	40874	0.11	2	4874	0.01
12.	Indian Public	82495	12653908	33.62	93671	11294428	33.71
	TOTAL	87291	37635877	100.00	98799	33509437	100.00



Dematerialization of Shares and liquidity :

Trading in the Equity Shares of the Company is permitted only in dematerialized form. Over 86.67% of the Company's Share Capital was dematerialized as on December 31, 2005.

The Company's shares are regularly traded on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited.

Details on use of public funds obtained in the last three years :

In October 2003, the Company tapped the International capital market at Luxembourg with a Global Depository Receipt (GDR) issue (hereinafter "New GDRs") for raising adequate resources to fund strategic investments in India and abroad. Pursuant to the said New GDR issue, 15,360,000 Equity Shares of face value Rs. 10/- each underlying 3,840,000 GDRs (1GDR equals 4 Equity Shares) of USD 3.75 each were allotted by the Company, at a premium of Rs. 32.53 per share, on November 6, 2003. The consideration for the aforesaid GDRs aggregating to USD 14,400,000 (equivalent Rs 653,256,000/-) was received in the Escrow Account with Banco Portugues De Negocios (BPN). Out of the total proceeds, the Company had up to December 31, 2003 utilised USD 6,168,780 (equivalent of Rs 280,124,000/-). The balance USD 8,231,220 (equivalent of Rs 373,132,000/-) has been entirely utilized during the year 2004, for part payment of consideration for acquisition of "Training and Education business" from SSI Ltd. purchased in 2003, loans and advances given to subsidiary companies (including advances against equity), loan given to Aptech Education Society, payment of capital advances/expenditure and other general corporate purposes as stated in the offer document.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity :

- 1,00,840 Global Depository Receipts of erstwhile Aptech Limited (hereinafter "Old GDRs") (P.Y. 1,00,840) representing 50,420 underlying equity shares (1 GDR equals 2 Equity Shares) of face value Rs. 10/- each are outstanding as on December 31, 2005.
- 330,000 warrants allotted by the erstwhile Aptech Limited to its Trust viz. "Aptech Employees Welfare Trust" under Employees Stock Option Scheme (ESOS), for the benefit of the erstwhile Aptech employees , stood transferred to the Company, pursuant to the scheme of de-merger of training division of erstwhile Aptech Limited approved by the High Court of Judicature at Mumbai with effect from the appointed date i.e. April 1, 2001. As the said ESOS scheme stands discontinued, accordingly 76,025 warrants outstanding as on December 31, 2005 and the corresponding outstanding amount in the Employee Stock Option Outstanding Account under "Reserves and Surplus" has been written back.

- 10,36,500 options granted on February 13, 2004 under the Employees Stock Option Scheme (ESOS), 2004, entitles the holder to apply for and seek allotment of 1 equity share of face value Rs. 10/- each in the Company at a price of Rs. 32/- per equity share. The total options of 10,36,500 comprises 3,10,950 options with a vesting period of 12 months, 3,62,775 options with a vesting period of 24 months and the balance 3,62,775 options with a vesting period of 36 months from the award date. Such options, upon vesting, have to be exercised in the specified months as stipulated in the Scheme, within a period of one year from the respective vesting dates. Out of the options vested, optionees have exercised 2,26,440 options under the first phase against which 2,26,440 equity shares of face value Rs. 10/- each has been allotted to the employees. During this year 1,13,340 options (P.Y. 1,77,900) have lapsed. If the balance 5,18,820 options are converted into equity shares then the number of equity shares available for trading in the Indian Stock Exchanges would go up by 5,18,820 shares.
- At the Extraordinary General Meeting held on August 12, 2005, the shareholders had, inter alia, approved the Preferential Issue of 36,00,000 Convertible Warrants ("Warrants") to M/s. Aptech Investments, at an exercise price (including premium) of Rs. 56/- per Warrant, each Warrant convertible at the sole option of the holder, any time before the expiry of 18 months from its allotment, into 1 fully paid up equity share of the Company of face value Rs. 10/-. Pursuant to the said approval, the Capital Issues Committee at its meeting held on August 24, 2005, had allotted the aforesaid 36,00,000 Convertible Warrants to M/s. Aptech Investments and in terms of Chapter XIII of the SEBI Guidelines, M/s. Aptech Investments have paid 10% of the exercise price at the time of allotment and the balance 90% is payable when the right of conversion is exercised. The last date for conversion of the said Warrants is February 23, 2007. If M/s. Aptech Investments decides to convert the entire Warrants, on or before the aforesaid conversion date , the paid up equity share capital of the Company would go up by 36,00,000 Equity Shares.

Company's Office Addresses :

Registered Office :

Elite Auto House, 54-A, Sir M. VasANJI Road,
Andheri (East), Mumbai - 400 093.

Tel. : +91-22- 56919624-26

Fax : +91-22- 56922434

Corporate Office :

Aptech House, A-65, M.I.D.C., Marol,
Andheri (East), Mumbai - 400 093.

Tel.: +91-22-28272300/01

Fax : +91-22-28272399

Website : www.aptech-worldwide.com

To the Members of Aptech Limited

We have examined the compliance of conditions of corporate governance by Aptech Limited for the year ended on December 31, 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and limitations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements 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 mentioned Listing Agreement.

We state that there are no investor grievances pending as on December 31, 2005 as per the records mentioned by the Company and presented to the Investor Relation and Finance Committee.

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 and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. : 2242

Place : Mumbai
Date : March 25, 2006



CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION IN TERMS OF CLAUSE 49 (V) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

We, Pramod Khera, CEO and Managing Director and T. K. Ravishankar, CFO and Senior Vice President – Finance, of Aptech Limited, hereby certify that :-

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee :
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Aptech Limited

Pramod Khera
Chief Executive Officer
and Managing Director

Place : Mumbai
Date : March 25, 2006

T. K. Ravishankar
Chief Financial Officer
and Senior Vice President - Finance

APTECH LIMITED

DECLARATION BY THE CHIEF EXECUTIVE OFFICER (CEO) REGARDING AFFIRMATION BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF THE COMPANY TO THE APTECH CODE OF CONDUCT FOR ITS DIRECTORS AND SENIOR MANAGEMENT

I hereby declare that :

As per the requirements of Clause 49 (I) (D)(ii) of the Listing Agreement with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have confirmed compliance with the Aptech Code of Conduct for its Directors and Senior Management, for the year ended December 31, 2005.

For Aptech Limited

Pramod Khera
Chief Executive Officer
and Managing Director

Place : Mumbai
Date : March 25, 2006

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

Aptech Limited

1. We have audited the attached Consolidated Balance Sheet of Aptech Limited and its subsidiaries and joint venture as at December 31, 2005 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of Aptech Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Included in this Consolidated Financial Statements are assets of Rs. 383,835,659 as at December 31, 2005, revenue of Rs. 439,355,063 and net cash flows amounting to Rs. 71,180,669 for the year then ended of three subsidiaries and a joint venture, which have not been audited by us. These have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries and joint venture, is based solely on the reports of those respective auditors.

4. We report that the Consolidated Financial Statements have been prepared by Aptech Limited in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' and AS 27 'Financial Reporting of Interests in Joint Ventures', issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements/management certification and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Aptech Limited and its subsidiaries and joint venture as at December 31, 2005;
 - (b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No.: 2242

Place: Mumbai
Date : May 19, 2006

APTECH LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2005

Particulars	Schedule	As at	
		31st December, 2005 Rupees	31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	376,358,770	335,094,370
Warrants (Refer Note No. B-3(c) & 4(a) of Schedule 14)		20,160,000	81,950
Reserves and Surplus	2	<u>770,827,735</u>	<u>620,645,308</u>
		1,167,346,505	955,821,628
LOAN FUNDS			
Secured Loans	3	<u>290,207,185</u>	<u>263,677,398</u>
		290,207,185	263,677,398
TOTAL FUNDS EMPLOYED		<u>1,457,553,690</u>	<u>1,219,499,026</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	1,412,116,108	1,355,198,402
Less: Accumulated Depreciation and Impairment		<u>841,868,805</u>	<u>293,516,768</u>
Net Block		570,247,303	1,061,681,634
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	26,147,895	26,408,035
Sundry Debtors		543,546,996	600,982,992
Cash and Bank Balances		256,032,087	177,406,110
Loans and Advances		<u>65,135,266</u>	<u>134,687,416</u>
		<u>890,862,244</u>	<u>939,484,553</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	6	427,993,142	768,255,368
Provisions		<u>20,418,922</u>	<u>18,930,013</u>
		<u>448,412,064</u>	<u>787,185,381</u>
NET CURRENT ASSETS		442,450,180	152,299,172
PROFIT AND LOSS ACCOUNT		444,856,207	5,518,220
TOTAL FUNDS UTILISED		<u>1,457,553,690</u>	<u>1,219,499,026</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	14		

Schedules referred to above form an integral part of the accounts.
As per our attached report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. : 2242
Place : Mumbai
Date : May 19, 2006

For and on behalf of the Board of Directors

Pramod Khera
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Schedule	2005 Rupees	2004 Rupees
INCOME			
Income from Operations	7	1,543,370,332	1,281,671,176
Other Income (Refer Note No.B-12 of Schedule 14)	8	26,955,515	1,771,806
		1,570,325,847	1,283,442,982
EXPENDITURE			
Training & Education Expenses	9	567,500,640	482,281,899
Marketing and Advertisement Expenses	10	81,830,365	60,735,151
Payments to and Provision for Employees	11	284,061,373	223,414,796
Administration and Other Expenses	12	286,692,324	269,720,022
Interest and Finance Expenses (Net)	13	61,635,998	34,047,155
		1,281,720,700	1,070,199,023
PROFIT BEFORE DEPRECIATION/ AMORTISATION AND EXCEPTIONAL ITEMS			
Depreciation and Amortisation		288,605,147	213,243,959
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		248,197,393	184,870,171
EXCEPTIONAL ITEMS			
Fixed Assets Written Off		12,688,192	394,335,836
Provision for Doubtful Advances (Net of Recoveries made against earlier years Provisions)		7,244,254	50,748,874
Impairment of Fixed Assets			
- At the beginning of the year (Net of General Reserve Adjustment)		20,356,761	-
- At the end of the year		252,370,999	-
Provision for Doubtful Debts		184,377,468	211,153,000
Provisions/Liabilities no longer required written back		(14,510,518)	-
		462,527,156	656,237,710
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS		(422,119,402)	(627,863,922)
Provision for Taxation			
- Income Tax (Current)		10,256,161	7,510,604
- Fringe Benefit Tax		4,274,346	-
- Wealth Tax		173,710	81,024
- Deferred Tax		-	(12,847,507)
(Excess)/Short Provision of Income Tax of earlier year (Net)		1,396,631	(3,938,370)
		16,100,848	(9,194,249)
PROFIT/(LOSS) AFTER TAX		(438,220,250)	(618,669,673)
Surplus/ (Deficit) brought forward from previous year		(5,518,220)	337,035,895
Add : Adjustment on Account of Aptech Training and Education Trust		-	500,000
Less : Transferred to General Reserve		1,117,737	4,675,438
Add : Transferred from General Reserve		-	280,290,996
BALANCE CARRIED TO BALANCE SHEET		(444,856,207)	(5,518,220)
Earning per Share (Refer Note No. B-16 of Schedule 14)			
- Basic and Diluted (Face Value Rs. 10/- each)		(12.53)	(18.46)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	14		

Schedules referred to above form an integral part of the accounts.
As per our attached report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. : 2242
Place : Mumbai
Date : May 19, 2006

For and on behalf of the Board of Directors

Pramod Khera
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

APTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) Before Tax		(422,119,402)		(627,863,922)
Adjustments For :				
Warrants Written Back	(81,950)		(20,900)	
Employee Stock Compensation Credit (Erstwhile Aptech Scheme)	(819,500)		(209,000)	
Employee Stock Compensation Net Charge (2004 Scheme)	(1,141,703)		13,051,637	
Depreciation and Amortisation	248,197,393		184,870,171	
Fixed Assets Written off	12,688,192		394,335,836	
Goodwill on Consolidation Written off	-		102,992	
Preliminary Expenses Written off	-		2,228,079	
Impairment of Fixed Assets	272,727,760		-	
Provision for Doubtful Debts	184,377,468		211,153,000	
Interest and Finance Costs (Net)	61,635,998		34,047,155	
Unrealised Exchange Loss	(5,442,879)		(2,814,239)	
Loss on Sale of Fixed Assets (Net)	9,582,915		2,434,979	
		<u>781,723,694</u>		<u>839,179,710</u>
Operating Profit Before Working Capital Changes		359,604,292		211,315,788
Adjustments for Working Capital Changes				
Decrease/(Increase) in Inventory	260,140		(7,439,612)	
Decrease/(Increase) in Sundry Debtors	(126,941,472)		(62,488,089)	
Decrease/(Increase) in Loans and Advances - other than Subsidiaries	73,770,698		(35,236,466)	
Increase/(Decrease) in Current Liabilities and Provisions	(224,788,312)		29,943,540	
		<u>(277,698,946)</u>		<u>(75,220,627)</u>
Cash from/(used) in Operating Activities		81,905,346		136,095,161
Wealth Tax Paid/(Refund) (Net)	(123,710)		(57,291)	
Income Tax/Fringe Benefit Tax Paid/(Refund) (Net)	(3,958,668)		(10,243,933)	
		<u>(4,082,378)</u>		<u>(10,301,224)</u>
Net Cash from/(used) in Operating Activities		77,822,968		125,793,937
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(106,330,895)		(544,940,836)	
Part payment towards Purchase of Training and Education Business	(124,866,635)		(15,000,000)	
Minority Interest paid	-		(700)	
Preliminary Expenses incurred	-		22,400	
Sale of Fixed Assets	14,498,803		6,310,171	
Net Cash used in Investing Activities		(216,698,727)		(553,608,965)
(C) CASH FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital (ESOP and Preferential issue)	232,233,220		-	
Proceeds from issue of Warrants	20,160,000		-	
Proceeds from Borrowings (Net)	26,529,787		128,921,114	
Dividend paid during the year	(19,593)		(32,863,283)	
Dividend Tax paid	-		(4,293,397)	
Interest paid (Net)	(66,844,557)		(31,938,907)	
Net Cash from Financing Activities		212,058,857		59,825,527
Net (Decrease)/Increase in Cash & Cash equivalents		73,183,098		(367,989,501)
Cash & Cash equivalents at the beginning of the year		180,305,587		548,295,088
Cash & Cash equivalents at the end of the year		253,488,685		180,305,587
		<u>73,183,098</u>		<u>(367,989,501)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Notes :

1) Cash and Cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Schedule No. 5C of the Balance Sheet).

2) Cash and Cash equivalents include:	Current Year	Previous Year
Cash and Bank balances	256,032,087	177,406,110
Unrealised loss on foreign currency Cash and Cash equivalents	(2,543,402)	2,899,477
Total Cash and Cash equivalents	253,488,685	180,305,587

3) Proceeds from borrowings reflect the increase in secured and unsecured loans and is net of repayments.

4) Additions to fixed assets, sale of fixed assets and loans and advances given to Subsidiaries are considered as part of investing activities.

5) Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

6) The Company has Undrawn Working Capital Facility of Rs. 160,081,665/- (Previous year Rs. 49,344,459/-).

As per our attached report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. : 2242
Place : Mumbai
Date : May 19, 2006

For and on behalf of the Board of Directors

Pramod Khera
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

APTECH LIMITED
SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at		As at	
	Aptech & Subsidiaries Rupees	31st December, 2005 Share in Joint Venture Rupees	2005 Consolidated Rupees	31st December, 2004 Consolidated Rupees
SCHEDULE '1' - SHARE CAPITAL				
AUTHORISED				
60,000,000 Equity Shares of Rs. 10/- each	600,000,000	-	600,000,000	600,000,000
	<u>600,000,000</u>	<u>-</u>	<u>600,000,000</u>	<u>600,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
37,635,877 (Previous year 33,509,437) Equity Shares of Rs. 10/- each fully paid (Refer Note No. B-3(b) & 4(b) of Schedule 14)	376,358,770	-	376,358,770	335,094,370
	<u>376,358,770</u>	<u>-</u>	<u>376,358,770</u>	<u>335,094,370</u>
SCHEDULE '2' - RESERVES AND SURPLUS				
ESOP-ERSTWHILE APTECH LIMITED SCHEME (Refer Note No. B-4(a) of Schedule 14)	-	-	-	819,500
ESOP-2004 SCHEME (Refer Note No. B-4(b) of Schedule 14)	11,909,934	-	11,909,934	13,051,637
CAPITAL RESERVE	-	150,046	150,046	22,809
CAPITAL REDEMPTION RESERVE	88,480,000	-	88,480,000	88,480,000
SECURITIES PREMIUM ACCOUNT	664,494,580	-	664,494,580	473,525,760
GENERAL RESERVE				
Balance at the commencement of the year	40,070,164	4,675,438	44,745,602	330,750,275
Less : Adjustments on account of Application of New Accounting Standards Transitional provision				
a) Intangible Assets – Goodwill	-	-	-	7,144,563
– Courseware	-	-	-	3,244,552
b) Impairment of Fixed Assets (Refer Note No. B -7 of Schedule 14)	40,070,164	-	40,070,164	-
c) Add : Transferred from Profit and Loss Account	-	1,117,737	1,117,737	4,675,438
d) Less : Debit Balance in Profit and Loss Account deducted	-	-	-	280,290,996
	<u>-</u>	<u>5,793,175</u>	<u>5,793,175</u>	<u>44,745,602</u>
	<u>764,884,514</u>	<u>5,943,221</u>	<u>770,827,735</u>	<u>620,645,308</u>
SCHEDULE '3' - SECURED LOANS				
From Banks				
– Term Loans	246,392,025	-	246,392,025	101,732,694
– Working Capital Demand Loan	9,948,139	-	9,948,139	110,947,834
– Cash Credit Account	29,970,196	-	29,970,196	39,707,707
– Vehicle Loans	3,896,825	-	3,896,825	11,289,163
	<u>290,207,185</u>	<u>-</u>	<u>290,207,185</u>	<u>263,677,398</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET

SCHEDULE '4' - FIXED ASSETS - CONSOLIDATED

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION			IMPAIRMENT			NET BLOCK		
	As At Subsidiaries	Share In Joint Venture	As At 31-12-2005 Consolidated	As At Subsidiaries	Share In Joint Venture	As At 31-12-2005 Consolidated	As At Subsidiaries	Share In Joint Venture	As At 31-12-2005 Consolidated	As At Subsidiaries	Share In Joint Venture	As At 31-12-2005 Consolidated
Freehold Land	5,076,639	-	5,076,639	-	-	-	-	-	-	-	-	5,076,639
Buildings	137,676,316	14,346,074	152,022,390	8,113,647	3,957,004	12,070,651	66,914,782	-	86,814,782	120,032,469	10,381,070	130,449,539
Computer Hardware	511,303,976	-	511,303,976	81,686,688	-	81,686,688	156,065,192	-	156,065,192	192,692,806	-	192,692,806
Office Equipment	109,430,691	10,486,738	119,917,429	37,132,013	2,149,632	39,281,645	19,633,754	-	22,045,841	50,252,837	8,338,906	58,591,743
Electrical Fittings	15,565,620	-	15,565,620	11,906,163	-	11,906,163	9,006,654	-	9,006,654	3,649,757	-	3,649,757
Furniture and Fixtures	69,150,065	-	69,150,065	46,278,106	-	46,278,106	30,456,643	-	30,456,643	22,671,959	-	22,671,959
Vehicles	15,741,989	2,507,436	18,249,424	5,427,140	36,202	5,463,342	5,269,171	-	5,269,171	10,314,656	2,471,234	12,796,092
Intangible Assets												
Goodwill	95,260,844	-	95,260,844	26,196,731	-	26,196,731	16,670,647	-	16,670,647	69,064,113	-	69,064,113
Copyrights	273,628,277	-	273,628,277	81,770,682	-	81,770,682	28,517,499	-	28,517,499	35,339,407	-	35,339,407
Computer Software	112,347,034	-	112,347,034	35,752,789	-	35,752,789	19,692,399	-	19,692,399	9,474,932	-	9,474,932
Patents	-	39,200,000	39,200,000	-	7,943,894	7,943,894	-	-	-	-	31,256,116	31,256,116
TOTAL	1,346,571,860	66,544,248	1,412,116,108	514,973,959	14,096,922	529,070,881	289,916,788	-	312,797,994	517,799,977	59,447,996	570,247,993
Previous Year	1,342,601,631	12,596,771	1,355,198,402	266,760,673	4,766,195	293,516,788	-	-	-	1,063,841,099	7,840,676	1,061,681,634

Notes :

- 1 Buildings include value of properties in co-operative societies including shares of respective societies of Rs. 1,000/-.
- 2 Included above , adjustments on account of Fixed Assets written off Cost Rs. 16,159,446/-, Accumulated Depreciation Rs. 3,471,254/- (Refer Note No. B-5 & 6 of Schedule 14).
- 3 Refer Note No. B-7 of Schedule 14 for impairment of assets.

APTECH LIMITED
SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at		As at	
	Aptech & Subsidiaries Rupees	31st December, 2005 Share in Jont Venture Rupees	Consolidated Rupees	31st December, 2004 Consolidated Rupees
SCHEDULE '5' - CURRENT ASSETS, LOANS AND ADVANCES				
A. INVENTORIES				
Education and training materials	12,132,689	14,015,206	26,147,895	26,408,035
B. SUNDRY DEBTORS				
(Unsecured, considered good except otherwise Stated)				
Due for period exceeding six months	573,316,995	8,972,225	582,289,220	416,853,667
Others	374,513,473	6,663,593	381,177,066	419,671,147
	<u>947,830,468</u>	<u>15,635,818</u>	<u>963,466,286</u>	<u>836,524,814</u>
Less : Provision for doubtful debts	419,919,290	-	419,919,290	235,541,822
	<u>527,911,178</u>	<u>15,635,818</u>	<u>543,546,996</u>	<u>600,982,992</u>
Notes : Sundry Debtors includes				
a) Considered good Rs. 543,546,996/- (Previous year Rs. 600,982,992/-).				
b) Considered doubtful Rs. 419,919,290/- (Previous year Rs. 235,541,822/-).				
(Refer Note No. B-8 of Schedule 14)				
C. CASH AND BANK BALANCES				
1) Cash in hand	469,504	35,153	504,657	1,636,928
2) Bank balances				
a) Balances with Scheduled Banks				
i) Current Accounts				
(Including Exchange Earners Foreign Currency Accounts Rs. 15,185,270/- (Previous year Rs. 19,155,361/-))	97,715,758	-	97,715,758	82,839,704
ii) Deposit Accounts				
(Including Margin Deposit Rs. 450,000/- (Previous year Rs. 16,975,073/-) and including interest accrued Rs. 8,934/- (Previous year Rs. 101,073/-))	13,370,016	-	13,370,016	17,215,323
	<u>111,555,278</u>	<u>35,153</u>	<u>111,590,431</u>	<u>101,691,955</u>
b) Balances with Non-Scheduled Banks				
Current Accounts				
United Mercantile Co.op.Bank (Maximum balance during the year Rs. 35,523/- (Previous year Rs 166,512/-))	5,000	-	5,000	5,000
Prime Bank Limited (Maximum balance during the year Rs. 2,311/- (Previous year Rs.2,311/-))	1,239	-	1,239	2,311
Southeast Bank Limited (Maximum balance during the year Rs.55,422/- (Previous year Rs. 193,782/-))	6,874	-	6,874	32,618
Standard Chartered Bank (Maximum balance during the year Rs. 1,654/- (Previous year Rs.3,142/-))	886	-	886	1,654
Citi Bank N. A. (Maximum balance during the year Rs.8,887,368/- (Previous year Rs.45,994,305/-))	1,554,229	-	1,554,229	4,863,101
Bank of China (Maximum balance during the year Rs. 5,807,737/- (Previous year Rs. 7,871,327/-))	-	5,807,737	5,807,737	4,073,904
Citic Bank China (Maximum balance during the year Rs. 419,901,189/- (Previous year Rs. 133,471,135/-))	-	137,065,691	137,065,691	66,735,567
	<u>113,123,506</u>	<u>142,908,581</u>	<u>256,032,087</u>	<u>177,406,110</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at 31st December, 2005		As at 31st December, 2004	
	Aptech & Subsidiaries Rupees	Share in Jont Venture Rupees	Consolidated Rupees	Consolidated Rupees
D. LOANS AND ADVANCES				
(Unsecured, considered good except otherwise stated)				
To Others	24,213,536	-	24,213,536	51,738,049
Advances recoverable in cash or in kind or for value to be received	18,056,102	-	18,056,102	54,148,836
Deposits (Refer Note No. B-9 of Schedule 14)	65,394,877	-	65,394,877	76,630,962
Advance Payment of Income Tax/Fringe Benefit Tax	38,527,022	1,095,584	39,622,606	27,077,170
	146,191,537	1,095,584	147,287,121	209,595,017
Less : Provision	82,151,855	-	82,151,855	74,907,601
	64,039,682	1,095,584	65,135,266	134,687,416
	717,207,055	173,655,189	890,862,244	939,484,553
SCHEDULE '6' - CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Acceptances	-	-	-	245,966,472
Sundry Creditors				
Outstanding dues to creditors other than Small Scale Industrial undertakings (Refer Note No. B-11 of Schedule 14)	332,396,231	56,948,031	389,344,262	428,653,347
Advances from Customers	24,903,743	-	24,903,743	49,967,822
Unclaimed Dividend *	626,561	-	626,561	646,154
Interest accrued but not due on loans	-	-	-	248,489
Other liabilities (Refer Note No. B-12 of Schedule 14)	13,118,576	-	13,118,576	42,773,084
	371,045,111	56,948,031	427,993,142	768,255,368
* Includes amounts outstanding to be credited, as and when due, to Investor Education and Protection Fund.				
B. PROVISIONS FOR				
Income Tax/Fringe Benefit Tax	2,736,440	10,228,600	12,965,040	11,430,624
Leave Encashment	7,453,882	-	7,453,882	7,499,389
	10,190,322	10,228,600	20,418,922	18,930,013
	381,235,433	67,176,631	448,412,064	787,185,381

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Aptech & Subsidiaries Rupees	Share in Jont Venture Rupees	Consolidated Rupees	Consolidated Rupees
SCHEDULE '7' - INCOME FROM OPERATIONS				
Training and Education Income	1,053,896,129	429,714,580	1,483,610,709	1,263,471,715
Income from Testing Services Operations	16,465,702	-	16,465,702	1,082,154
Income from Content Development	43,293,921	-	43,293,921	17,117,307
	1,113,655,752	429,714,580	1,543,370,332	1,281,671,176
SCHEDULE '8' - OTHER INCOME				
Warrants written back (Refer Note No. B-4(a) of Schedule 14)	81,950	-	81,950	20,900
Exchange rate gain	2,173,677	6,633,613	8,807,290	-
Liabilities no longer required written back (Refer Note No. B-12 of Schedule 14)	12,565,068	-	12,565,068	-
Miscellaneous income	3,787,187	1,714,020	5,501,207	1,750,906
	18,607,882	8,347,633	26,955,515	1,771,806

APTECH LIMITED

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Aptech & Subsidiaries Rupees	Share in Joint Venture Rupees	Consolidated Rupees	Consolidated Rupees
SCHEDULE '9' - TRAINING AND EDUCATION EXPENSES				
Education, Training Expenses and Course Materials (Excess provision of earlier year written back Rs. 1,264,440/- (Previous year Rs. Nil))	74,958,249	93,672,980	168,631,229	264,363,249
Course Execution Charges (Refer Note No. B-13 & 14 of Schedule 14) (Includes prior period expenses Rs. 14,721,420/- (Previous year Rs. Nil) and excess Provision of earlier year written back Rs. 398,104/- (Previous year Rs.8,214,713/-))	398,869,411	-	398,869,411	216,226,200
Content Development Charges	-	-	-	1,692,450
	<u>473,827,660</u>	<u>93,672,980</u>	<u>567,500,640</u>	<u>482,281,899</u>
SCHEDULE '10' - MARKETING AND ADVERTISEMENT EXPENSES				
Advertisement Expenses (Excess provision of earlier year written back Rs. Nil (Previous year Rs. 2,033,461/-))	29,719,976	46,334,712	76,054,688	55,456,041
Business Promotion	3,783,676	1,992,001	5,775,677	5,279,110
	<u>33,503,652</u>	<u>48,326,713</u>	<u>81,830,365</u>	<u>60,735,151</u>
SCHEDULE '11' - PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salary and other allowances	185,485,531	70,528,763	256,014,294	189,418,829
Contribution to Provident Fund and Other Funds	10,176,013	7,509,570	17,685,583	25,885,696
Staff Welfare Expenses	6,609,293	3,752,203	10,361,496	8,110,271
	<u>202,270,837</u>	<u>81,790,536</u>	<u>284,061,373</u>	<u>223,414,796</u>
SCHEDULE '12' - ADMINISTRATION AND OTHER EXPENSES				
Rent	12,039,859	7,609,952	19,649,811	16,041,948
Rates and Taxes	11,171,422	24,722,606	35,894,028	37,256,853
Travelling and Conveyance Expenses	41,431,491	10,563,939	51,995,430	50,385,491
Electricity Charges	10,531,541	-	10,531,541	9,844,781
Communication Expenses	17,198,217	2,483,860	19,682,077	21,199,934
Repairs and Maintenance				
- Buildings	1,083,207	-	1,083,207	1,037,312
- Plant & Machinery	3,831,972	-	3,831,972	9,956,840
- Others	12,393,068	201,692	12,594,760	23,618,613
Insurance Premium	688,378	-	688,378	944,014
Legal and Professional Charges	71,950,211	4,298,533	76,248,744	29,850,859
Bad Debts/Advances Written off	108,816	-	108,816	2,951,947
Exchange Difference (Net)	-	-	-	18,873,117
Loss on Sale/Disposal of Fixed Assets	8,817,216	765,699	9,582,915	2,434,979
Goodwill arising on Consolidation Written off	-	-	-	102,992
Director's Sitting Fees	375,000	-	375,000	295,000
Printing and Stationery	6,802,866	987,774	7,790,640	13,085,103
Preliminary Expenses Written off	-	-	-	2,228,079
Miscellaneous Expenses	26,220,112	10,414,893	36,635,005	29,612,160
	<u>224,643,376</u>	<u>62,048,948</u>	<u>286,692,324</u>	<u>269,720,022</u>
SCHEDULE '13' - INTEREST AND FINANCE EXPENSES				
Interest on				
- Term Loans	27,891,177	-	27,891,177	7,874,526
- Working Capital Demand Loans	18,641,210	-	18,641,210	12,190,340
- Others	12,918,647	-	12,918,647	4,084,379
Finance Charges	5,663,675	-	5,663,675	12,590,832
	<u>65,114,709</u>	<u>-</u>	<u>65,114,709</u>	<u>36,740,077</u>
Less : Interest Income				
Interest on Fixed Deposits with Banks	2,800,710	629,291	3,430,001	1,718,737
Other Interest	48,710	-	48,710	974,185
	<u>2,849,420</u>	<u>629,291</u>	<u>3,478,711</u>	<u>2,692,922</u>
	<u>62,265,289</u>	<u>(629,291)</u>	<u>61,635,998</u>	<u>34,047,155</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

SCHEDULE "14" SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

Accounting policies uniformly followed by all the entities to the consolidation :

(a) Basis of Preparation:

The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard 21 (AS), "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS- 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India (ICAI).

(b) Principles of Consolidation :

- The Consolidated Financial Statements comprise the financial statement of the Parent Company (Aptech Limited) and its subsidiary companies and joint venture.
- Intercompany transactions have been eliminated on consolidation.
- As required by the consolidation procedures prescribed by the Accounting Standards, the following eliminations/adjustments have been necessitated in the CFS

Sr. No.	Particulars	Amount in Rs.
(i)	Share Capital in Subsidiaries/Joint Venture	70,547,431
	Investments in Subsidiaries/Joint Venture	70,547,431

(c) Foreign Subsidiaries :

In case of foreign subsidiaries, the financial statements have been translated into Indian rupees. The Balance Sheet items have been translated at closing rate while Share Capital has been translated at the transaction date. The income and expenditure items have been translated at the average rate for the year. Exchange Gain/(Loss) are recognised in the Profit and Loss Account.

(d) Accounting Policies :

Most of the accounting policies of the reporting company and that of its subsidiaries and joint ventures are similar. However, since certain subsidiaries / joint ventures which function in a different countries and have different regulatory environment, certain accounting policies in respect of depreciation differ. The accounting policies of the companies are in line with generally accepted accounting principles in India.

B) NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS :

- The list of Subsidiary Companies and Joint Venture, which are included in the consolidation and the Company's holdings therein are as under:

Name of the Company	Country of Incorporation	Relationship	Ownership Interest
Aptech Training Limited FZE	UAE	Subsidiary	100%
Aptech (WOS) Bangladesh Limited	Bangladesh	Subsidiary	100%
Beijing Aptech Beida Jade Bird Information Technology Co. Limited	China	Joint Venture	50%
Aptech Worldwide Corporation	United States of America	Subsidiary	100%
Aptech Software Limited	India	Subsidiary	100%
Attest Testing Services Limited	India	Subsidiary	100%
Aptech Training & Education Trust	India	Control - Subsidiary	
Aptech Education Society	India	Control - Subsidiary	

APTECH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

There are no more entities/companies other than those consolidated which should be consolidated on the basis of shareholding exceeding 50% or on the basis of the control.

2. Capital Commitments and Contingent Liabilities :

(Rupees)

Particulars	2005	2004
a. Capital Commitments :		
Estimated amounts of contracts remaining to be executed on capital account and not provided for	4,451,046	21,348,047
b. Contingent liabilities in respect of :		
i) Claims against the Company not acknowledged as debts	137,518,189	83,178,723
ii) Counter Guarantees to banks/ third Parties	37,192,071	86,937,230

3. a) During the year, SSI Limited, the erstwhile promoters of the Parent Company sold 3,351,000 equity shares constituting 10% of the then equity share capital of the Company to M/s. Aptech Investments. M/s. Aptech Investments made an open offer to the shareholders to acquire up to 20% of the fully diluted equity voting capital, which was completed on October 28, 2005. The Board of Directors of the company was reconstituted thereafter.
- b) After obtaining the requisite approvals, the Parent Company made a preferential allotment of 3,600,000 and 300,000 fully paid up equity shares of the Parent Company of face value Rs. 10/- each at a premium of Rs.46/- each to M/s. Aptech Investments and Mr. Alok Agarwal. Consequent to the said preferential allotment, there is an increase in the share capital (refer Schedule "1 Share Capital") and Securities Premium Account (refer Schedule"2 Reserves and Surplus") by Rs. 39,000,000/- and Rs. 179,400,000/- respectively.
- c) In addition to the aforesaid, 3,600,000 convertible warrants were also allotted, on the aforesaid allotment date, to M/s. Aptech Investments at a price of Rs. 56/- per warrant. Each warrant is convertible at the sole option of the holder into one fully paid equity share of the Parent Company, any time before the expiry of 18 months from its allotment. As per the SEBI Preferential Issue Guidelines, 10% of the consideration in respect of the said warrants was received at the time of allotment and have been reflected in the Balance Sheet at Rs. 20,160,000/- as warrants.
- d) Pursuant to the preferential allotment of shares as stated in note 3(b) above, the proceeds of the issue received by the company aggregated to Rs. 238,500,000/-. From the issue proceeds, the balance consideration due to SSI Limited for acquisition of "Training and Education business" was liquidated; investment in Joint Venture in China and creation of an India Window Program (IWP) was completed apart from liquidating the cash credit utilisation from the bank.
4. a) 330,000 warrants were allotted by the erstwhile Aptech Limited, now Hexaware Technologies Limited to its trust namely "Aptech Employees Welfare Trust" under Employees Stock Option Scheme (ESOS), which stood transferred to the Parent Company, pursuant to the scheme of de-merger of training division of erstwhile Aptech Limited approved by the High Court of Judicature at Bombay with effect from the appointed date i.e. April 1, 2001. The scheme has been discontinued by Hexaware Technologies Limited. Accordingly, 81,950 warrants and the outstanding amount in the Employee Stock Option Outstanding Account in Schedule-2 "Reserves and Surplus" have been written back.
- b) Based on the resolution for Employee Stock Option earlier approved, the Parent Company has granted 1,036,500 stock options on February 13, 2004 to the eligible employees comprising of 310,950, 362,775 and 362,775 options, with a vesting period of 12, 24 and 36 months respectively from the award date and an exercise period of one year from the respective vesting dates.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

Details of Options Granted, Exercised and Lapsed	2005	2004
Options granted and outstanding at the beginning of the year	858,600	-
Add: Granted during the year	-	1,036,500
Less: Lapsed during the year	113,340	177,900
Less: Options exercised against which shares were allotted as per scheme	226,440	-
Options granted and outstanding at the end of the year	518,820	858,600

The stock option discount in the aforesaid scheme, computed as per SEBI guidelines in this respect, is being amortised on a straight line basis over the vesting period. Accordingly, during the year Rs. 5,445,437/- (Previous year Rs. 13,051,637/-) being the proportionate net charge of discount for the year, has been included in "Salaries and other allowances" in the Schedule of "Payments to and Provisions for Employees" (Schedule "12"). The unamortised amount has been netted off from the total option outstanding, and the net amount of Rs. 11,909,934/- (Previous year Rs. 13,051,637/-) is shown under "Reserves and Surplus" in accordance with the relevant guidelines issued by Securities and Exchange Board of India.

During the year 310,950 options were exercisable against which 226,440 options were exercised as at the end of the year. Accordingly, Rs. 6,587,140/- was transferred from the Employee Stock Options Outstanding (ESOP 2004) to Securities Premium Account in Schedule "2".

5. Owing to the unprecedented floods which occurred on 26th July 2005, in most parts of Mumbai, a substantial part of a subsidiary company's assets mainly comprising Courseware, Software, Computers and Furniture & fixtures, whose net book value was Rs. 166,091,797/- were completely destroyed. The backup of the courseware / software was not kept by the subsidiary company and was not available from the vendor on the request made by the said company. A part of the loss was indemnified by the insurance company to the tune of Rs. 8,172,226 /-. The net losses incurred of Rs. 157,919,570/- is reflected as Loss of Assets.
6. Premises includes acquisition by a subsidiary company together with the building structure, fixed furniture & fixtures and installations for a value of Rs. 47,500,000/-. Owing to floods as stated in Note 5 above, the installations, furniture and other fixtures were damaged. The surveyor appointed to assess the damage placed a net value of Rs. 7,528,056/- included in the loss of Rs. 166,091,797/- as stated in Note 5 above and is reduced from the value of the buildings as stated in Schedule "4" fixed assets.
7. During the year, the Accounting Standard (AS) 28 on Impairment of Assets issued by ICAI became mandatory. In terms of the transitional provision of the standard, all the companies have assessed its assets for impairment at the beginning and at the end of the year.
 - (a) Consequently, in the Parent Company, fixed assets being Computer Hardware and Office Equipments utilized for an Institutional Project have been impaired to the extent of Rs.45,508,278/- and Rs.14,918,647/- respectively, aggregating to Rs. 60,426,925/- in the beginning of the year. This amount has been adjusted against the General Reserve of Rs. 40,070,164/- and the balance amount of Rs.20,356,761/- has been debited to Profit and Loss Account.

The Parent Company reassessed the assets for impairment at the end of the year. Fixed Assets being Computer Hardware and Software and Office Equipments utilized for the said institutional project being further impaired to the extent of Rs. 21,413,885/- and Rs. 7,127,194/- respectively, aggregating to Rs.28,541,079/- which has been debited to Profit and Loss Account.

The impairment to the assets used in the said project is due to higher operational expenditures mainly on account of faculty salaries, absenteeism, delayed implementation etc. has led to a decrease in the recoverable amount of the fixed assets. The recoverable amount is the value in use arrived at by applying a discounting rate of 13.79% p.a. to the estimated future cash flows from the project.

- (b) The subsidiary companies have assessed their assets for impairment as on 31st December, 2005 giving due consideration to projected generation of economic benefits from fixed assets. Projects, which were intended to be secured by the acquisition of the courseware, could not materialize and the management is of the considered opinion that the same may not materialize in the near future. Considering that the courseware was designed for specific type of projects, the entire carrying value of the asset is impaired. Consequently, on 31st December, 2005, impairment loss to the extent of Rs. 66,254,855/- has been debited to Profit and Loss Account.

APTECH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

8. The Parent Company, during the year has revisited its policy in the matter of receivables keeping in mind the changed business scenario now unfolding. Resultantly, as a measure of prudence, receivables which were long outstanding and whose recovery has been becoming increasingly difficult was identified and provided for. With the provision of Rs. 184,377,468/- in the current year and Rs. 211,153,000/- in the previous year, the incidence of receivables becoming doubtful of recovery would, in the view of the management, greatly diminish in the future.
9. Deposits in Schedule "5 D Loans and Advances" include deposits for premises, telephones and electricity of certain training centers which are non-operational/closed which were passed on to the Parent Company at the time of acquisition of SSI - Training & Education business in 2003. Supporting documents in respect of many of them are not available. Considering the time involved in the effective closure/shut down of such centers, disputes and such other considerations, the Parent Company has out of abundant caution, although efforts to recover such deposits would be made, provided for Rs. 28,321,269/- in the current year.
10. During the earlier years, the Parent Company had formed Aptech Education Society in Chattisgarh, which established a private university viz. Aptech University. The Parent Company being the sponsor had advanced interest free unsecured loans/advances to the society which were fully provided for in the previous year.

The Aptech University was rendered null and void by the Supreme Court vide its order dated February 11, 2005 since the manner in which the private universities were created by the state of Chattisgarh was not strictly in accordance with the technicalities of passing the law through state legislature. Although, appropriate legal steps, on behalf of Society, had been taken, the Company considering the nature of the issue had decided not to pursue the matter. The students earlier enrolled in the Aptech University have been either transferred to other reputed Universities or have been otherwise settled by way of repayment of the fees earlier paid. The Society is in the process of being dissolved.

During the year, a net amount of Rs. 27,287,596/- was recovered from the Society.

11. Small scale undertakings in Sundry creditors have been identified based on the information/documents available with the company.
12. "Other income" includes old liabilities no longer required written back pertaining to Sundry Creditors, Caution deposits, Gratuity, liabilities no longer required, etc. totaling to Rs. 12,565,068/-.
13. "Course Execution charges" under Schedule "10" Training and Education Expenses includes expenses incurred towards execution of projects as detailed under :

Break up of expenses	2005	2004
Faculty Salaries	85,962,816	13,730,772
Repairs and Maintenance to Computers and Others	11,819,691	7,381,060
Electricity	5,010,185	705,891
Telephone	5,280,987	-
Freight & Forwarding	1,429,394	9,125,100

14. During the year, one of the institutional project being executed by the Parent Company has held back Rs. 61,487,322/- out of the dues receivable by the Company towards certain non-fulfillment of the contract terms without giving the requisite details for the same. The Parent Company is in correspondence with the client to obtain details and resolve the difference. Pending the final outcome of such discussions, as a measure of abundant caution the Company has provided Rs.30,000,000/- and the balance of Rs.31,487,322/- has been reflected under Contingent Liabilities as stated in note 2 above.

15. Related Party Disclosures

a) Names of related parties and description of relation :

- i) Company Whose Control Exists : Aptech Investments (w.e.f 28th October, 2005)
SSI Limited (until 28th October, 2005)
- ii) Key Management Personnel : Mr. Pramod Khera, Managing Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

b) Transactions with related parties:

Nature of Transactions	Company whose control exists (Rupees)	Key Management Personnel (Rupees)	Others (Rupees)	Total (Rupees)
Expenses <i>(Previous year)</i>	7,611,659 <i>(-)</i>	4,483,719 <i>(3,068,812)</i>	- <i>(-)</i>	12,095,378 <i>(3,068,812)</i>
Finance				
Loans Given				
Balance as at January 1, 2005 <i>(Previous year)</i>	- <i>(-)</i>	661,476 <i>(-)</i>	301,120 <i>(3,646,904)</i>	962,596 <i>(3,646,904)</i>
Fresh Loans During the year <i>(Previous year)</i>	- <i>(-)</i>	- <i>(661,476)</i>	(-) <i>(286,122)</i>	- <i>(947,598)</i>
Repaid/Adjusted during the year <i>(Previous year)</i>	- <i>(-)</i>	661,476 <i>(-)</i>	- <i>(3,631,904)</i>	661,476 <i>(3,631,904)</i>
Balance as at December 31, 2005** <i>(Previous year)</i>	- <i>(-)</i>	- <i>(661,476)</i>	301,120 <i>(301,120)</i>	301,120 <i>(962,596)</i>
Creditors Balance as at December 31, 2005 <i>(Previous year)</i>	- <i>(124,866,635)</i>	- <i>(-)</i>	- <i>(-)</i>	- <i>(124,866,635)</i>

1) Related party relationship is as identified by the Parent Company and relied upon by the Auditors.

2) Figures in brackets represent corresponding figures for the Previous year.

** Includes Rs. 301,120/- (Previous year NIL) provided for as Doubtful of recovery.

c) Out of the above items transactions in excess of 10% of the total related party transactions are as under:

Transaction	Relationship	2005	2004
Expenditure : Remuneration			
Mr. Pramod Khera	Key Management Personnel	4,483,719	3,049,995
Expenditure : Interest			
SSI Limited	Company whose control exists	7,353,326	-

16. Earnings per Share:

	2005	2004
Profit/(Loss) after tax attributable to Shareholders (Rupees)	(438,220,250)	(618,669,673)
Weighted average number of equity shares Outstanding during the year		
Basic and Diluted	34,984,852	33,509,437
Nominal value of equity shares (Rupees)	10/-	10/-
Basic and Diluted EPS (Rupees)	(12.53)	(18.46)

Note: Warrants issued and options granted under ESOP Schemes, have not been considered for the computation of Diluted EPS since the same have an anti-dilutive effect.

APTECH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

17. (a) The Deferred Tax Asset computed in accordance with AS-22 "Accounting for Taxes on Income", has not been recognized in the books of the parent and few of the subsidiaries in the current year as availability of sufficient future taxable income against which such deferred tax asset can be realized is presently not "virtually certain".
- (b) The Joint Venture (JV) in China is a new technology enterprise located in new technology zone. According to income tax exemption and reduction granted to the JV and as approved by the local tax authorities, the applicable income tax rates of the Company during the tax incentive period are as follows:

Year	Tax Incentive Programme	Effective Tax Rate
2002	Exempted from income tax	-
2003-2005	50% reduction of tax rate	7.5%
2005 and after 2005	Incentive tax rate	15%

Provision for PRC income tax is calculated at 15% (2004: 7.5%) of the estimated assessable profit for the year as explained above. There is no 'Deferred Tax Accounting' in the Joint Venture.

18. Some of the subsidiaries and the joint venture follow different accounting policies, disclosed under paragraph A(d) above, as compared to the policies followed by the Parent company where, in the opinion of the management, it is not practicable to use uniform accounting policies in the Consolidated Financial Statements and the impact of which is not ascertainable. The portions of the items in the Consolidated Financial Statements, for which different accounting policies have been followed are as stated below:

Particulars	Accounting Policy for	Amount of items for different Accounting Policy is followed (Rs.)	Portion of such items to total
Fixed Assets	Depreciation	2,331,054	0.17%

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

19. Consolidated Segmental report for the year ended December 31, 2005 Primary Segment information : Business Segment

Particulars	2005						2004					
	Business Segments			Unallocable	Total	Total	Business Segments			Unallocable	Total	
	Retail		Institutional				Retail		Institutional			
	I.T. Education	Multimedia	I.T. Education				Multimedia	Institutional				
Revenue												
Income from Segment	864,599,890	99,700,889	595,709,471	10,321,597	1,570,325,847	691,561,041	74,993,639	515,086,486	1,771,806	1,283,442,962		
Results before Interest and Tax and Exceptional Items	387,818,274	75,500,957	(128,533,777)	(232,741,702)	102,049,752	19,410,376	32,719,941	223,827,656	(213,537,030)	66,420,943		
Less: Interest Expenses and Finance Charges	-	-	-	61,635,998	61,635,998	-	-	-	34,047,155	34,047,155		
Profit before Tax and Exceptional Items	387,818,274	75,500,957	(128,533,777)	(294,377,700)	40,407,754	19,410,376	32,719,941	223,827,656	(247,584,185)	26,373,788		
Exceptional Items	(5,126,957)	-	-	(9,383,561)	(14,510,518)	-	-	-	-	-		
Provision no longer required written back	3,142,465	198,261	136,850	3,766,678	7,244,254	1,280,364	55,700	515,312	48,897,498	50,748,874		
Provision for Doubtful Advances	41,914,896	-	230,812,864	-	272,727,760	-	-	-	-	-		
Impairment of Fixed Assets	-	-	-	12,688,192	12,688,192	-	-	-	394,335,636	394,335,636		
Fixed Assets Written off	140,887,383	23,055,636	20,434,449	184,377,468	184,377,468	132,816,528	3,686,122	24,670,350	50,000,000	211,153,000		
Provision for Doubtful Debts	207,000,487	52,247,060	(379,917,940)	(301,449,009)	(422,119,402)	(114,686,516)	28,998,119	198,641,994	(740,817,519)	(627,663,922)		
Profit/(Loss) before Tax	207,000,487	52,247,060	(379,917,940)	(16,100,848)	16,100,848	(114,686,516)	28,998,119	198,641,994	(9,194,249)	(9,194,249)		
Less: Provision for Current tax (net)	-	-	-	(317,549,857)	(438,220,250)	-	-	-	(731,623,270)	(618,669,673)		
Profit/(Loss) after Tax	207,000,487	52,247,060	(379,917,940)	(16,100,848)	16,100,848	(114,686,516)	28,998,119	198,641,994	(731,623,270)	(618,669,673)		
Other Information												
Carrying amount of Segment Assets	449,036,984	20,503,528	293,169,586	708,399,449	1,461,109,547	315,097,302	37,237,623	845,029,335	803,801,927	2,001,166,187		
Carrying amount of Segment Liabilities	161,896,491	14,900,139	495,402,938	66,419,681	738,619,249	107,143,452	19,113,526	451,708,900	472,896,901	1,060,862,779		
Capital Expenditure	-	-	5,798,609	100,532,287	106,330,896	-	-	383,013,823	397,269,397	780,283,220		
Depreciation/Amortization	-	-	125,809,648	122,387,745	248,197,393	-	-	-	184,870,171	184,870,171		
Significant Non-Cash Expenditure	186,018,540	23,288,897	251,384,183	16,454,870	477,146,490	8,217,606	3,816,964	25,245,186	246,447,181	283,726,937		

Notes :

- The Company has identified Business Segments as the primary segment. Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and internal reporting system.
- Fixed Assets (except for Projects related to Institutional Segment) are not identified segment wise as these are used interchangeably between segments. The management believes that meaningful segregation of Assets and Liabilities on segment basis is currently not practicable.
- Unallocable expenses include fixed assets written off (including intangible assets written off) Rs. 12,688,192/-. Such Fixed Assets written off are not allocated to any segment, since these assets are not identified segmentwise for the reasons as explained in note no. 2 above.

Secondary Segment information : Geographical Segment

Particulars	2005			2004		
	Revenue from Customers by location	Carrying amount of Segment assets by location	Addition to Fixed Assets	Revenue from Customers by location	Carrying amount of Segment assets by location	Addition to Fixed Assets
	India	930,294,171	1,320,673,953	37,439,588	1,070,376,291	1,951,999,997
Outside India	640,031,676	140,435,594	68,891,308	213,066,691	49,166,190	89,243,985

APTECH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

20. The figures for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants
Shivji K. Vikamsey
Partner
Membership No. : 2242
Place : Mumbai
Date : May 19, 2006

For and on behalf of the Board of Directors

Pramod Khera
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

AUDITORS' REPORT

To the Members of Aptech Limited

1. We have audited the attached Balance Sheet of **Aptech Limited** (herein after referred to as "the Company"), as at 31st December, 2005 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (herein after referred to as "the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (herein after referred to as "the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to above, we report that :
 - i) 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;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Act;
- v) On the basis of written representations received from the directors, as on 31st December, 2005, and taken on record by the board of Directors, we report that none of the directors is disqualified as on 31st December, 2005 from being appointed as a director in terms of section 274(1) (g) of the Act;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2005;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement of the cash flows of the Company for the year ended on that date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242

Place : Mumbai
Date : March 25, 2006

Annexure referred to in our Auditor's Report to the Members of APTECH LIMITED of even date

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) *As informed, the Company is in the process of carrying out physical verification of its fixed assets. Discrepancies, if any, will be ascertained after the completion of the physical verification and necessary adjustment will be made in the books of accounts then.*
- (c) The Company has not disposed of a substantial part of its fixed assets during the year.
- ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) (a) During the year, the Company has not given any loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence, Clauses (iii) (b), (c) & (d) of the Order, are not applicable.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act, 1956. Hence Clauses (iii) (f) & (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. *In our opinion the internal control system*

for the sale of services rendered needs to be strengthened to make it commensurate with the size of the Company and the nature of its business.

- v) Based on the audit procedures applied by us and according to the information and explanations given to us, there were no transactions exceeding Rs. 5 Lacs with any party covered under Section 301 of the Act that need to be entered into the register maintained under the said Section. Hence Clause (v) (b) of the order is not applicable.
- vi) In our opinion and according to information and explanation given, the Company has not accepted any deposit from the public and hence directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public are not applicable to Company.
- vii) In our opinion, the internal audit functions carried out by a firm of Chartered Accountants appointed by the Company, *needs to be strengthened to be commensurate with the size of the Company and the nature of its business, with respect to areas covered by internal audit and appropriate/timely follow-up for the management responses/action in respect of the observations reported by them.*
- viii) In our opinion, the Company is not required to maintain accounts or records pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act.
- (ix) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Cess, and other material statutory dues applicable to it. There were no arrears as at 31st December, 2005 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, particulars of outstanding dues of Sales Tax have not been deposited on account of any disputes are given below ;

Name of Statute	Nature of the Dues	Period	Amount (Rs.)	Forum where dispute is pending
Sales Tax Act	Sales Tax	A.Y. 2000-2001 A.Y. 2001-2002 A.Y. 2002-2003	5,202,773	Tribunal

We are informed that there are no outstanding dues of Income Tax, Wealth Tax, Service Tax, Excise Duty and Cess not deposited on account of any dispute.

- (x) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and it has not incurred cash losses in the current or in the immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order, are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a subsidiary from banks or financial institutions, the terms

and conditions whereof, in our opinion, are prima facie, not prejudicial to the interest of the Company.

- xvi) According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money through a public issue during the year.
- xxi) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242

Place : Mumbai
Date : March 25, 2006

APTECH LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2005

Particulars	Schedule	As at	
		31st December, 2005 Rupees	31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	376,358,770	335,094,370
Warrants (Refer Note no. B-3(c) & 4(a) of Schedule 15)		20,160,000	81,950
Reserves and Surplus	2	764,884,514	615,947,061
		1,161,403,284	951,123,381
LOAN FUNDS			
Secured Loans	3	255,348,966	220,100,906
		255,348,966	220,100,906
TOTAL FUNDS EMPLOYED		1,416,752,250	1,171,224,287
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	1,009,989,927	1,016,106,600
Less : Accumulated Depreciation and Impairment		550,138,830	276,356,887
Net Block		459,851,097	739,749,713
INVESTMENTS			
	5	28,632,535	59,659,931
CURRENT ASSETS, LOANS AND ADVANCES			
	6		
Inventories		12,132,689	12,714,561
Sundry Debtors		602,283,231	637,915,252
Cash and Bank Balances		106,853,974	98,763,945
Loans and Advances		259,320,799	392,910,336
		980,590,693	1,142,304,094
Less:			
CURRENT LIABILITIES AND PROVISIONS			
	7		
Liabilities		365,158,624	752,239,315
Provisions		9,512,507	18,250,136
		374,671,131	770,489,451
NET CURRENT ASSETS		605,919,562	371,814,643
PROFIT AND LOSS ACCOUNT		322,349,056	-
TOTAL FUNDS UTILISED		1,416,752,250	1,171,224,287
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	15		

Schedules referred to above form an integral part of the accounts

As per our attached report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242

Place : Mumbai
Date : March 25, 2006

For and on behalf of the Board of Directors

Pramod Khera
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Schedule	2005		2004	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Operations	8	1,002,841,272		998,847,887	
Dividend from Operating Subsidiaries/Joint Ventures		120,831,024		54,172,727	
Other Income	9	20,827,910		1,660,666	
(Refer Note no.B-14 of Schedule 15)			1,144,500,206		1,054,681,280
EXPENDITURE					
Training and Education Expenses	10	434,057,415		331,568,862	
Marketing and Advertisement Expenses	11	31,836,702		31,025,194	
Payments to and Provision for Employees	12	123,974,550		148,142,099	
Administration and Other Expenses	13	147,019,516		169,498,711	
Interest and Finance Expenses (Net)	14	57,281,591		30,058,824	
			794,169,774		710,293,690
PROFIT BEFORE DEPRECIATION/AMORTISATION AND EXCEPTIONAL ITEMS					
Depreciation and Amortisation			350,330,432		344,387,590
			195,137,485		171,685,574
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX					
			155,192,947		172,702,016
EXCEPTIONAL ITEMS					
Fixed Assets Written Off		12,688,192		394,335,836	
Provision for Doubtful Advances (Net of Recoveries made against earlier years Provisions)		198,603,784		246,571,986	
Provision for Diminution in Investment Impairment of Fixed Assets		41,914,896		-	
- At the beginning of the year		20,356,761		-	
(Net of General Reserve Adjustment)					
- At the end of the year		28,541,079		-	
Provision for Doubtful Debts		184,377,468		161,153,000	
Provisions/Liabilities no longer required Written Back		(14,510,518)		-	
			471,971,662		802,060,822
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS					
			(316,778,715)		(629,358,806)
Provision for Taxation					
- Fringe Benefit Tax		4,000,000		-	
- Wealth Tax		173,710		81,024	
- Deferred Tax		-		(12,847,507)	
(Excess)/Short Provision of Income tax of earlier year (Net)		1,396,631		(3,938,370)	
			5,570,341		(16,704,853)
PROFIT/(LOSS) AFTER TAX					
			(322,349,056)		(612,653,953)
Surplus Brought Forward from Previous year			-		332,362,957
Add : Transferred from General Reserve			-		280,290,996
BALANCE CARRIED TO BALANCE SHEET					
			(322,349,056)		-
Earning Per Share					
(Refer Note no. B-24 of Schedule 15)					
- Basic and Diluted (Face Value Rs. 10/- each)			(9.21)		(18.28)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
	15				

Schedules referred to above form an integral part of the accounts

As per our attached report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242
Place : Mumbai
Date : March 25, 2006

For and on behalf of the Board of Directors

Pramod Kherra
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

APTECH LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) Before Tax		(316,778,715)		(629,358,806)
Adjustments for :				
Warrants Written Back	(81,950)		(20,900)	
Employee Stock Compensation Credit (Erstwhile Aptech Scheme)	(819,500)		(209,000)	
Employee Stock Compensation Net Charge (2004 Scheme)	(1,141,703)		13,051,637	
Depreciation and Amortisation	195,137,485		171,685,574	
Fixed Assets Written Off	12,688,192		394,335,836	
Provision for Doubtful Advances	198,603,784		246,571,986	
Provision for Diminution in Investment	41,914,896		-	
Impairment of Fixed Assets	48,897,840		-	
Provision for Doubtful Debts	184,377,468		161,153,000	
Provision no longer required Written Back	(14,510,518)		-	
Interest and Finance Costs (Net)	57,281,591		30,058,824	
Unrealised Exchange Loss/(Gain)	(15,027,401)		5,202,659	
Dividend from Operating Subsidiaries/Joint Ventures	(120,831,024)		(54,172,727)	
Loss on Sale of Fixed Assets (Net)	7,752,373		1,732,919	
		<u>594,241,533</u>		<u>969,389,808</u>
Operating Profit Before Working Capital Changes		277,462,818		340,031,002
Adjustments for Working Capital Changes				
Decrease/(Increase) in Inventory	581,872		75,917	
Decrease/(Increase) in Sundry Debtors	(112,443,347)		(162,422,138)	
Decrease/(Increase) in Loans and Advances- Other than Subsidiaries	5,477,224		(4,596,637)	
Increase/(Decrease) in Current Liabilities and Provisions	(256,668,580)		41,106,455	
		<u>(363,052,831)</u>		<u>(125,836,403)</u>
Cash From/(used) in Operating Activities		(85,590,013)		214,194,599
Wealth Tax paid (Net)	(123,710)		(57,292)	
Income Tax/Fringe Benefit Tax paid (Net)	(3,889,664)		(9,787,299)	
		<u>(4,013,374)</u>		<u>(9,844,591)</u>
Net Cash From/(used) in Operating Activities		(89,603,387)		204,350,008
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(29,797,293)		(215,558,166)	
Part payment towards Purchase of Training and Education Business	(124,866,635)		(15,000,000)	
Sale of Fixed Assets	5,149,855		5,601,632	
Loans and Advances to Subsidiary Companies	(66,592,873)		(383,190,178)	
Investments in Shares of Subsidiary Companies	(10,887,500)		(500,700)	
Dividend Received	84,528,924		30,454,827	
Net Cash used in Investing Activities		(142,465,522)		(578,192,585)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(C) CASH FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital (ESOP and Preferential Issue)	232,233,220		-	
Proceeds from issue of Warrants	20,160,000		-	
Proceeds from Borrowings (Net)	35,248,060		85,344,622	
Dividend paid during the year	(19,593)		(32,863,283)	
Dividend Tax paid	-		(4,293,397)	
Interest paid (Net)	(62,490,150)		(27,950,579)	
Net Cash from Financing Activities		225,131,537		20,237,363
Net (Decrease)/Increase in Cash & Cash equivalents		(6,937,372)		(353,605,214)
Cash & Cash equivalents at the beginning of the year		110,491,647		464,096,861
Cash & Cash equivalents at the end of the year		103,554,275		110,491,647
		(6,937,372)		(353,605,214)

Notes :

1) Cash and Cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Schedule 6C of the Balance Sheet)

2) Cash and Cash equivalents include :

	Current Year	Previous Year
Cash and Bank balances	106,853,974	98,763,945
Unrealised Loss on foreign currency cash and cash equivalents	(3,299,699)	11,727,702
Total Cash and Cash equivalents	103,554,275	110,491,647

3) Proceeds from borrowings reflect the increase in secured and unsecured loans and is net of repayments.

4) Additions to fixed assets, sale of fixed assets and loans and advances given to Subsidiaries are considered as part of investing activities.

5) Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

6) The Company has Undrawn Working Capital Facility of Rs. 160,081,665/-. (Previous year Rs. 49,344,459/-).

As per our attached report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242

Place : Mumbai
Date : March 25, 2006

For and on behalf of the Board of Directors

Pramod Khera
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

APTECH LIMITED
SCHEDULES TO BALANCE SHEET

Particulars	As at		As at	
	31st December, 2005		31st December, 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE '1' - SHARE CAPITAL				
AUTHORISED				
60,000,000 Equity Shares of Rs. 10/- each		600,000,000		600,000,000
		<u>600,000,000</u>		<u>600,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
37,635,877 (Previous year 33,509,437) Equity Shares of Rs.10/- each fully paid		376,358,770		335,094,370
Of the above :-				
1) 18,147,437 Equity Shares of Rs. 10/- each fully paid up, had been allotted in accordance with the Scheme of demerger of the training division of erstwhile Aptech Limited into the Company for consideration other than cash.				
2) 3,900,000 Equity Shares of Rs. 10/- each fully paid up, had been allotted to the current Promoters for cash on preferential basis. (Refer Note no. B-3(b) of Schedule 15).				
3) 226,440 Equity Shares of Rs. 10/- each fully paid up, had been allotted to employees under ESOP - 2004 Scheme. (Refer Note no. B-4(b) of Schedule 15).				
4) 50,420 Equity Shares (Previous year 50,420) of Rs. 10/- each fully paid up, represented by 100,840 (Previous year 100,840) Global Depository Receipts (GDRs) of USD 7.75/- each.				
		<u>376,358,770</u>		<u>335,094,370</u>
SCHEDULE '2' - RESERVES AND SURPLUS				
EMPLOYEES STOCK OPTIONS OUTSTANDING				
ESOP-ERSTWHILE APTECH LIMITED SCHEME				
(Refer Note no. B-4(a) of Schedule 15)				
Balance at the commencement of the year		819,500		1,028,500
Less : Write back on withdrawal of Scheme		<u>819,500</u>		<u>209,000</u>
				819,500
ESOP-2004 SCHEME				
(Refer Note no. B-4(b) of Schedule 15)				
Balance at the commencement of the year		13,051,637		-
Add/Less : Net Charge for the year		<u>1,141,703</u>		<u>13,051,637</u>
				13,051,637
CAPITAL REDEMPTION RESERVE				
Balance at the commencement of the year		88,480,000		88,480,000
SECURITIES PREMIUM ACCOUNT				
Balance at the commencement of the year		473,525,760		473,525,760
Add : Additions during the year				
(Refer Note no. B-3(b) & 4(b) of Schedule 15)		<u>190,968,820</u>		<u>-</u>
		<u>664,494,580</u>		<u>473,525,760</u>

SCHEDULES TO BALANCE SHEET

Particulars	As at		As at	
	31st December, 2005	31st December, 2005	31st December, 2004	31st December, 2004
	Rupees	Rupees	Rupees	Rupees
GENERAL RESERVE				
Balance at the commencement of the year	40,070,164		330,750,275	
Less : Adjustments on account of Application of New Accounting Standards				
Transitional provision				
a) Intangible Assets - Goodwill	-		7,144,563	
- Courseware	-		3,244,552	
b) Impairment of Fixed Assets (Refer Note no. B-6 of Schedule 15)	40,070,164		-	
			320,361,160	
Less : Debit Balance in Profit and Loss Account deducted			280,290,996	
				40,070,164
		764,884,514		615,947,061
SCHEDULE '3' - SECURED LOANS	Notes :			
From Banks				
- Term Loans	1	211,533,806	58,156,202	
- Working Capital Demand Loan	1	9,948,139	110,947,834	
- Cash Credit Account	1	29,970,196	39,707,707	
- Vehicle Loans	2	3,896,825	11,289,163	
		255,348,966		220,100,906
1) Term Loan, Working Capital Demand Loan and Cash Credit facility from banks are secured as under :				
a) Term Loan aggregating to Rs. 127,400,006/- (Previous year Rs. 24,900,006/-), Working Capital Demand Loan and Cash Credit Account from a bank are secured by equitable mortgage by deposit of Title deeds of the Company's immovable properties situated at Pune, Chennai, Bangalore, Mumbai and Baroda and first charge ranking paripasu for the assets stated in Note b) below and first exclusive charge by way of hypothecation of all tangible movable fixed assets which include Plant and Machinery, Furniture and Fittings, Computers and Vehicles (other than those stated in Note no. 2 below) at locations specified in the supplementary deed dated 4th November, 2004 to composite hypothecation deed dated 25th June, 2003, and Stocks and Book Debts.				
b) Term Loan from another bank aggregating to Rs. 84,133,800/- (Previous year Rs. 33,256,196/-) is secured by first charge ranking paripasu with the bank stated in 1 (a) above the way of hypothecation of entire fixed assets acquired/to be acquired by the Company for the implementation of a Project and the book debts of the Company, relating to the said project and second charge on the fixed assets of the Company as stated in 1) a) above.				
2) Vehicle loans are secured by charge on the concerned vehicles purchased.				

APTECH LIMITED
SCHEDULES TO BALANCE SHEET

Particulars	(Rupees)													
	GROSS BLOCK					DEPRECIATION AND AMORTISATION					IMPAIRMENT		NET BLOCK	
	As At 01-01-2005	Additions	Deductions/ Adjustments	As At 31-12-2005	For The Year	Deductions/ Adjustments	As At 01-01-2005	As At 31-12-2005	As at 01-01-2005	As at 31-12-2005	As at 31-12-2005	As At 31-12-2005	As At 31-12-2004	
Freehold Land	5,076,839	-	-	5,076,839	-	-	-	-	-	-	-	5,076,839	5,076,839	
Buildings	98,093,046	-	-	98,093,046	1,598,917	-	5,972,033	7,570,950	-	-	-	90,522,096	92,121,013	
Computer Hardware	502,156,424	4,566,791	9,561,679	497,163,536	107,526,123	3,130,975	155,261,162	259,656,310	45,508,278	21,406,504	66,914,782	170,592,444	346,897,262	
Office Equipment	102,959,375	4,242,845	385,774	106,816,446	20,335,956	58,288	15,442,939	35,720,607	14,918,647	7,127,194	25,045,841	49,049,998	87,516,436	
Electrical Fittings	15,204,565	78,650	17,000	15,266,235	2,885,298	1,549	8,999,461	11,883,230	-	-	-	3,383,005	6,205,104	
Furniture and Fixtures	70,549,934	2,361,200	9,685,059	63,246,075	17,110,921	1,608,468	29,955,535	45,457,988	-	-	-	17,788,087	40,594,399	
Vehicles	27,945,045	4,081,407	16,284,454	15,741,998	5,680,662	5,524,266	5,270,544	5,427,140	-	-	-	10,314,858	22,674,501	
Intangible Assets														
Goodwill	95,260,844	-	-	95,260,844	9,626,084	-	16,670,647	26,196,731	-	-	-	69,064,113	78,590,197	
Courseware	71,728,224	14,200,000	-	85,928,224	25,923,523	-	25,065,294	50,588,817	-	-	-	35,339,407	46,662,930	
Computer Software	27,130,284	266,400	-	27,396,684	4,949,801	-	13,719,252	18,669,053	-	7,381	7,381	8,720,250	13,411,032	
TOTAL	1,016,105,600	29,797,293	35,913,966	1,009,989,927	195,137,485	10,323,546	276,356,867	461,170,826	60,466,925	28,541,079	88,968,004	459,851,097	739,749,713	
Total (Previous Year)	1,141,988,890	450,797,560	576,679,850	1,016,106,600	171,685,574	163,246,483	267,917,796	276,356,887	-	-	-	739,749,713		

Notes :

1. Building include value of properties in co-operative societies including shares of respective societies of Rs. 1,000/-.
2. Deduction/Adjustments includes adjustments on account of Fixed Assets written off cost Rs. 16,159,446/-, Accumulated Depreciation Rs. 3,471,254/-.
3. Refer Note B-6 of Schedule 15 for impairment of assets.

SCHEDULES TO BALANCE SHEET

Particulars	As at		As at	
	31st December, 2005	31st December, 2005	31st December, 2004	31st December, 2004
	Rupees	Rupees	Rupees	Rupees
SCHEDULE '5' - INVESTMENTS (AT COST UNLESS OTHERWISE MENTIONED)				
LONG TERM				
TRADE INVESTMENTS - UNQUOTED				
1) In fully paid Equity Shares of Subsidiary Companies				
i) 160,000 of 10 Bangladeshi Takkas each in Aptech Worldwide Bangladesh Limited		1,409,334		1,409,334
ii) 37 of 100,000 AED each in Aptech Training Limited F.Z.E.	46,007,103		46,007,103	
Less : Provision For Diminution In the value	41,914,896		-	
		4,092,207		46,007,103
(Refer Note no. B-9(ii) of Schedule 15)				
iii) 50,000 of Rs.10/- each in Aptech Software Limited		500,000		500,000
iv) 50,000 of Rs.10/- each in Attest Testing Services Limited		500,000		500,000
2) Others				
50% Share In Beijing Aptech Beida Jade Bird Information Technology Company Limited (China)		22,130,994		11,243,494
		28,632,535		59,659,931
Note : Aggregate of Unquoted Investments at Cost		28,632,535		59,659,931
SCHEDULE '6' - CURRENT ASSETS, LOANS AND ADVANCES				
A. INVENTORIES				
Education and Training Materials		12,132,689		12,714,561
B. SUNDRY DEBTORS				
(Unsecured, Considered Good except otherwise stated)				
Due for period exceeding six months	561,636,044		393,922,043	
Others	417,743,233		436,711,787	
	979,379,277		830,633,830	
Less : Provision for Doubtful Debts (Refer Note No. B-7 & 8 of Schedule 15)	377,096,046		192,718,578	
		602,283,231		637,915,252
Notes : Sundry Debtors includes				
1) a) Considered Good Rs. 602,283,231/- (Previous year Rs. 637,915,252/-).				
b) Considered Doubtful Rs. 377,096,046/- (Previous year Rs. 192,718,578).				
2) Amount of Rs. 110,221,438/- (Previous year Rs. 68,354,852/-) due from Subsidiary/Joint Venture Companies.				

APTECH LIMITED
SCHEDULES TO BALANCE SHEET

Particulars	As at		As at	
	31st December, 2005	31st December, 2004	31st December, 2005	31st December, 2004
	Rupees	Rupees	Rupees	Rupees
C. CASH AND BANK BALANCES				
1) Cash in Hand	469,016		640,676	
2) Bank Balances				
Balances With Scheduled Banks				
i) Current Accounts	93,009,942		80,902,946	
(including Exchange Earners Foreign				
Currency Accounts Rs. 15,185,270/-				
(Previous year Rs. 19,155,361/-)				
ii) Deposit Accounts	13,370,016		17,215,323	
(including Margin Deposit Rs. 450,000/-				
(Previous year Rs. 16,975,073/-) and				
including Interest Accrued Rs. 8,934/-				
(Previous year Rs. 101,073/-)				
Balances with Non-scheduled Banks				
Current Accounts				
United Mercantile Co.op.Bank	5,000		5,000	
Maximum Balance during the year Rs. 35,523/-				
(Previous year Rs 166,512/-)				
		106,853,974		98,763,945
Note :				
Fixed Deposit Receipts of Rs. Nil (Previous year				
Rs. 16,874,000/-) are lodged with a bank against Letters				
of Credit issued for purchase of Fixed Assets at				
Delhi School Project.				
D. LOANS AND ADVANCES				
(Unsecured, Considered Good except otherwise stated)				
To Subsidiaries :				
- For Share Application	197,515,396		197,515,396	
- For Others	183,366,908		90,194,520	
To Aptech Education Society	217,051,369		244,338,965	
To Aptech Training And Education Trust	9,123,807		8,415,726	
(Refer Note 1 below and Note no. B-9, 11 & 12				
of Schedule 15)				
To Others	3,006,299		2,222,197	
Advances recoverable in Cash or in Kind or				
for value to be received	17,927,280		17,981,713	
Deposits (Refer Note no. B-10 of Schedule 15)	64,769,569		76,443,241	
Advance payment of Income Tax / Fringe Benefit Tax	35,894,668		26,529,291	
	728,655,296		663,641,049	
Less : Provision	469,334,497		270,730,713	
(Refer Note no. B-9 (ii), 10, 11, 12 of Schedule 15)				
Notes : Loans and Advances includes		259,320,799		392,910,336
1) a) Considered Good Rs. 259,320,799/-				
(Previous year Rs. 392,910,336/-)				
b) Considered Doubtful Rs. 469,334,497/-				
(Previous year Rs. 270,730,713/-)				
2) Due from a Director Rs. Nil				
(Previous year Rs. 661,476/-)				
Maximum Amount outstanding during the year				
Rs. Nil (Previous year Rs.661,476/-)				
		980,590,693		1,142,304,094

SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2005		As at 31st December, 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE '7' - CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Acceptances		-		245,966,472
Sundry Creditors				
Total outstanding dues to creditors other than Small Scale Industrial undertakings (Refer Note no. B-13 & 16 of Schedule 15)		328,018,718		415,896,147
Advances from Customers		24,903,743		49,967,822
Unclaimed Dividend *		626,561		646,154
Interest Accrued but not due on loans		-		248,489
Other Liabilities		11,609,602		39,514,231
		365,158,624		752,239,315
(Refer Note no. B-14 of Schedule 15)				
* Includes amounts outstanding to be credited, as and when due, to Investor Education And Protection Fund.				
B. PROVISIONS FOR				
Income Tax / Fringe Benefit Tax		2,058,625		10,750,747
Leave Encashment		7,453,882		7,499,389
		9,512,507		18,250,136
		374,671,131		770,489,451

SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE '8' - INCOME FROM OPERATIONS				
Training and Education Income		1,002,841,272		998,847,887
		1,002,841,272		998,847,887
SCHEDULE '9' - OTHER INCOME				
Warrants Written Back (Refer Note no. B-4(a) of Schedule 15)		81,950		20,900
Exchange Rate Gain		4,396,392		-
Liabilities no longer required Written Back (Refer Note no. B-14 of Schedule 15)		12,565,068		-
Miscellaneous Income		3,784,500		1,639,766
		20,827,910		1,660,666
SCHEDULE '10' - TRAINING AND EDUCATION EXPENSES				
Education, Training Expenses And Course Materials (Excess provision of earlier year Written Back Rs. 1,264,440/- (Previous year Rs. Nil))		60,018,843		71,348,361
Course Execution Charges (Refer Note no. B-15 & 16 of Schedule 15) (includes prior period expenses Rs. 14,721,420/- (Previous year Rs. Nil) and excess Provision of earlier year Written Back Rs. 398,104/- (Previous year Rs. 8,214,713/-))		374,038,572		260,220,501
		434,057,415		331,568,862

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SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE '11' - MARKETING AND ADVERTISEMENT EXPENSES				
Advertisement Expenses (Excess provision of earlier year Written Back Rs. Nil (Previous year Rs. 2,033,461/-))		28,571,706		27,389,749
Businesss Promotion		3,264,996		3,635,445
		31,836,702		31,025,194
SCHEDULE '12' - PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salary and Other Allowances		112,368,790		123,089,383
Contribution to Provident Fund and other Funds		6,998,388		19,112,652
Staff Welfare Expenses		4,607,372		5,940,064
		123,974,550		148,142,099
SCHEDULE '13' - ADMINISTRATION AND OTHER EXPENSES				
Rent		8,840,267		9,398,208
Rates and Taxes		10,752,522		24,781,383
Travelling and Conveyance Expenses		34,360,444		38,594,557
Electricity Charges		7,292,197		6,693,013
Communication Expenses		12,287,009		16,347,605
Repairs and Maintenance				
- Buildings	1,033,702		184,729	
- Plant & Machinery	3,154,791		3,118,509	
- Others	8,462,404		6,503,061	
		12,650,897		9,806,299
Insurance Premium		497,367		444,947
Legal and Professional Charges		25,773,319		23,521,447
Bad Debts/Advances Written Off		108,816		1,648,447
Exchange Difference (Net)		-		9,419,435
Loss on Sale / Disposal of Fixed Assets		7,752,373		1,732,919
Director's Sitting Fees		375,000		295,000
Printing and Stationery		5,537,844		8,032,241
Miscellaneous Expenses (Note : Miscellaneous expenses includes Audit Fees, Carriage and Forwarding, Security Charges, Service Charges etc.)		20,791,461		18,783,210
		147,019,516		169,498,711
SCHEDULE '14' - INTEREST AND FINANCE EXPENSES				
Interest on				
- Term Loans	23,268,216		3,178,034	
- Working Capital Demand Loans	18,641,210		12,190,340	
- Others	12,822,156		4,084,379	
Finance Charges	5,387,563		12,343,858	
		60,119,145		31,796,611
Less : Interest Income				
Interest on Fixed Deposits with Banks	2,800,710		771,215	
Tax deducted at source Rs. 749,930/- (previous year Rs. 71,413/-)				
Other Interest	36,844		966,572	
		57,281,591		30,058,824

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

SCHEDULE "15" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

(a) Accounting Convention :

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards.

(b) Revenue Recognition :

i) Training and Education Income

Revenue in respect of Training and Education services is recognised on rendering of services, only when it is reasonably certain that the ultimate collection will be made.

ii) Sale of Education Course Materials

Revenue in respect of sale of Education course materials is recognised on delivery of the course materials to the customers.

iii) Dividend

Dividend income is accounted for when the right to receive the payment is established.

c) Fixed Assets :

Fixed assets are recorded at cost of acquisition/development or construction less accumulated depreciation. Cost comprises the purchase price and any cost, attributable to bringing the asset to its working condition for its intended use.

d) Intangible Assets :

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation.

e) Depreciation and Amortisation :

Depreciation on fixed assets is provided on Straight-Line Method at the rates and in the manner specified in the Schedule XIV of the Indian Companies Act, 1956, except for certain items of Plant and Machinery (including computers) installed at and used in Government projects and certain training centers which are depreciated over the number of years till the completion of the period of the contract when the assets are transferred to those parties and vehicles purchased under the "Own Your Car" (OYC) scheme for the employees which are depreciated over the period of the scheme.

Intangible Asset : Computer software and Coursewares are amortised @ 16.21% and 33.33% respectively, considering the useful life of the assets and obsolescence.

Goodwill arising on acquisition of business unit is amortised over a period of ten years.

Depreciation on the fixed assets added/disposed off/discarded during the year has been provided on pro-rata basis with reference to the month of addition/disposal/discardation. In case of addition in the latter part of the month, the depreciation is considered from the month immediately succeeding the month of addition. In case of disposal in the former part of the month, the depreciation is considered up to the month immediately preceding month of disposal.

f) Impairment of Fixed Assets :

As per AS-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), all assets other than inventories, investments and deferred tax assets are reviewed for impairment wherever event/s or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. Assets whose carrying value exceeds their recoverable amount are

APTECH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

written down to the recoverable amount and the resulting impairment loss is debited to Profit and Loss account.

This, being the first year in which AS-28 has become mandatory to the Company, all the assets were assessed for impairment as on 1. 1.2005, and impairment loss so determined as on 1. 1.2005 has been adjusted against the opening balance of General Reserves in accordance with the requirements of para. 124 of AS-28. (Refer Note B-6 below).

g) Investments :

Long Term Investments are stated at cost, which includes cost of acquisition and related expenses after deducting provision, if any, made for decline, other than temporary, in the value.

Current Investments are stated at lower of cost and market/fair value.

h) Inventories :

Inventory of educational course material is valued at cost or net realizable value whichever is lower. Cost is determined on First-in-first-out (FIFO) basis.

(i) Foreign Currency Transactions :

Transaction in foreign currency is recorded at the rate of exchange prevailing on the date of transaction. Current assets and liabilities are translated at the year-end closing rates. The resulting exchange gain/loss is reflected in the Profit and Loss Account. Exchange differences attributable to the acquisition of the fixed assets outside India are adjusted to the cost of the respective assets.

Investments in foreign companies are initially recorded at the rate of exchange prevailing on the date of investment.

(j) Retirement Benefits :

(i) Company's contributions to Provident Fund, Superannuation Fund are charged to the Profit and Loss Account on accrual basis.

(ii) Gratuity liability under the Payment of Gratuity Act is accrued on actuarial valuation and funded to a Group Gratuity Scheme administered by L. I. C. of India.

(iii) Provision for accrued Leave encashment is made on the basis of actuarial valuation at the end of each financial year.

(k) Borrowing Costs :

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such asset is ready for its intended use.

Other borrowing costs are charged to revenue.

(l) Income Tax :

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date.

Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

(m) Contingent Liabilities :

Contingent liabilities are not provided for and are disclosed by way of notes.

Show cause notices are considered as Contingent Liabilities when they are converted into demands.

Department appeals in respect of cases won by the Company are also considered as Contingent Liabilities.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. NOTES ON ACCOUNTS :

1. Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 4,386,646/- (Previous year Rs. 8,255,297/-).

2. Contingent Liabilities in respect of :

	2005 Rupees	2004 Rupees
a) Counter Guarantees to banks for projects	93,155,630	86,937,230
b) Claims against the Company not acknowledged as debts	135,103,430	83,178,723
c) Corporate Guarantee given to the bank /others on behalf of wholly owned Subsidiary Companies	37,192,071	43,576,492

3. a) During the year, SSI Limited, the erstwhile Promoters sold 3,351,000 equity shares constituting 10% of the then equity share capital of the Company to M/s. Aptech Investments. M/s. Aptech Investments made an open offer to the shareholders to acquire up to 20% of the fully diluted equity voting capital, which was completed on October 28, 2005. The Board of Directors of the Company was reconstituted thereafter.

b) After obtaining the requisite approvals, the Company made a preferential allotment of 3,600,000 and 300,000 fully paid up equity shares of the Company of face value Rs. 10/- each at a premium of Rs. 46/- each to M/s. Aptech Investments and Mr. Alok Agarwal respectively. Consequent to the said preferential allotment, there is an increase in the share capital (refer Schedule "1 Share Capital") and Securities Premium Account (refer Schedule "2 Reserves and Surplus") by Rs. 39,000,000/- and Rs. 179,400,000/- respectively.

c) In addition to the aforesaid, 3,600,000 convertible warrants were also allotted, on the aforesaid allotment date, to M/s. Aptech Investments at a price of Rs. 56/- per warrant. Each warrant is convertible at the sole option of the holder into one fully paid equity share of the Company, any time before the expiry of 18 months from its allotment. As per the SEBI Preferential Issue Guidelines, 10% of the consideration in respect of the said warrants was received at the time of allotment and have been reflected in the Balance Sheet at Rs. 20,160,000/- as warrants.

d) Pursuant to the preferential allotment of shares as stated in note 3(b) above, the proceeds of the issue received by the company aggregated to Rs. 238,500,000/-. From the issue proceeds, the balance consideration due to SSI Limited for acquisition of "Training and Education business" was liquidated; investment in Joint Venture in China and creation of an India Window Program (IWP) was completed apart from liquidating the cash credit utilisation from the bank.

4. a) 330,000 warrants were allotted by the erstwhile Aptech Limited, now Hexaware Technologies Limited to its trust namely "Aptech Employees Welfare Trust" under Employees Stock Option Scheme (ESOS), which stood transferred to the Company, pursuant to the scheme of demerger of training division of erstwhile Aptech Limited approved by the High Court of Judicature at Bombay with effect from the appointed date i.e. April 1, 2001. The scheme has been discontinued by Hexaware Technologies Limited. Accordingly, 81,950 warrants and the outstanding amount in the Employee Stock Option Outstanding Account in Schedule "2 Reserves and Surplus" have been written back.

b) Based on the resolution for Employee Stock option earlier approved, the Company has granted 1,036,500 stock options on February 13, 2004 to the eligible employees comprising of 310,950, 362,775 and 362,775 options, with a vesting period of 12, 24 and 36 months respectively from the award date and an exercise period of one year from the respective vesting dates.

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Details of Options Granted, Exercised and Lapsed

	2005 Rupees	2004 Rupees
Options granted and outstanding at the beginning of the year	858,600	-
Add : Granted during the year	-	1,036,500
Less : Lapsed during the year	113,340	177,900
Less : Options exercised against which shares were allotted as per scheme	226,440	-
Options granted and outstanding at the end of the year	518,820	858,600

The stock option discount in the aforesaid scheme, computed as per SEBI guidelines in this respect, is being amortised on a straight line basis over the vesting period. Accordingly, during the year Rs. 5,445,437/- (Previous year Rs. 13,051,637/-) being the proportionate net charge of discount for the year, has been included in "Salaries and Other Allowances" in the Schedule "12 Payments to and Provisions for Employees". The unamortised amount has been netted off from the total option outstanding, and the net amount of Rs. 11,909,934/- (Previous year Rs. 13,051,637/-) is shown under "Reserves and Surplus" in accordance with the relevant guidelines issued by Securities and Exchange Board of India.

During the year 310,950 options were exercisable against which 226,440 options were exercised as at the end of the year. Accordingly, Rs. 6,587,140/- was transferred from the Employee Stock Options Outstanding (ESOP 2004) to Securities Premium Account in Schedule "2".

- Fixed Assets as per Schedule "4" includes certain assets which are to be transferred to the third party (other than Government Projects) at the end of the contract period subject to fulfilment of specified conditions. Till the previous year, these assets were depreciated at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956. The Company has modified this policy to depreciate these assets over the contract period. Consequently, the charge on account of depreciation for the year and the loss for the year is higher by Rs. 14,080,735/-.
- During the year, the Accounting Standard (AS) 28 on Impairment of Assets issued by ICAI became mandatory. In terms of the transitional provision of the standard, the Company has assessed its assets for impairment at the beginning of the year. Consequently, Fixed Assets comprising Computer Hardware and Office Equipments utilized for an Institutional Project have been impaired to the extent of Rs. 45,508,278/- and Rs. 14,918,647/- respectively, aggregating to Rs. 60,426,925/-. This amount has been adjusted against the General Reserve of Rs. 40,070,164/- and the balance amount of Rs. 20,356,761/- has been debited to Profit and Loss account.

The company reassessed the assets for impairment at the end of the year. Fixed Assets being Computer Hardware and Software and Office Equipments utilized for the said institutional project being further impaired to the extent of Rs. 21,413,885/- and Rs. 7,127,194/- respectively, aggregating to Rs. 28,541,079/- has been debited to Profit and Loss account.

The impairment to the assets used in the said project is due to higher operational expenditures mainly on account of faculty salaries, absenteeism, delayed implementation etc. which has led to a decrease in the recoverable amount of the fixed assets. The recoverable amount is the value in use arrived at by applying a discounting rate of 13.79% p.a. to the estimated future cash flows from the project.

- The Company, during the year has revisited its policy in the matter of receivables keeping in mind the changed business scenario now unfolding. Resultantly, as a measure of prudence, receivables which were long outstanding and whose recovery has been becoming increasingly difficult was identified and provided for. With the provision of Rs. 184,377,468/- in the current year and Rs. 161,153,000/- in the previous year, the incidence of receivables becoming doubtful of recovery would, in the view of the management, greatly diminish in the future.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

8. The provision for debtors are net of Rs. 26,451,813/- being the amounts payable to franchisees/ vendors for services rendered to Institutional Clients, since as per the contract terms the same are payable only after the recovery from Institutional Clients.
9. During the year, some of the subsidiaries of the Company incurred losses and have accumulated losses as at the year end.
 - i. In case of certain subsidiaries, the Company has investments in the equity shares of Rs. 500,000/- (Previous year Rs. 500,000/-), Loans and Advances of Rs. 22,316,887/- (Previous year Rs. 6,357,069/-) including advances against share application monies Rs. 328,406/- (Previous year Rs. 328,406/-) as at the year end. The said subsidiaries have been set up in recent years. Considering the strategic long-term nature of the investment and the business plans of the said subsidiaries, in the opinion of the management, the decline in the book value of the investments is temporary and the loans/ advances and debts will be recoverable, requiring no provision.
 - ii. In case of certain other subsidiaries the Company has investments in equity shares of Rs. 46,507,103/- (Previous year Rs. 46,507,103/-), Loans and Advances of Rs. 358,794,569/- (Previous year Rs. 279,249,274/-) including advance towards share application monies of Rs. 197,186,990/- (Previous year Rs. 197,186,990/-) and Debtors of Rs. 8,538,526/- (Previous year Rs. 4,528,560/-) as at the year end. Considering the future potential and recoverability, the Company has estimated and provided for Rs. 41,914,896/- as permanent diminution in the value of the investments and Rs. 182,259,530/- towards provisions for doubtful advances/share application monies. In the opinion of the management, the balance amount is recoverable, requiring no provision.
10. Deposits in Schedule "6 D Loans and Advances" include deposits for premises, telephones and electricity of certain training centres which are non-operational/closed which were passed on to the Company at the time of acquisition of SSI- Training & Education business in 2003. Supporting documents in respect of many of them are not available. Considering the time involved in the effective closure/shut down of such centres, disputes and such other considerations, the management has out of abundant caution provided for Rs. 28,321,269/- in the current year although efforts to recover such deposits would be made.
11. During the earlier years, the Company had formed Aptech Education Society in Chattisgarh, which established a private university viz. Aptech University.
 The Company being the sponsor had advanced interest free unsecured loans/advances to the society which were fully provided for in the previous year.
 The Aptech University was rendered null and void by the Supreme Court vide its order dated February 11, 2005 since the manner in which the private universities were created by the state of Chattisgarh was not strictly in accordance with the technicalities of passing the law through state legislature. Although, appropriate legal steps, on behalf of Society, had been taken, the Company considering the nature of the issue had decided not to pursue the matter. The students earlier enrolled in the Aptech University have been either transferred to other reputed Universities or have been otherwise settled by way of repayment of the fees earlier paid. The Society is in the process of being dissolved.
 During the year, a net amount of Rs. 27,287,596/- recovered from the Society has been netted from the provision made as referred in Note 9 (ii) and the balance reflected as exceptional item in the Profit and Loss Account.
12. Aptech Training and Education Trust was set up for promoting a college in the state of Tamil Nadu. The required clearances were not obtained/received from the Government and the connected agencies and as a result, the college could not commence its functioning. Against the advances made by the Company to the Trust for setting up the infrastructure in the college of Rs. 9,123,807/-, a sum Rs. 9,100,000/- has been provided for.
13. Small scale undertakings in Sundry Creditors have been identified based on the information/documents available with the Company.
14. "Other income" includes old liabilities no longer required written back pertaining to Sundry Creditors, Caution deposits, Gratuity, etc. totalling to Rs. 12,565,068/- (Previous year NIL).

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

15. "Course Execution Charges" under Schedule "10 Training and Education Expenses" includes expenses incurred towards execution of projects as detailed under :

Break up of expenses	2005 Rupees	2004 Rupees
Faculty Salaries	85,962,816	13,730,772
Repairs and Maintenance to Computers and Others	11,819,691	7,381,060
Electricity charges	5,010,185	705,891
Telephone charges	5,280,987	-
Freight & Forwarding	1,429,394	9,125,100

16. During the year, one of the institutional project being executed by the Company has held back Rs. 61,487,322/- out of the dues receivable by the Company towards certain non-fulfilment of the contract terms without giving the requisite details for the same. The Company is in correspondence with the client to obtain details and resolve the difference. Pending the final outcome of such discussions, as a measure of abundant caution the Company has provided Rs. 30,000,000/- and the balance of Rs. 31,487,322/- has been reflected under Contingent Liabilities as stated in Note 2 above.

17. **Payment to Auditors :**

	2005 Rupees	2004 Rupees
a. Audit Fees	1700,000	1,700,000
b. Tax Audit Fees	700,000	400,000
c. Others including certification work and audit of consolidated financial statements for GDR purposes in the previous year, Transfer Pricing Certification etc.	272,650	232,500
d. Reimbursement of Expenses	239,584	4,924
e. Service Tax	253,980	223,370
Total	3,166,214	2,560,794

18. **Managerial remuneration under Section 198 of the Companies Act 1956 :**

	2005 Rupees	2004 Rupees
Salaries and Allowances	3,859,427	2,416,353
Contribution to Provident and Other Funds	618,892	557,014
Perquisites	5,400	95,445
Total	4,483,719	3,068,812

Notes :

1. The computation of Net Profits under Section 349 of the Companies Act, 1956 is not given since no commission is payable to any director.
2. In determination of Manager's remuneration, certain perquisites have been valued in accordance with Income Tax Act, 1961.
3. The above figures include Gratuity amounting to Rs. 157,038/- is based on actuarial valuation.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

19. Segmental report for the year ended December 31, 2005 Primary Segment Information : Business Segment

Particulars	2005						2004						
	Business Segments						Business Segments						
	Retail			Institutional			Retail			Institutional			
	I.T. Education	Multimedia	Unallocable	Total	I.T. Education	Multimedia	Unallocable	Total	I.T. Education	Multimedia	Unallocable	Total	
Revenue							1,144,500,206	12,688,192	131,152,621	405,427,074	75,130,541	53,785,536	1,054,881,280
Income from Segment							1,144,500,206	12,688,192	131,152,621	405,427,074	75,130,541	53,785,536	1,054,881,280
Results before Interest and Tax and Exceptional Items							212,474,538	158,738,612	68,850,766	194,699,424	32,719,941	(124,326,204)	202,760,840
Less: Interest Expenses and Finance Charges							57,281,591	41,914,886	57,281,591	194,699,424	32,719,941	30,058,824	30,058,824
Profit before Tax and Exceptional Items							155,192,947	116,823,726	(116,132,357)	194,699,424	32,719,941	(154,385,028)	172,702,016
Exceptional Items													
Fixed Assets Written Off													
Provision for Doubtful Advances (Net)													
Provision for Diminution in Investment													
Impairment of Fixed Assets													
Provision for Doubtful Debts													
Provision no longer required written back													
Profit/(Loss) before Tax							(14,510,518)	(320,090,496)	(19,383,561)	60,602,532	28,998,119	(793,441,474)	(629,358,806)
Less: Provision for Current tax (net)							5,570,341	5,570,341	5,570,341	60,602,532	28,998,119	(16,704,853)	(16,704,853)
Profit/(Loss) after Tax							(322,349,056)	(325,660,837)	(325,660,837)	60,602,532	28,998,119	(776,736,621)	(612,653,953)
Other Information													
Carrying amount of Segment Assets							1,469,074,325	626,635,779	642,403,089	351,997,302	37,237,623	707,449,478	1,341,713,738
Carrying amount of Segment Liabilities							630,020,067	31,561,463	491,191,210	107,143,452	19,113,526	412,624,479	990,590,357
Capital Expenditure							28,797,283	23,986,684	5,798,609	-	-	67,783,737	450,797,560
Depreciation/Amortization							195,137,485	69,327,837	125,609,648	-	-	46,268,401	171,885,574
Significant Non - Cash Expenditure							486,590,996	213,341,700	69,469,159	143,283,537	3,816,954	640,783,017	813,128,704

Notes :

- The Company has identified Business Segments as the primary segment. Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and the internal reporting system.
- Fixed Assets (except for Projects related to Institutional Segment) are not identified segment wise as these are used interchangeably between segments. The management believes that meaningful segregation of Assets and Liabilities on segment basis is currently not practicable.
- Unallocable expenses include fixed assets written off (including intangible assets written off Rs.12,688,192/-). Such Fixed Assets written off are not allocated to any segment, since these assets are not identified segmentwise for the reasons as explained in note no. 2 above.

Secondary Segment information : Geographical Segment

Particulars	2005			2004		
	Revenue from Customers by location	Carrying amount of Segment assets by location	Addition to Fixed Assets	Revenue from Customers by location	Carrying amount of Segment assets by location	Addition to Fixed Assets
India	999,595,271	1,469,074,325	29,797,293	948,269,812	1,941,713,738	450,797,560
Outside India	144,904,935	-	-	106,411,488	-	-

APTECH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

20. Disclosures in respect of related parties pursuant to Accounting Standard 18 :

I List of related parties:

A) Parties where control exists :

1. Subsidiaries :

Aptech Training Limited FZE Dubai
Aptech (WOS) Bangladesh Limited
Aptech Worldwide Corporation, USA
Aptech Software Limited
Attest Testing Services Limited

2. Others :

Aptech Training & Education Trust
Aptech Education Society

3. Company /Firm Whose Control exists :

Aptech Investments (w.e.f.
28th October, 2005)
SSI Limited (until 28th October, 2005)

B) Other parties with whom Company has entered into transactions during the year :

1. Joint Venture :

Beijing Aptech Beida Jade Bird Information
Technology Co. Limited

2. Key Management Personnel :

Mr. Pramod Khera
Managing Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

II Transactions with related parties :

Nature of Transactions	Company Whose Control exists (Rupees)	Subsidiaries (Rupees)	Joint Ventures (Rupees)	Key Management Personnel (Rupees)	Others (Rupees)	Total (Rupees)
Income (Previous year)	- (-)	27,103,598 (64,540,930)	177,505,918 (71,540,558)	- (-)	- (-)	204,609,516 (136,081,488)
Expenses (Previous year)	7,611,659 (-)	- (-)	- (-)	4,483,719 (3,068,812)	- (-)	12,095,378 (3,068,812)
Sale of Fixed Assets (Previous year)	- (-)	1,343,997 (-)	- (-)	- (-)	- (-)	1,343,997 (-)
Purchase of Fixed Assets (Previous year)	- (-)	15,376,722 (-)	- (-)	- (-)	- (-)	15,376,722 (-)
Finance (Including loans and equity contributions in cash or in kind)						
(a) Loans Granted (including share application money) Fresh Loans Granted during the year (Previous year)	- (-)	135,450,942 (540,464,607)	- (-)	- (661,476)	- (286,122)	135,450,942 (541,412,205)
(b) Investment in Equity (Excluding share application money) Fresh Investments made (Previous year)	- (-)	- (500,700)	10,887,500 (-)	- (-)	- (-)	10,887,500 (500,700)
(c) Sale of Content & Attest Business (Previous Year)	- (-)	- (152,045,696)	- (-)	- (-)	- (-)	- (152,045,696)
Balances as at the end of the year						
Investments # (Previous year)	- (-)	48,416,437 (48,416,437)	22,130,994 (11,243,494)	- (-)	- (-)	70,547,431 (59,659,931)
Sundry Debtors Balance ** (Previous year)	- (-)	10,249,295 (6,186,690)	14,757,143 (64,053,863)	- (-)	- (-)	25,006,438 (70,240,553)
Loans Granted ## (Previous year)	- (-)	607,057,480 (540,464,607)	- (-)	- (661,476)	301,120 (301,120)	607,358,600 (541,427,203)
Sundry Creditors Balance (Previous year)	- (124,866,635)	- (-)	- (-)	- (-)	- (-)	- (124,866,635)
Corporate Guarantees (Previous year)	- (-)	37,192,071 (43,576,492)	- (-)	- (-)	- (-)	37,192,071 (43,576,492)

1) Related party relationship is as identified by the Company and relied upon by the Auditors.

2) Figures in brackets represent corresponding amount of previous year.

** Includes Rs. 7,176,756/- (Previous year Rs. 7,176,756/-) provided for as Doubtful of recovery.

Includes Rs. 41,914,896/- (Previous year Nil) provided for permanent diminution in the value of investments.

Includes Rs. 399,612,021/- (Previous year Rs. 244,640,087/-) provided for as Doubtful of recovery.

APTECH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

III Out of the above items transactions with subsidiaries, Associates and Key Management Personnel in excess of 10% of the total related party transactions are as under :

Transaction	Relationship	2005 (Rupees)	2004 (Rupees)
a) Turnover Training & Education Income Beijing Aptech Beida Jade Bird Information Technology Co. Limited	Joint Venture	56,479,525	16,827,650
b) Dividend Income Beijing Aptech Beida Jade Bird Information Technology Co. Limited	Joint Venture	120,831,024	54,172,727
c) Reimbursement of Expenses received Aptech Software Limited Attest Testing Services Limited Aptech Worldwide Corporation	Subsidiary Subsidiary Subsidiary	8,519,892 7,361,767 8,816,263	87,11,265 162,780 –
d) Expenditure Interest paid on dues SSI Limited License fee for use of Trademark SSI Limited Managerial Remuneration Mr. Pramod Khera	Company whose control exists Company whose control exists Key Management Personnel	7,353,326 258,333 4,483,719	– – 3,049,995
e) Sale of Fixed Assets Aptech Software Limited	Subsidiary	1,343,997	–
f) Purchase of Fixed Assets Aptech Software Limited	Subsidiary	15,376,722	–
g) Loans and Advances during the year Aptech Software Limited Attest Testing Services Limited	Subsidiary Subsidiary	114,674,949 27,759,818	238,299,273 6,357,070
h) Investments Beijing Aptech Beida Jade Bird Information Technology Co. Limited	Joint Venture	10,887,500	–

21. The Deferred Tax Asset computed in accordance with AS-22 "Accounting for Taxes on Income", has not been recognized in the books in the current year as availability of sufficient future taxable income against which such Deferred Tax Asset can be realized is presently not "Virtually Certain".

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

22. The Company has a Joint Venture as on December 31, 2005 and its proportionate share in Assets, Liabilities, Income and Expenditure of the Joint Venture Company is given below :

Name of the Joint Venture	Beijing Aptech Beida Jade Bird Information Technology Company Limited, China	
	2005 (Unaudited)	2004 (Audited)
Percentage Holding	50%	50%
Net Fixed Assets (Rupees)	52,447,326	7,840,576
Net Current Assets (Rupees)	106,478,558	45,718,887
Liabilities (Rupees)	67,176,631	63,943,479
Income (Rupees)	438,062,213	273,065,098
Expenses (including interest and depreciation and tax) (Rupees)	296,288,998	173,155,996
Contingent Liabilities (Rupees)	2,414,759	NIL
Capital Commitment (Rupees)	N.A.	13,092,750

23. The Company cannot sell, transfer, pledge, hypothecate, encumber or create any third party interest in shares of Beijing Aptech Beida Jade Bird Information Technology Company Limited (China) except as mentioned in joint venture agreement dated February 16, 2000 and the Articles of Association of the said company.

24. **Earnings per Share :**

	2005	2004
Numerator : (Loss) after tax attributable as disclosed in Profit and Loss Account (Rupees)	(322,349,056)	(612,653,953)
Denominator : Weighted average number of equity shares Outstanding during the year/period		
Basic	34,984,852	33,509,437
Nominal value of equity shares (Rupees)	10/-	10/-

Note : Warrants issued and options granted under ESOP scheme, have not been considered for the computation of diluted EPS since the same have an anti-dilutive effect in view of the losses.

APTECH LIMITED**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

25. Additional information pursuant to the provisions of Paragraph 3, 4C, 4D of Part II of Schedule VI of the Companies Act, 1956 :

Quantitative Details of :**i) Education and Training course materials :**

		2005	2004
1.	Opening Quantity (Nos.) Value (Rs.)	1,123,339 12,714,561	1,363,415 12,790,478
2.	Purchase Quantity (Nos.) Value (Rs.)	3,589,974 66,913,875	3,648,802 62,887,455
3.	Sales Quantity (Nos.)* Value (Rs.)	3,784,368 67,495,747	3,888,878 78,651,320
4.	Closing Stock Quantity (Nos.) Value (Rs.)	928,945 12,132,689	1,123,339 12,714,561

* Including consumption at owned centres.

(ii) Expenditure in Foreign Currency :

	2005 Rupees	2004 Rupees
a) Foreign Travel	3,998,501	5,395,435
b) Training & Education Expenses	13,096,264	11,212,668
c) Administrative and Other Expenses	4,217,767	3,157,841
d) Miscellaneous Expenses	273,189	481,464

(iii) Earnings in Foreign Currency :

	2005 Rupees	2004 Rupees
a) F.O.B. value of sale of Education and training course materials	142,029,395	6,693,044
b) Training and Education Income	142,164,986	140,816,605
c) Dividend Income	120,831,024	54,172,727
d) Interest Income	370,052	1,068,004
e) Recoveries of Expenses	514,652	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

26. Details of loans and advances in the nature of loans (as required by Clause 32 of the listing agreement with the Stock Exchanges) :

Name of the Party	Relationship	Loans and Advances as at end of the year		Maximum Outstanding during the year	
		2005 Rupees	2004 Rupees	2005 Rupees	2004 Rupees
Aptech Training Limited FZE	Wholly Owned Subsidiary	997,609	–	997,609	908,518
Aptech (WOS) Bangladesh Limited	Wholly Owned Subsidiary	2,103,573	2,103,573	2,103,573	2,103,573
Aptech Software Limited (Refer Note 5 below)	Wholly Owned Subsidiary	306,400,287	238,299,274	309,305,042	238,299,274
Attest Training Services Limited	Wholly Owned Subsidiary	22,316,887	6,357,069	25,323,207	6,357,069
Aptech Training and Education Trust (Refer Note 5 below)	Subsidiary	9,123,807	8,415,726	9,123,807	8,415,726
Aptech Employee Welfare Trust (Refer Note 5 below)	Entity in which Director has significant influence	286,122	286,122	286,122	286,122
Aptech Education Trust (Refer Note 5 below)	Entity in which Director has significant influence	15,000	15,000	15,000	15,000
Aptech Education Society (Refer Note 5 below)	Subsidiary	217,051,369	244,338,965	245,026,970	248,970,372

- Notes :**
1. Above loans and advances are interest free and repayable on demand.
 2. Loans to employees as per the Company's policy are not considered.
 3. There are no investments by the loanees in the shares of the Company.
 4. The above loans and advances include share application money (Refer Note no. B-9 above).
 5. The said loans are fully/partly provided for as doubtful of recovery (Refer Note no. B-11 & 12 above).

27. The figures for the previous year have been regrouped/rearranged wherever necessary .

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242
Place : Mumbai
Date : March 25, 2006

For and on behalf of the Board of Directors

Pramod Khara
Managing Director

T. K. Ravishankar
Senior Vice President-Finance

C. Y. Pal
Director

Sree Vidhya Raju
Company Secretary

APTECH LIMITED

Balance Sheet Abstract and Company's General Business Profile :

1. Registration Details

Registration No.	11/123841
State Code	11
Balance Sheet Date	December 31, 2005

2. Capital Raised During The Year at Face Value

Rs. in '000

Public Issue (GDR Issue)	-
Rights Issue	-
Employees Stock Option Plan 2004	2,264
Warrants	20,160
Preferential Issue	39,000

3. Position of Mobilisation and Deployment of Funds

Rs. in '000

Total Liabilities	1,416,752
Total Assets	1,416,752

Sources of Funds

Paid-up Capital	376,359
Warrants	20,160
Reserves & Surplus	764,884
Secured Loans	255,349
Unsecured Loans	-
Deferred Tax Liability	-

Application of Funds

Net Fixed Assets	459,851
Investments	28,633
Net Current Assets	605,919
Miscellaneous Expenditure	-
Accumulated Losses	322,349

4. Performance of Company

Rs. in '000

Turnover	1,144,500
Total Expenditure	1,461,279
(Loss) / Profit Before Tax	(316,779)
(Loss) / Profit After Tax	(322,349)
Earnings Per Share in Rs. (Refer Note no. B-24 above)	(9.21)
Dividend Rate %	-

5 Generic Names of the Three Principal Products/Services of Company

Item *	NIL
Code No. (ITC code)	NIL
Product Description	COMPUTER EDUCATION
Item *	NIL
Code No. (ITC code)	NIL
Product Description	MULTI MEDIA EDUCATION

* Code No. for the services rendered by the Company is not available in the Publication of the Indian Trade Classification for ITC Code of Products by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics, Calcutta - 700 001.

APTECH EDUCATION SOCIETY

AUDITORS' REPORT

To the Members of Aptech Education Society

We have audited the attached Balance Sheet of **Aptech Education Society** as at 31st December, 2005 and also the annexed Income & Expenditure Account for the year ended on that date and 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 the audit.
2. In our opinion proper books of account as required by the Co-Operative Societies Act, and Rules made thereunder, and the Bye-laws of the Society have been kept by the Society so far as it appears from our examination of such books.
3. The Balance Sheet and Income & Expenditure account examined by us are in agreement with the books of accounts of the Society.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give all the information required by

the Co-operative Societies Act and Rules made thereunder in the manner so required and give a true and fair view :

- i. In the case of the Balance Sheet of the State of affairs of the Society as at 31st December, 2005.
- ii. In the case of Income & Expenditure Account of the excess of expenditure over income of the Society for year ended on that date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Place : Mumbai
Date : March 17, 2006

BALANCE SHEET AS AT 31ST DECEMBER, 2005

Previous Year Rupees	Liabilities	Current Year Rupees	Previous Year Rupees	Assets	Current Year Rupees
500,000	1) Share Capital Corpus Fund	500,000	1,000	1) Cash & Bank Balances Bank Current account	10,000
244,338,965	2) Unsecured Loans From Others	217,051,369	48,515,852	2) Loans and Advances Loans	21,207,236
11,020	3) Current Liabilities and Provisions Sundry creditors	11,020	50,000,000	3) Sundry Debtors Credit Sales	50,000,000
			145,412,849	4) Current Assets Stock in hand	145,412,849
				5) Profits & Loss Account Accumulated Losses not written off from the reserve or any other fund	
			102,992	Balance	920,284
			817,292	Add : Loss for the year	12,020
244,849,985	Total	217,562,389	244,849,985	Total	217,562,389

For **Dixit Dattatray & Associates**
Chartered Accountants

For **Aptech Education Society**

D. B. Dixit
Proprietor
Membership No. 40032

Pramod Khera
Chairman

Place : Mumbai
Date : March 17, 2006

APTECH EDUCATION SOCIETY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Previous Year Rupees	Expenditure	Current Year Rupees	Previous Year Rupees	Income	Current Year Rupees
-	1) Bank Charges	1,000	-	1) Miscellaneous Income	
722,685	2) Salaries	-	50,000,000	Other Items	-
55,852	3) Travelling Expenses of Staff	-		2) Net Loss carried to Balance Sheet	12,020
266	4) Postage, Telegrams and Telephone Charges	-	817,292		
27,469	5) Printing and Stationery	-			
11,020	6) Audit Fees	11,020			
50,000,000	7) Other Items	-			
50,817,292	Total	12,020	50,817,292	Total	12,020

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Place : Mumbai
Date : March 17, 2006

For **Aptech Education Society**

Pramod Khara
Chairman

SCHEDULES TO BALANCE SHEET

Particulars	Current Year Rupees	Previous Year Rupees
Unsecured Loans		
From Sponsoror Company	217,051,369	244,338,965
	217,051,369	244,338,965
Loans and Advances		
Advance to Aptech University	21,207,236	48,515,852
	21,207,236	48,515,852
Sundry Debtors		
Aptech University	50,000,000	50,000,000
	50,000,000	50,000,000

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Place : Mumbai
Date : March 17, 2006

For **Aptech Education Society**

Pramod Khara
Chairman

APTECH TRAINING & EDUCATION TRUST

AUDITORS' REPORT

Registration No. E22040 (MUMBAI)
Name of the Public Trust **APTECH TRAINING & EDUCATION TRUST**
For the year ending December 31, 2005

(a) Whether accounts are maintained regularly and in accordance with the provisions of the Act and the rules;	YES
(b) Whether receipts and disbursements are properly and correctly shown in the accounts;	YES
(c) Whether the cash balance and vouchers in the custody of the manager or trustee on the date of audit were in agreement with the accounts;	YES
(d) Whether all books, deeds, accounts, vouchers or other documents or records required by the auditor were produced before him;	YES
(e) Whether a register of movable and immovable properties is properly maintained, the changes therein are communicated from time to time to the regional office, and the defects and inaccuracies mentioned in the previous audit report have been duly complied with;	YES
(f) Whether the manager or trustee or any other person required by the auditor to appear before him did so and furnished the necessary information required by him;	YES
(g) Whether any property or funds of the Trust were applied for any object or purpose other than the object or purpose of the Trust;	NO
(h) The amounts of outstandings for more than one year and the amounts written off, if any;	NIL
(i) Whether tenders were invited for repairs or construction involving expenditure exceeding Rs. 5,000/-;	N.A.
(j) Whether any money of the public trust has been invested contrary to the provisions of Section 35;	NO
(k) Alienations, if any, of the immovable property contrary to the provisions of Section 36 which have come to the notice of the auditor;	NIL
(l) All cases of irregular, illegal or improper expenditure, or failure or omission to recover monies or other property belonging to the public trust or of loss or waste of money or other property thereof, and whether such expenditure, failure, omission, loss or waste was caused in consequence of breach of trust or misapplication or any other misconduct on the part of the trustees or any other person while in the management of the Trust;	NIL
(m) Whether the budget has been filed in the form provided by rule 16A;	NO
(n) Whether the maximum and minimum number of the trustees is maintained;	YES
(o) Whether the meetings are held regularly as provided in such instrument;	YES
(p) Whether the minute books of the proceedings of the meeting is maintained;	YES
(q) Whether any of the trustees has any interest in the investment of the Trust;	NO
(r) Whether any of the trustees is a debtor or creditor of the Trust;	NO
(s) Whether the irregularities pointed out by the auditors in the accounts of the previous year have been duly complied with by the trustees during the period of audit;	YES
(t) Any special matter which the auditor may think fit or necessary to bring to the notice of The Deputy or Assistant Charity Commissioner.	NIL

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032
Place : Mumbai
Date : March 17, 2006

BALANCE SHEET AS AT 31ST DECEMBER, 2005

Previous Year Rupees	Funds & Liabilities	Current Year Rupees	Previous Year Rupees	Property & Assets	Current Year Rupees
	Trusts Funds or Corpus			Furniture & Fixtures	
	Balance as per last Balance Sheet		992,915	Balance as per last Balance Sheet	3,345,758
500,000		500,000	2,500,255	Add : Additions during the year	-
			147,412	Less : Depreciation up to date	221,118
<u>500,000</u>		<u>500,000</u>	<u>3,345,758</u>		<u>3,124,641</u>
	Loans (Secured or Unsecured)			Electrical Fittings & Fixtures	
8,415,726	From Others	9,123,807	177,085	Balance as per last Balance Sheet	280,512
			112,600	Add : Additions during the year	-
907,824	Sundry Creditors	26,756	<u>9,173</u>	Less : Depreciation up to date	13,760
			<u>280,512</u>		<u>266,752</u>
				Office Equipments & A.C.	
			547,730	Balance as per last Balance Sheet	530,385
			-	Add : Additions during the year	-
			<u>17,345</u>	Less : Depreciation up to date	26,017
			<u>530,385</u>		<u>504,368</u>
				Income & Expenditure Account	
			-	Balance as per last Balance Sheet	5,666,895
			<u>5,666,895</u>	Add: for the year	87,908
			<u>5,666,895</u>		<u>5,754,803</u>
9,823,550		9,650,563	9,823,550		9,650,563

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Place : Mumbai
Date : March 17, 2006

For **Aptech Training & Education Trust**

Pramod Khara
Trustee

Rajiv Kumar
Trustee

APTECH TRAINING & EDUCATION TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Previous Year Rupees	Expenditure	Current Year Rupees	Previous Year Rupees	Income	Current Year Rupees
1,560,072	i. To Establishment Expenses	-	214,000	i. By Income from other sources	184,007
1,010,098	ii. To Remuneration	-		ii. By Deficit carried	
11,020	iii. To Audit Fees	11,020	5,666,895	Over to Balance Sheet	87,908
	iv. To Preoperative Expenses Written Off	-			
2,205,679		-			
920,096	v. To Miscellaneous Expenses	-			
173,930	vi. To Depreciation	260,895			
5,880,895		271,915	5,880,895		271,915

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032
Place : Mumbai
Date : March 17, 2006

For **Aptech Training & Education Trust**

Pramod Khera
Trustee

Rajiv Kumar
Trustee

SCHEDULES TO BALANCE SHEET AND INCOME & EXPENDITURE ACCOUNT

Particulars	Current Year Rupees	Previous Year Rupees
UNSECURED LOANS		
Advances from Sponsoror Company	9,123,807	8,415,726
	<u>9,123,807</u>	<u>8,415,726</u>
MISCELLANEOUS EXPENSES		
Advertisement Expenses	-	608,553
Security and Service Charges	-	74,880
Printing, Stationery & Xerox Charges	-	66,924
Other Expenses	-	169,739
	-	<u>920,096</u>
REMUNERATION		
Salary & Allowances	-	893,727
Contribution to Provident Fund and Other Funds	-	106,866
Welfare Expenses	-	9,505
	-	<u>1,010,098</u>
ESTABLISHMENT EXPENSES		
Rent, Rates & Taxes	-	634,570
Travelling & Conveyance Expenses	-	302,995
Electricity Expenses	-	292,786
Communication Expenses	-	138,294
Repairs & Maintenance - Others	-	30,299
Professional Fees	-	161,128
	-	<u>1,560,072</u>

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032
Place : Mumbai
Date : March 17, 2006

For **Aptech Training & Education Trust**

Pramod Khera
Trustee

Rajiv Kumar
Trustee

The Directors of Aptech Software Limited have the pleasure in presenting their Second Annual Report before you, on the working of the Company, for the year ended December 31, 2005.

PRINCIPAL ACTIVITIES

Your Company, interalia, is engaged in offering customized content development and learning solutions for clients in diverse areas such as Information Technology Applications, Soft Skills, Functional Skills using proprietary content development and project management processes.

FINANCIAL RESULTS

Your Company's financial results for the accounting year ended December 31, 2005 are presented below :

Particulars	(Rs. In lacs)	
	2005	2004
Gross Income	437.72	171.17
Less : Operating Expenses	1188.84	328.81
Gross Operating Profit	(751.12)	(157.64)
Less : Extraordinary Items	1586.40	-
Net Loss After Extraordinary Items	(2337.52)	(157.64)
Less : Interest & Depreciation	238.10	89.61
Net Loss Before Tax	(2575.62)	(247.25)
Provision for Tax	1.69	-
Net Loss After Tax	(2577.31)	(247.25)

DIVIDEND

In view of the losses incurred during the year, your Directors express their inability to declare any dividend.

OPERATIONS

The Company ended the year 2005 with a good growth over the previous year, in its order bookings. During the year, on the domestic front, the Company has bagged prestigious orders from ITC, Sikkim Manipal University (SMU), Indian Navy, BG Exploration, etc. On the International arena, your Company has won and serviced prestigious clients in the USA such as NETg, Aker Kvaerner, etc.

During the year, your Company had experienced some slips due to which certain opportunities could not be explored. Your Company has considered this on an optimistic note as a part of the business cycle, necessitating your Company to build significantly larger and robust funnels with a stronger on-shore Business Development Team. To support and enhance your

Company's competencies, BSC, CMMi and ISO 27001 frameworks have been adopted.

FUTURE OUTLOOK

Over the next three years, your Company plans to enter a period of geometric growth with a view to double the revenues every year. Our strategy to realize the vision of being one of the top 3 players would anchor on improving profitability – through higher pricing, higher volume per client, continuous reduction in bench as a result of capacity scale up and merger of the Learning Services and Content Production Department . Further improving productivity – through CMMi and BS 7799 implementation; project management application; Unit Level P & L; and Talent Development for setting up a on-shore Business Development team for Client Comfort and Relationship Management will be amongst the key thrust areas during 2006.

DIRECTORS

In accordance with the relevant provisions of the Companies Act, 1956, Mr. Ajay Oberoi and Mr. Nilesh Vani, Directors of the Company, retire by rotation, at the next Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Uday Kulkarni was appointed as an Additional Director of your Company with effect from October 17, 2005, to hold office till the date of the next Annual General Meeting of the Company. A notice under the provisions of Section 257(1) of the Companies Act, 1956, alongwith a deposit of the requisite amount has been received from a Member of your Company signifying his intention to propose the candidature of Mr. Uday Kulkarni as a Director of your Company, liable to retire by rotation.

Mr. K. Raj was appointed as an Additional Director of your Company with effect from October 17, 2005, to hold office till the date of the next Annual General Meeting of the Company. A notice under the provisions of Section 257(1) of the Companies Act, 1956, alongwith a deposit of the requisite amount has been received from a Member of your Company signifying his intention to propose the candidature of Mr. K. Raj as a Director of your Company, liable to retire by rotation.

EMPLOYEES

There was no employee whose remuneration was in excess of limits specified u/s 217(2A) of the Companies Act, 1956.

DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from the members of the public as defined in Section 58A of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments 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 loss of the Company for that period;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

INFORMATION IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE RULES MADE THEREUNDER

Conservation of Energy :

All possible measures have been taken by the Company to ensure optimal use of energy, avoid any wastage and conserve energy.

Technology Absorption :

Your Company has, in its endeavour to obtain and deliver the best, entered into alliances to harness and tap the latest and best of technology in its field and deploy technology wherever feasible and as found appropriate.

Foreign Exchange Earnings and Outgo :

The details of the Foreign Exchange Earnings and Outgo for the year ended on December 31, 2005 are as follows :

Particulars	Amount in Rs.
(a) Earnings	10,499,621
(b) Outgo	4,198,787

AUDITORS

M/s. Dixit Dattatray & Associates, Chartered Accountants, Mumbai, resigned as Statutory Auditors of the Company vide their resignation letter dated January 2, 2006. M/s. Khimji Kunverji & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company by a resolution passed at the Extraordinary General Meeting of the Company held on January 30, 2006.

M/s. Khimji Kunverji & Co., Chartered Accountants, Auditors of the Company, retire at the next Annual General Meeting and have furnished a certificate regarding their eligibility for re-appointment as the Company's Auditors.

ACKNOWLEDGEMENT

The Directors take the opportunity to acknowledge the continued support of all members of the Company during this year.

For and on behalf of the Board of Directors

T.K. Ravishankar **Nilesh Vani**
Director Director

Place : Mumbai
Date : March 24, 2006

To the Shareholders of Aptech Software Limited

1. We have audited the attached Balance Sheet of **Aptech Software Limited** as at December 31, 2005, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As mentioned in Note No. 1 of Notes To Accounts, the accounts of the Company have been prepared on a going concern basis, which is in view of the heavy losses incurred and erosion of net worth is dependent on future profitability and availability of guaranteed finance.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (hereinafter referred to as "the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter referred to as "the Act") we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. *Subject to our comments in 3 above and in the Annexure referred to in 4 above, we report that :*
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
 - v. On the basis of the written representations received from the Directors as on December 31, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on December 31, 2005 from being appointed as a Director in terms of Section 274 (1) (g) of the Act;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2005;
 - b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of
KHIMJI KUNVERJI & CO.
 Chartered Accountants

Dharini M. Shah
 Partner
 Membership No. : 115914

Place : Mumbai
 Date : March 24, 2006

(Referred to in paragraph 4 of our report of even date)

1. The nature of the Company's activities during the year have been such that clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. In respect of its Fixed Assets :
 - (a) *The Company has maintained records showing particulars including quantitative details and general locations of the Fixed Assets except in case of certain items of Fixed Assets like Coursewares, Computer Software, certain items of Computer Accessories, Furniture & Fixtures and Vehicles where records in terms of values are only kept and fixed assets register is in the process of being updated in respect of the same.*
 - (b) *The fixed assets have not been physically verified by the management. Hence discrepancies if any will be ascertained as and when the physical verification is done and the fixed asset Register is updated.*
 - (c) *There has been a significant disposal of Fixed Assets during the year. Out of the total Fixed Assets of Rs. 2327.37 Lakhs (net) as on 31.12.2004, computers software and hardwares, coursewares and Furniture and Fittings in office premises amounting Rs.1838.94 Lakhs (WDV as on 31.12.2004) were destroyed due to floods on 26.7.2005. However as informed by the company and based on the future business plans as well as the support of the Holding Company, the going Concern of the Company will not be affected.*
3. The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act according to the information and explanation given to us, hence clause (iii) is not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and sale of services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. There are no transactions applicable under section 301 of the Act.
6. The Company has not accepted deposits from the public, and hence the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, are not applicable to the Company.
7. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by Aptech Limited, the Holding Company, are commensurate with the size of the Company and nature of its business.
8. In our opinion and according to the information and explanations given to us in respect of statutory and other dues,
 - (a) The Company is generally regular in depositing undisputed statutory dues including Income Tax, cess and any other statutory dues with the appropriate authorities during the year, where applicable. We are informed that during the year the Company is not liable for Sales Tax, Service Tax, Wealth Tax, Custom Duty and Excise Duty. As regards to Provident Fund and Employees State Insurance, the salaries are paid by the Holding Company Aptech Limited and reimbursed by the Company, Provident Fund and Employees State Insurance dues are generally regularly deposited by the Holding Company with the appropriate authorities. There were no arrears as at 31st December, 2005 for a period of more than six months from the date they become payable.
 - (b) According to information and explanations given to us there are no dues of Sales Tax/Income Tax/Wealth Tax/Service Tax/Custom Duty/Excise Duty and cess which have not been deposited with the appropriate authorities on account of any dispute.
9. Based on our Audit procedures and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to bank.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. To the best of our knowledge and belief, and according to the information and explanations given to us, the Term Loan availed by the Company were prima facie applied by the Company for the purposes for which the loans were obtained.
12. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
13. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
14. To the best of our knowledge and belief and according to the information given to us, no fraud on the or by the Company was noticed or reported during the year.

For and on behalf of
KHIMJI KUNVERJI & CO.
 Chartered Accountants

Dharini M. Shah
 Partner
 Membership No. : 115914

Place : Mumbai
 Date : March 24, 2006

APTECH SOFTWARE LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2005

Particulars	Schedule	As at	
		31st December, 2005 Rupees	31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	500,000	500,000
Share Application Money		<u>156,236,990</u>	<u>156,236,990</u>
		156,736,990	156,736,990
LOAN FUNDS			
Secured Loans	2	34,858,219	43,576,492
Unsecured Loans	3	<u>150,163,297</u>	<u>82,062,284</u>
TOTAL FUNDS EMPLOYED		<u>341,758,506</u>	<u>282,375,766</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	230,771,469	236,929,716
Less: Accumulated Depreciation		<u>180,271,485</u>	<u>4,192,277</u>
Net Block		50,499,984	232,737,439
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	-	7,849,856
Sundry Debtors		6,529,387	16,286,736
Cash and Bank Balances		2,717,117	839,939
Loans and Advances		<u>4,557,904</u>	<u>1,407,175</u>
		<u>13,804,408</u>	<u>26,383,706</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	6	5,001,536	1,468,781
Provisions		-	1,489
		<u>5,001,536</u>	<u>1,470,270</u>
NET CURRENT ASSETS		8,802,872	24,913,436
PROFIT AND LOSS ACCOUNT		<u>282,455,650</u>	<u>24,724,891</u>
TOTAL FUNDS UTILISED		<u>341,758,506</u>	<u>282,375,766</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	13		

Schedules referred to above form an integral part of the accounts.

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. : 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

T. K. Ravishankar
Director

Nilesh Vani
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Schedule	2005		2004	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Development Fees	7	43,293,921		17,117,307	
Other Income	8	477,916		-	
			43,771,837	17,117,307	
EXPENDITURE					
Development, Production & Execution	9	53,939,408		2,538,771	
Salaries, Employee Benefits	10	46,758,022		13,470,638	
Administration and Other Expenses	11	18,186,164		16,871,463	
Interest and Finance Costs	12	4,724,421		4,769,049	
			123,608,015	37,649,921	
LOSS BEFORE DEPRECIATION/ AMORTISATION AND EXTRAORDINARY ITEMS			(79,836,178)	(20,532,614)	
Depreciation and Amortisation			19,085,491	4,192,277	
LOSS BEFORE EXTRAORDINARY ITEMS AND TAX			(98,921,669)	(24,724,891)	
Loss on Sale of Asset due to floods (Refer Note B-3 of Schedule 13)			1,064,843	-	
			(99,986,512)	(24,724,891)	
Impairment loss (Refer Note B-3 of Schedule 13)			157,575,065	-	
LOSS BEFORE TAX			(257,561,577)	(24,724,891)	
Fringe Benefit Tax			169,182	-	
NET LOSS AFTER TAX			(257,730,759)	(24,724,891)	
Loss Brought Forward from Previous Year			(24,724,891)	-	
BALANCE CARRIED TO BALANCE SHEET			(282,455,650)	(24,724,891)	
Basic and Diluted Earnings Per Share			(16.44)	(1.58)	
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13				

Schedules referred to above form an integral part of the accounts.

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. : 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

T. K. Ravishankar
Director

Nilesh Vani
Director

APTECH SOFTWARE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before Tax and Extraordinary item		(99,986,512)		(24,724,891)
Adjustments for :				
Depreciation and Amortisation	19,085,491		4,192,277	
Loss on Sale of Fixed Assets	1,064,843		-	
Preliminary Expenses Written Off	-		22,400	
Interest and Finance Costs	4,724,421		4,769,049	
		24,874,755		8,983,726
Extraordinary Item				
Loss of Assets	157,575,065		-	
		157,575,065		-
		82,463,308		(15,741,165)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Adjustments for :				
Decrease/(Increase) in Inventories	7,849,856		(7,849,856)	
Decrease/(Increase) in Trade and Other Receivables	9,757,349		(16,286,736)	
Decrease/(Increase) in Loans and Advances	(3,150,729)		3,592,825	
(Decrease)/Increase in Other Payables	3,531,266		1,467,570	
		17,987,742		(19,076,197)
Cash From/(used) in Operating Activities		100,451,050		(34,817,362)
Income Tax/Fringe Benefit Tax Paid (Net)	(169,182)		-	
		(169,182)		-
Net Cash From/(used) in Operating Activities		100,281,868		(34,817,362)
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(4,836,892)		(236,929,716)	
Sale of Fixed Assets	9,348,947		-	
Disposal of Assets	(157,575,065)		-	
		(153,063,010)		(236,929,716)
Net Cash used in Investing Activities				
(C) CASH FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	-		156,236,990	
Proceeds from Borrowings	114,674,949		121,119,076	
Repayments of Borrowings	(55,292,208)		-	
Interest Paid	(4,724,421)		(4,769,049)	
		54,658,320		272,587,017
Net Cash from Financing Activities				
Net (Decrease)/Increase in Cash & Cash equivalents		1,877,178		839,939
Cash & Cash equivalents at the beginning of the year		839,939		-
Cash & Cash equivalents at the end of the year		2,717,117		839,939
		1,877,178		839,939

Notes:

1. Cash and cash equivalents includes

a. Cash

b. Balance with banks

	-	-
	2,717,117	839,939
	2,717,117	839,939

2. The previous year's figures have been regrouped/rearranged to conform to the current year's presentation, whenever necessary.

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.

Chartered Accountants

Dharini M. Shah

Partner

Membership No. : 115914

Place : Mumbai

Date : March 24, 2006

For and on behalf of the Board of Directors

T. K. Ravishankar

Director

Nilesh Vani

Director

SCHEDULES TO BALANCE SHEET

Particulars	As at		As at	
	31st December, 2005	2005	31st December, 2004	2004
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "1" - SHARE CAPITAL				
AUTHORISED CAPITAL				
50,000 (Previous year 50,000)				
Equity Shares of Rs. 10/- each		500,000		500,000
		500,000		500,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
50,000 (Previous year 50,000)				
Equity Shares of Rs.10/- each				
Fully paid up (all Shares are held by the parent Company Aptech Limited)		500,000		500,000
		500,000		500,000
SCHEDULE "2" - SECURED LOANS				
Term Loan from bank		34,858,219		43,576,492
(Term Loan is secured by equitable mortgage by deposit of Title deeds of the Company's immovable properties situated at Mumbai)				
		34,858,219		43,576,492
SCHEDULE "3" - UNSECURED LOANS				
Dues to Holding Company		150,163,297		82,062,284
		150,163,297		82,062,284

APTECH SOFTWARE LIMITED
SCHEDULES TO BALANCE SHEET

(Rupees)

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION			IMPAIRMENT			NET BLOCK	
	As At 01-01-2005	Additions	Deductions/ Adjustments	As At 01-01-2005	For the Year	Deductions/ Adjustments	As At 01-01-2005	For the Year	As at 31-12-2005	As At 31-12-2005	As At 31-12-2004
Buildings	47,500,000	-	7,716,730	709,729	721,841	188,674	-	-	-	38,540,374	46,790,271
Computer Hardware	10,042,169	4,791,242	2,073,060	789,140	1,475,622	364,047	-	-	-	10,865,636	9,259,029
Furniture and Fixtures	1,144,746	10,000	-	20,753	72,779	-	-	-	-	1,061,214	1,123,893
Vehicles	1,205,349	-	1,205,349	28,627	-	28,627	-	-	-	-	1,176,722
Intangible Assets:											
- Courseware	146,473,053	-	-	172,783	13,922,241	-	-	132,378,029	132,378,029	-	146,300,270
- Software	30,564,399	35,650	-	2,477,245	2,893,008	-	-	25,197,036	25,197,036	32,760	28,087,154
TOTAL	236,929,716	4,836,892	10,995,139	4,192,277	19,085,491	581,348	22,696,420	157,575,065	157,575,065	50,499,984	232,737,439
Total (Previous year)	-	236,929,716	-	-	4,192,277	-	4,192,277	-	-	232,737,439	-

SCHEDULES TO BALANCE SHEET

Particulars	As at		As at	
	31st December, 2005	31st December, 2005	31st December, 2004	31st December, 2004
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "5" - CURRENT ASSETS,				
LOANS AND ADVANCES				
INVENTORIES				
Work-in-progress		-		7,849,856
SUNDRY DEBTORS				
(Unsecured, considered good except otherwise stated)				
Dues for a Period Exceeding Six Months		-		-
Other Debts	6,529,387		16,286,736	
		6,529,387		16,286,736
CASH AND BANK BALANCES				
Cash in Hand		-		95,907
Balances with Scheduled Banks in Current Accounts	2,717,117		744,032	
		2,717,117		839,939
LOANS AND ADVANCES				
(Unsecured, considered good except otherwise stated)				
Loan to Staff		-		751,114
Advances Recoverable in Cash or in Kind or for Value to be Received	2,648,004		140,250	
Advance Payment of Income Tax	1,350,385		449,376	
Security Deposits	559,515		66,435	
		4,557,904		1,407,175
		13,804,408		26,383,706
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors	4,951,317		1,468,781	
Other Liabilities	50,219		1,489	
		5,001,536		1,470,270
		5,001,536		1,470,270

APTECH SOFTWARE LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "7" - INCOME FROM OPERATIONS				
Income from Development Fees		43,293,921		17,117,307
		<u>43,293,921</u>		<u>17,117,307</u>
SCHEDULE "8" - OTHER INCOME				
Foreign Exchange Difference		475,229		-
Miscellaneous Income		2,687		-
		<u>477,916</u>		<u>-</u>
SCHEDULE "9" - DEVELOPMENT, PRODUCTION AND EXECUTION				
Project Execution Charges		1,509,251		1,650,370
Course Development Charges		31,594,787		567,539
Professional Charges		7,295,934		320,862
Alliance Expenses		13,354,565		-
Miscellaneous Training Expenses		184,871		-
		<u>53,939,408</u>		<u>2,538,771</u>
SCHEDULE "10" - SALARIES AND EMPLOYEE BENEFITS (Payments to and Provision for Employees)				
Salary and Other Allowances		43,645,479		12,234,000
Contribution to Provident Fund and Other Funds		2,021,492		1,207,531
Staff Welfare Expenses		1,091,051		29,107
		<u>46,758,022</u>		<u>13,470,638</u>
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES				
Rent		1,883,295		1,388,736
Rates and Taxes		177,500		-
Travelling and Conveyance Expenses		3,434,845		2,645,615
Electricity Charges		2,590,943		1,932,831
Advertisement Expenses		849,842		423,389
Communication		2,420,453		1,176,032
Repairs & Maintenance				
- Buildings	47,676			-
- Plant & Machinery	388,881			-
- Others	1,529,154		322,612	
		<u>1,965,711</u>		<u>322,612</u>
Printing & Stationery		619,008		117,103
Audit Fees		82,650		22,040
Staff Recruitment Charges		680,804		486,491
Service Charges		473,658		623,276
Security Charges		493,880		90,232
Exchange Rate Loss		-		7,433,520
Insurance		187,340		29,291
Stamp Duty Charges		500,100		-
Preliminary Expenses Written Off		-		22,400
Miscellaneous Expenses		1,826,135		157,895
		<u>18,186,164</u>		<u>16,871,463</u>
SCHEDULE "12" - INTEREST AND FINANCE COSTS				
Interest on Term Loan		4,622,961		4,696,492
Bank Charges and Commission		101,460		72,557
		<u>4,724,421</u>		<u>4,769,049</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

SCHEDULE "13"

A. SIGNIFICANT ACCOUNTING POLICIES :

(a) Accounting Convention :

The financial statements are prepared under the historical cost convention, on an accrual basis, in accordance with the provisions of the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

(b) Revenue Recognition :

The revenue is recognised on the basis of completion of projects as per the terms of the contract.

(c) Fixed Assets :

Fixed assets are recorded at cost of acquisition/development or construction less accumulated depreciation. Cost comprises the purchase price and any cost, attributable to bringing the asset to its working condition for its intended use.

(d) Intangible Assets :

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation.

(e) Depreciation and Amortisation :

Depreciation on Fixed Assets is provided on Straight-Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956, except as stated below :

Intangible Asset : Courseware and Computer Software are amortised at the rate of 16.21%.

Depreciation on the fixed assets added/disposed of/discarded during the year has been provided on pro-rata basis with reference to the month of addition/disposition/discardation.

(f) Impairment of Asset :

All assets other than inventories, investments and deferred tax assets are reviewed for impairment wherever events or change in circumstances indicates that the carrying amount may not be recoverable, as per Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount and the resulting impairment loss is debited to Profit & Loss Account/Reserves.

(g) Foreign Currency Transactions :

The Accounting Policy in respect of the Foreign Currency Transactions has been changed to conform to the Indian Accounting Standard AS-11.

- i) Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of transactions.
- ii) Current assets and liabilities are translated at the year end closing rates and the resulting exchange difference is reflected in the Profit and Loss Account

(h) Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets up to the date when such assets are ready for its intended use. All other borrowing costs are charged to revenue.

(i) Income tax :

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The Deferred tax for timing differences between the book and the tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date.

Deferred tax assets arising from the timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

APTECH SOFTWARE LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

(j) Contingent Liabilities :

Contingent liabilities are not provided for and are disclosed by way of notes.

Show cause notices are considered as contingent liabilities when they are converted into demands.

Department appeals in respect of cases won by the Company are also considered as contingent liabilities.

B. NOTES FORMING PART OF THE ACCOUNTS :

1. The accounts of the Company are prepared on a going concern basis, which is dependent on the availability of future profitability and continued finance. The Company is confident of financial support from its Holding Company and future profitability based on its business plan.
2. The premises was acquired by the Company together with the building structure, fixed furniture and fixtures and installations for a value of Rs. 47,500,000/-. Since separate values were not available for the furniture and fixtures and electrical installations the same remains capitalised in building. Owing to the unprecedented floods which occurred on 26th July 2005, the electrical installations, furniture and other fixtures were damaged. The surveyor appointed to assess the damage placed a net value of Rs. 8,172,226/- on replacement cost less depreciation as stated in note 3 below. Since the details of the cost/value at the time of acquisition is not available, the gross replacement value of Rs. 7,716,730/- and depreciation of Rs. 188,674/- has been reduced from the value of the buildings as stated in Schedule "4" Fixed Assets.
3. Owing to the unprecedented floods which occurred on 26th July 2005, in most parts of Mumbai, a substantial part of the Company's assets mainly comprising courseware, software, computers and furniture and fixtures, whose net book value was Rs. 166,812,133/- were completely destroyed. The backup of the courseware/software was not kept by the Company and was not available from the vendor on the request made by the Company. A part of the loss was indemnified by the insurance company to the tune of Rs. 8,172,226/-. The net losses incurred of Rs. 157,575,065/- is reflected as Loss of Assets.
4. **Payment to Auditors :**

Particulars	2005 Rupees	2004 Rupees
a. Audit Fees	50,000	20,000
b. Tax Audit Fees and Other Certification Fees	25,000	-
c. Service Tax	7,650	2,040
Total	82,650	22,040

5. **Related Party Transaction :**
 - a) **Names of related parties and description of relation :**
Holding Company Aptech Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

b) Transactions with related parties :

Nature of Transactions	Holding Company
Income	
Sale of Content (Previous year)	14,200,000 (-)
Purchase of Fixed Assets (Previous year)	1,343,997 (-)
Sale of Fixed Assets (Previous year)	1,176,722 (-)
Receiving of Services and Reimbursement of expenses (Previous year)	4,764,392 (-)
Finance (Including loans and equity, contributions in cash or in kind)	
Loans Taken	
Fresh Loans during the year (Previous year)	114,674,949 (238,299,273)
Repaid/Adjusted during the year (Previous year)	46,573,935 (-)
Management Contracts including for Deputation of Employees (Previous year)	3,755,500 (-)
Balances as at the end of the year December 31, 2005	
Loans Taken (Previous year)	306,400,287 (238,299,273)

6. Earnings per Share :

	2005 Rupees	2004 Rupees
Profit/(Loss) after tax before Extraordinary Items attributable to shareholders	(99,090,851)	(24,724,891)
Less : Extraordinary Items	158,639,908	-
Profit/(Loss) after tax after Extraordinary Items attributable to shareholders	(257,730,759)	(24,724,891)
Basic and Diluted Nominal value of equity shares	15,673,699 10/-	15,673,699 10/-
Basic and Diluted EPS (Before Extraordinary Items)	(6.32)	(1.58)
Basic and Diluted EPS (After Extraordinary Items)	(16.44)	(1.58)

7. The Deferred Tax Asset computed in accordance with AS-22 "Accounting for Taxes on Income", has not been recognized in the books in the current year as availability of sufficient future taxable income against which such deferred tax asset can be realized is presently not "virtually certain".

APTECH SOFTWARE LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

8. Additional information pursuant to the provisions of Paragraph 3, 4C, 4D of Part II of Schedule VI of the Companies Act, 1956 :

Quantitative Details of :

(i) Earnings in Foreign Currency :

	2005 Rupees	2004 Rupees
a) Income from Development Fees	10,298,063	-
b) Reimbursement of Expenses	201,558	-

(ii) Expenditure in Foreign Currency :

a) Alliance Expenses	2,256,217	-
b) Administrative and Other Expenses	1,942,570	-

9. The figures for the previous accounting year have been regrouped / rearranged wherever necessary to correspond with the figures of the current year.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. : 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

T. K. Ravishankar
Director

Nilesh Vani
Director

ATTEST TESTING SERVICES LIMITED



DIRECTORS' REPORT

The Directors of Attest Testing Services Limited have the pleasure in presenting their Second Annual Report of the Company, for the year ended December 31, 2005.

PRINCIPAL ACTIVITIES

Your Company, interalia, is engaged in providing testing, certification, various types of survey, assessment and other allied services, to various clients including educational institutions, corporates, government undertakings and other enterprises and also provides necessary software and hardware support. Your Company has its own delivery centers and licensed test delivery centers to offer these services.

FINANCIAL RESULTS

Your Company's financial results for the accounting year ended December 31, 2005 are presented below:

Particulars	(Rs. In lacs)	
	2005	2004
Gross Income	164.66	11.22
Less : Operating Expenses	336.35	69.10
Gross Operating Profit	(171.69)	(57.88)
Less : Interest & Depreciation	2.74	0.42
Net Loss Before Tax	(174.43)	(58.30)
Provision for Tax	0.69	-
Net Loss After Tax	(175.12)	(58.30)

DIVIDEND:

In view of the losses incurred during the year, your Directors express their inability to declare any dividend.

OPERATIONS

As you may be aware, your Company caters to Corporate testing requirements and academic testing requirements. The year 2005 has been the year for scaling up delivery capability for your Company. Over 220,000 tests were successfully delivered during the year. Since the inception of your Company, the growth path was built on USP of proctored test delivery plan on secure, advanced and dependable technological platform. The year 2005 saw advancements leveraging this USP and consolidation of processes in terms of scaling the delivery capabilities.

During 2005, your Company has successfully completed first implementation of Symbiosis Centre of Distance

Learning (SCDL) which spanned over 33 centers across India for 56 days for 10 subjects. Over 87,000 tests were administered in this implementation. Apart from this mass implementation, your Company also conducted exam delivery for Andhra Pradesh State Council of Higher Education (APSCHE) and Institute of Management & Technology (IMT). The scope of Andhra Pradesh State Council of Higher Education (APSCHE) delivery was spread across the state of Andhra Pradesh and that for IMT was in north. Further your Company also successfully conducted second implementation of Symbiosis Centre of Distance Learning (SCDL).

Your Company also acquired orders from prestigious clients like Alliance Business Academy, Tally and Footware Design and Technology Development Institute (FDDI) which has given an edge over the competitors and helped boost the confidence. Your Company has also launched its web site during this year.

In terms of client acquisition and delivery scalability improvements, your Company has acquired 4 clients out of which 2 were strategic in nature totalling to a contract value over Rs. 200 lakhs with assignment contract for 3 years. It includes one of the prestigious management schools in Mumbai, Wellingkar Institute, to deliver their semester exams. Second strategic client is Reliance Industries Limited to assess the competencies of their employees working in petroleum products' dispensing stations and related departments. Further your Company has also bagged the TOEFL testing order through Prometric Inc.

On infrastructure front, your Company has set up its first ever dedicated test center in Chennai. This center is equipped with state-of-art technology machines, CCTV infrastructure and facilities like waiting area, lockers etc. This was a step towards upgrading the Company's own infrastructure to adhere to international standards. During the year the team size doubled to 21 members. With the plans to drive sales as a clear focus, a national sales head was also appointed.

FUTURE OUTLOOK

The future prospects of your Company seems to be definitely promising.

Over the next three years, your Company plans to focus on client acquisition and engagement for a longer period. For the year 2006, your Company projects a 30% visibility in revenues. Your Company proposes to foray into new products and new markets in the coming

ATTEST TESTING SERVICES LIMITED

years. Further the Company desires to have its processes certified and achieve world class security standards through CMMi and BS 7799 implementation which will boost the customer confidence and bring in higher revenue realization. Biometric Identification process is also being proposed to identify the test aspirants.

Your Company plans to set up dedicated test centers to build up the capabilities for scaled up deliveries. The first dedicated centre is set up at Chennai. In the course of time, your Company will launch standard tests on sales, loyalty, integrity, stress, aptitude etc. and also plans to foray into certificate printing and dispatch activities.

DIRECTORS

In accordance with the relevant provisions of the Companies Act, 1956, Mr. Ajay Oberoi and Mr. K. Raj, Directors of the Company, retire by rotation, at the next Annual General Meeting of your Company and being eligible offer themselves for re-appointment.

Mr. Uday Kulkarni was appointed as an Additional Director of your Company with effect from October 17, 2005, to hold office till the date of the next Annual General Meeting of the Company. A notice under the provisions of Section 257(1) of the Companies Act, 1956 alongwith a deposit of the requisite amount has been received from a Member of your Company signifying his intention to propose the candidature of Mr. Uday Kulkarni as a Director of your Company, liable to retire by rotation.

Mr. R. Krishnan was appointed as an Additional Director of your Company with effect from October 17, 2005, to hold office till the date of the next Annual General Meeting of the Company. A notice under the provisions of Section 257(1) of the Companies Act, 1956 alongwith a deposit of the requisite amount has been received from a Member of your Company signifying his intention to propose the candidature of Mr. R. Krishnan as a Director of your Company, liable to retire by rotation.

EMPLOYEES

There was no employee whose remuneration was in excess of limits specified u/s 217 (2A) of the Companies Act, 1956.

DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from the

members of the public as defined in section 58A of the Companies Act, 1956.

INFORMATION IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE RULES MADE THEREUNDER

Conservation of Energy :

All possible measures have been taken by the Company to ensure optimal use of energy, avoid any wastage and conserve energy .

Technology Absorption :

Your Company has, in its endeavour to obtain and deliver the best, entered into alliances to harness and tap the latest and best of technology in its field and deploy technology wherever feasible and as found appropriate.

Foreign Exchange Earnings and Outgo :

The Company does not have any Foreign Exchange transactions during this year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments 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 loss of the Company for that period;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s Dixit Dattatray & Associates, Chartered

Accountants, Mumbai, resigned as Statutory Auditors of the Company vide their resignation letter dated January 2, 2006. M/s. Khimji Kunverji & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company by a resolution passed at the Extraordinary General Meeting of the Company held on January 30, 2006.

M/s. Khimji Kunverji & Co., Chartered Accountants, Auditors of the Company, retire at the next Annual General Meeting and have furnished a certificate regarding their eligibility for re-appointment as the Company's Auditors.

ACKNOWLEDGEMENT

The Directors take the opportunity to acknowledge the continued support of all Members of the Company during this period.

For and on behalf of the Board of Directors

T. K. Ravishankar
Director

K. Raj
Director

Place : Mumbai
Date : March 24, 2006

ATTEST TESTING SERVICES LIMITED

AUDITORS' REPORT

To the Shareholders of Attest Testing Services Limited

1. We have audited the attached Balance Sheet of **Attest Testing Services Limited** as at December 31, 2005, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As mentioned in Note No. 1 of Notes to Accounts, the accounts of the Company have been prepared on a going concern basis, which is in view of the heavy losses incurred and erosion of net worth is dependent on future profitability and availability of guaranteed finance.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (hereinafter referred to as "the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter referred to as "the Act") we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. *Subject to our comments in 3 above and in the Annexure referred to in 4 above, we report that :*
 - i) 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;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books;

- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act.
- v) On the basis of the written representations received from the Directors as on December 31, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on December 31, 2005 from being appointed as a Director in terms of Section 274 (1)(g) of the Act.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2005;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

Place : Mumbai
Date : March 24, 2006

(Referred to in paragraph 4 of our report of even date)

1. The nature of the Company's activities during the year have been such that Clauses (ii), (viii), (x), (xi), (xii), (xiii), (xiv), (xvi), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. In respect of its Fixed Assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management.
 - (c) The Company has not disposed of a substantial part of its fixed assets during the year.
3. The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act according to the information and explanation given to us, hence Clause (iii) is not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and sale of services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. There are no transactions applicable under Section 301 of the Act.
6. The Company has not accepted deposits from the public, and hence the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, are not applicable to the Company.
7. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by Aptech Limited, the holding company, are commensurate with the size of the Company and nature of its business.
8. In our opinion and according to the information and explanations given to us in respect of statutory and other dues:
 - (a) The Company is generally regular in depositing undisputed statutory dues including Income-Tax, Cess and any other statutory dues with the appropriate authorities during the year, where applicable. We are informed that during the year the Company is not liable for Sales Tax, Wealth Tax, Custom Duty and Excise Duty.

As regards to Provident Fund and Employees State Insurance, the salaries are paid by the Holding Company Aptech Ltd. and reimbursed by the Company. Provident Fund and Employees State Insurance dues are generally regularly deposited by the Holding Company with the appropriate authorities. *The Company has not deposited Service Tax of Rs. 14,24,131 (including Interest) of which Rs. 6,97,141 is outstanding for a period more than six months as at 31st December, 2005.* There were no other arrears as at 31st December, 2005 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us there are no dues of Sales Tax/Income tax/Wealth Tax/Service Tax/Custom Duty /Excise Duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.
9. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
10. According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long-term investment.
11. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
12. To the best of our knowledge and belief and according to the information given to us, no fraud on the or by the Company was noticed or reported during the year.

For and on behalf of
KHIMJI KUNVERJI & CO.
 Chartered Accountants

Dharini M. Shah
 Partner
 Membership No. 115914

Place : Mumbai
 Date : March 24, 2006

ATTEST TESTING SERVICES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2005

Particulars	Schedule	As at	
		31st December, 2005 Rupees	31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share capital	1	500,000	500,000
Share application money		328,406	328,406
		828,406	828,406
LOAN FUNDS			
Unsecured loans from holding Company		21,988,481	6,028,663
TOTAL FUNDS EMPLOYED		22,816,887	6,857,069
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	2	2,720,123	252,245
Less : Accumulated depreciation		202,969	40,889
Net block		2,517,154	211,356
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	3	984,153	77,140
Inventories		-	728,592
Cash and bank balances		810,143	21,686
Loans and advances		1,189,444	-
		2,983,740	827,418
Less :			
CURRENT LIABILITIES AND PROVISIONS	4	5,979,511	12,140
Liabilities		46,611	-
Provisions		6,026,122	12,140
NET CURRENT ASSETS		(3,042,382)	815,278
PROFIT AND LOSS ACCOUNT		23,342,115	5,830,435
TOTAL FUNDS UTILISED		22,816,887	6,857,069
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	10		

Schedules referred to above form an integral part of the accounts

As per our report of even date.

For and on behalf of

KHIMJI KUNVERJI & CO.

Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

For and on behalf of the Board of Directors

T. K. Ravishankar
Director

K. Raj
Director

Place : Mumbai
Date : March 24, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Schedule	2005		2004	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from operations	5	<u>16,465,702</u>		1,121,805	
			16,465,702		1,121,805
EXPENDITURE					
Testing expenses	6	10,433,586		802,634	
Salaries and employee benefits	7	16,683,706		4,793,291	
Administration and other expenses	8	6,517,554		1,314,432	
Interest and finance costs	9	111,452		994	
Depreciation and amortisation		<u>162,080</u>		40,889	
			33,908,378		6,952,240
LOSS BEFORE TAX			(17,442,676)		(5,830,435)
Fringe benefit tax			<u>69,004</u>		-
LOSS AFTER TAX			(17,511,680)		(5,830,435)
Loss brought forward from previous year			<u>(5,830,435)</u>		-
BALANCE CARRIED TO BALANCE SHEET			(23,342,115)		(5,830,435)
Basic and diluted earnings per share			(211.39)		(71.39)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	10				

Schedules referred to above form an integral part of the accounts

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

T. K. Ravishankar
Director

K. Raj
Director

ATTEST TESTING SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		(17,442,676)		(5,830,435)
Adjustments for :				
Depreciation and amortisation	162,080		40,889	
Interest and finance costs	111,452		994	
		<u>273,532</u>		<u>41,883</u>
Operating profit before working				
Capital changes		(17,169,144)		(5,788,552)
Adjustments for :				
Decrease/(Increase) in inventories	728,592		(728,592)	
Decrease/(Increase) in trade and other receivables	(907,015)		(77,140)	
Decrease/(Increase) in loans and advances	10,029		-	
(Decrease)/Increase in other payables	5,872,755		12,140	
		<u>5,704,361</u>		<u>(793,592)</u>
Cash From/(used) in operating activities		(11,464,783)		(6,582,144)
Income tax/fringe benefit tax paid (Net of refund)	(1,221,866)		-	
		<u>(1,221,866)</u>		<u>-</u>
Net cash from/(used) in operating activities		<u>(12,686,649)</u>		<u>(6,582,144)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(2,467,878)		(252,245)	
Net Cash used in Investing Activities		<u>(2,467,878)</u>		<u>(252,245)</u>
(C) CASH FROM FINANCING ACTIVITIES				
Issue of Share Capital/Share Application Money	-		828,406	
Proceeds from borrowings	27,959,918		-	
Repayments of borrowings	(12,000,100)		6,028,663	
Bank charges paid	(16,834)		(994)	
Net Cash from financing activities		<u>15,942,984</u>		<u>6,856,075</u>
Net (Decrease)/Increase in cash & cash equivalents		<u>788,457</u>		<u>21,686</u>
Cash & cash equivalents at the beginning of the year		<u>21,686</u>		<u>-</u>
Cash & cash equivalents at the end of the year		<u>810,143</u>		<u>21,686</u>
		<u>788,457</u>		<u>21,686</u>

Notes:

1. Cash and cash equivalents includes

a. Cash	-	-
b. Balance with banks	810,143	21,686
	<u>810,143</u>	<u>21,686</u>

2. The previous year's figures have been regrouped/rearranged to conform to the current year's presentation, whenever necessary.

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

Dharini M. Shah
Partner
Membership No. 115914

T. K. Ravishankar
Director

K. Raj
Director

Place : Mumbai
Date : March 24, 2006

SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2005		As at 31st December, 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "1" - SHARE CAPITAL				
AUTHORISED CAPITAL				
50,000 (previous year 50,000) equity shares of Rs. 10/- each		500,000		500,000
		<u>500,000</u>		<u>500,000</u>
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
50,000 (previous year 50,000) equity shares of Rs. 10/- each Fully paid up (all shares are held by the parent Company Aptech Limited)		500,000		500,000
		<u>500,000</u>		<u>500,000</u>
SCHEDULE "2" - FIXED ASSETS				
(Rupees)				

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK			
	As at 01-01-2005	Additions	Deductions/ Adjustments	As at 31-12-2005	As at 01-01-2005	For the Year	Deductions/ Adjustments	As at 31-12-2005	As at 31-12-2005	As at 31-12-2004
Computers	252,245	971,553	-	1,223,798	40,889	94,563	-	135,452	1,088,346	211,356
Office equipments	-	158,374	-	158,374	-	2,675	-	2,675	155,699	-
Furniture and fixtures	-	560,051	-	560,051	-	8,863	-	8,863	551,188	-
Intangible asset:										
Computers software	-	777,900	-	777,900	-	55,979	-	55,979	721,921	-
TOTAL	252,245	2,467,878	-	2,720,123	40,889	162,080	-	202,969	2,517,154	211,356
Total (previous year)	-	252,245	-	252,245	-	40,889	-	40,889	211,356	-

Particulars	As at 31st December, 2005		As at 31st December, 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "3" - CURRENT ASSETS, LOANS AND ADVANCES				
Sundry debtors (Unsecured, considered good except otherwise stated) Dues for the period exceeding six months Other debts		984,153		77,140
		<u>984,153</u>		<u>77,140</u>
INVENTORIES		-		77,140
CASH AND BANK BALANCES				728,592
Balances with scheduled banks in current account		810,143		21,686
LOANS AND ADVANCES (Unsecured, considered good except otherwise stated) Advances recoverable in cash or in kind or for value to be received Advance payment of Income Tax and fringe benefit tax		(10,029) 1,199,473		- -
		<u>1,189,444</u>		-
		<u>2,983,740</u>		<u>827,418</u>

ATTEST TESTING SERVICES LIMITED
SCHEDULES TO BALANCE SHEET

Particulars	As at		As at	
	31st December, 2005	31st December, 2005	31st December, 2004	31st December, 2004
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry creditors	539,937		12,140	
Advance from customers	4,310,035		-	
Other liabilities	1,129,539		-	
		5,979,511		12,140
PROVISIONS				
Provision for taxation		46,611		-
		6,026,122		12,140

SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "5" - INCOME FROM OPERATIONS				
Income from testing services		16,465,702		1,121,805
		16,465,702		1,121,805
SCHEDULE "6" - TESTING EXPENSES				
Test execution charges		8,310,108		791,507
Professional charges		1,975,444		9,839
Education, training and other expenses		148,034		1,288
		10,433,586		802,634
SCHEDULE "7" - SALARIES AND EMPLOYEE BENEFITS				
Salary and other allowances		15,105,326		4,230,163
Contribution to Provident Fund and other funds		1,156,133		527,480
Staff welfare expenses		422,247		35,648
		16,683,706		4,793,291
SCHEDULE "8" - ADMINISTRATION AND OTHER EXPENSES				
Rent		209,639		68,325
Rates and taxes		48,780		3,142
Travelling and conveyance expenses		1,355,265		552,609
Communication		1,198,996		168,039
Repairs & maintenance				
- Buildings	784			
- Plant & machinery	163,960		114,478	
- Others	1,332,565			
		1,497,309		114,478
Printing & stationery		404,826		31,111
Electricity Expenses		382,840		31,170
Audit fees		82,650		11,020
Stamp Duty and Filing Fees		9,379		25,900
Marketing expenses		451,084		253,518
Miscellaneous expenses		876,786		55,120
		6,517,554		1,314,432
SCHEDULE "9" - INTEREST AND FINANCE COSTS				
Bank charges and commission		111,452		994
		111,452		994

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

SCHEDULE "10"

A. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of Preparation :

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards.

(b) Revenue Recognition :

The revenue is recognised on the basis of completion of projects as per the terms of the contract.

(c) Fixed Assets :

Fixed assets are recorded at cost of acquisition/development or construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Intangible Assets :

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation.

(e) Depreciation and Amortisation :

Depreciation on fixed assets is provided on Straight-Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956, except as stated below :

Intangible Asset : Computer Software is amortised at the rate of 16.21%.

Depreciation on the fixed assets added/disposed of/discarded during the year has been provided on pro-rata basis with reference to the month of addition/disposal/discardation.

(f) Impairment of Assets :

All assets other than inventories, investments and deferred tax assets are reviewed for impairment wherever events or change in circumstances indicates that the carrying amount may not be recoverable, as per Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount and the resulting impairment loss is debited to Profit & Loss Account/Reserves.

(g) Income Tax :

Provision for Current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The Deferred tax for timing differences between the book and the tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date.

Deferred tax assets arising from the timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

(h) Contingent Liabilities :

These, if any, are disclosed by way of notes to the Balance Sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end, till the finalisation of accounts and have a material effect on the position stated in the Balance Sheet.

B. NOTES FORMING PART OF THE ACCOUNTS :

1. The accounts of the Company are prepared on a going concern basis, which is dependent on the availability of future profitability and continued finance. The Company is confident of financial support from its holding Company and future profitability based on its business plan.
2. Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 3,220/- (previous year Nil).

ATTEST TESTING SERVICES LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

3. Payment to Auditors :

Particulars	(Rupees)	
	2005	2004
Audit Fees	50,000	10,000
Tax Audit Fees	25,000	-
Service Tax	7,650	1,020
Total	82,650	11,020

4. Related Party Transaction :

a) Names of related parties and description of relation :

Holding Company Aptech Limited

b) Transactions with related parties :

Nature of Transactions	Holding Company
Receiving of services and reimbursement of expenses (Previous year)	4,116,167 (-)
Finance (Including loans and equity, contributions in cash or in kind) Loans taken (including share application money)	
Fresh loans during the year	27,759,818
(Previous year)	(6,357,070)
Repaid/Adjusted during the year	11,800,000
(Previous year)	(-)
Management contracts including for deputation of employees (Previous year)	3,245,600 (-)
Balance as at year ended 31st December, 2005	
Loans taken (including share application money) (Previous year)	22,316,888 (6,357,070)

5. Earnings per Share :

	2005	2004
Profit/(Loss) after tax attributable to equity shareholders	(17,511,680)	(5,830,435)
Weighted average number of equity shares outstanding during the year/period		
Basic	82,841	81,671
Add : Options	-	-
Diluted	82,841	81,671
Nominal value of equity shares (Rupees)	10/-	10/-
Basic & Diluted EPS (Rupees)	(211.39)	(71.39)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

6. Deferred Tax Asset/(Liability) at the year end comprising of timing difference is as under :

Particulars	2005 Rupees
i) Deferred Tax Liability Related to Fixed Assets	(195,754)
ii) Deferred Tax Assets :	
Other Timing Differences	* 2,923
Carry Forward Loss/Unabsorbed Depreciation	* 192,831
Net Deferred Tax Asset/(Liability)	-

* recognized to the extent of net Deferred Tax Liability

The Deferred Tax Asset computed in accordance with AS-22 "Accounting for Taxes on Income", has been recognized in the current year as availability of sufficient future taxable income against which the balance Deferred Tax Asset can be realized is presently not "virtually certain".

7. The figures for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.
8. Additional information pursuant to paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956 - NIL.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

T. K. Ravishankar
Director

K. Raj
Director

APTECH TRAINING LIMITED FZE

DIRECTORS' REPORT

The Directors of Aptech Training Limited FZE have the pleasure in submitting the financial statements for the year ended December 31, 2005.

PRINCIPAL ACTIVITIES

The Company, inter alia, is engaged in providing education and training in Information Technology, developing, franchising and licensing software and program products and providing consultancy services.

PERFORMANCE

The financial results of the Company for the year ended December 31, 2005 are as reported below :

Particulars	(Rs. In lacs)	
	2005	2004
Gross Income	117.76	96.23
Less : Operating Expenses	45.36	106.04
Gross Operating Profit	72.40	(9.81)
Less : Extraordinary Items	419.15	-
Net Loss After Extraordinary Items	(346.75)	(9.81)
Less : Interest & Depreciation	86.59	32.29
Net Loss Before Tax	(433.34)	(42.10)
Provision for Tax	-	-
Net Loss After Tax	(433.34)	(42.10)

OPERATIONS

The Company has been in the business of imparting training in Computer Education and delivery through franchise network in Nigeria and Pakistan. During the year the Company was successful in stabilizing operations in Pakistan with improved thrust on delivery mechanism and aggressive marketing.

FUTURE OUTLOOK

The Company has planned expansion in Nigeria to increase the national presence and focus on career education through tie-ups with local universities and thus to gain share in education market. With increasing demand for multimedia professionals in Pakistan, the Company has drawn up strategies to address the same through newer product launches aligned to industry needs under the brand name of Arena.

DIRECTORS

The Directors in office as at the date of this report are :

Pramod Khera
T. K. Ravishankar
R. Krishnan

AUDITORS

M/s. P.H. Sanghvi & Co., Chartered Accountants, Mumbai, resigned as Statutory Auditors of the Company vide their resignation letter dated December 26, 2005, informing the Company that they will not be able to continue as Auditors of the Company due to their preoccupation. M/s. Khimji Kunverji & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company by a resolution passed at the Board Meeting of the Company held on December 26, 2005.

ACKNOWLEDGEMENT

The Directors take the opportunity to acknowledge the continued support and efforts of all Members of the Company, as well as business partners and associates.

For and on behalf of the Board of Directors

Pramod Khera
Director

T. K. Ravishankar
Director

Date : March 24, 2006

AUDITORS' REPORT

To the Members of Aptech Training Limited FZE

1. We have audited the attached Balance Sheet of **Aptech Training Limited FZE, UAE** as at December 31, 2005, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As mentioned in Note No.1 of Notes to Accounts, the accounts of the Company have been prepared on a going concern basis, which is in view of the heavy losses incurred and erosion of net worth is dependent on future profitability and availability of guaranteed finance.
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
- v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2005;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No.115914

Place : Mumbai
Date : March 24, 2006

APTECH TRAINING LIMITED FZE
BALANCE SHEET AS AT 31ST DECEMBER, 2005

Particulars	Schedule	As at 31st December, 2005 Rupees	As at 31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share capital	1	46,007,103	46,007,103
LOAN FUNDS			
Loan from Holding Company		997,609	-
TOTAL FUNDS EMPLOYED		47,004,712	46,007,103
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	2	53,664,176	41,224,430
Less : Accumulated depreciation & impairment		53,601,857	3,111,651
Net Block		62,319	38,112,779
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	3	2,906,235	-
Cheque in hand/bank balance		1,554,229	4,863,101
Loans and advances		35,403	21,735
		4,495,867	4,884,836
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	4	8,535,387	4,726,304
Provisions		110,041	22,040
		8,645,428	4,748,344
NET CURRENT ASSETS		(4,149,561)	136,492
Profit and Loss Account		51,091,954	7,757,832
TOTAL FUNDS UTILIZED		47,004,712	46,007,103
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT			
	11		

Schedules referred to above form an integral part of the accounts.

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

Dharini M. Shah
Partner
Membership No. 115914

Pramod Kherra
Director

T. K. Ravishankar
Director

Place : Mumbai
Date : March 24, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Schedule	2005		2004	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Operations	5	11,773,405		9,425,807	
Other Income	6	2,271		197,544	
			11,775,676		9,623,351
EXPENDITURE					
Training & Education Expenses	7	1,481,905		5,681,472	
Administration and Other Expenses	8	2,614,823		4,922,200	
Interest and Finance Costs	9	83,619		124,554	
Employment Expenses	10	439,245			
			4,619,592		10,728,226
PROFIT/(LOSS) BEFORE DEPRECIATION/ AMORTISATION AND EXCEPTIONAL ITEMS			7,156,084		(1,104,875)
Depreciation/amortisation			8,575,310		3,105,388
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS			(1,419,226)		(4,210,263)
Impairment Loss (Refer Note C-3 of Schedule 11)			41,914,896		-
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS			(43,334,122)		(4,210,263)
Surplus/(Deficit) brought forward from previous year			(7,757,832)		(3,547,569)
BALANCE CARRIED TO BALANCE SHEET			(51,091,954)		(7,757,832)
Basic and diluted earning per share			(1,171,192)		(113,791)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT	11				

Schedules referred to above form an integral part of the accounts.

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

Dharini M. Shah
Partner
Membership No. 115914

Pramod Khera
Director

T. K. Ravishankar
Director

Place : Mumbai
Date : March 24, 2006

APTECH TRAINING LIMITED FZE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit/(Loss) before tax			(43,334,122)		(4,210,263)
Adjustments for :					
Depreciation and amortisation	8,575,310			3,105,388	
Fixed assets written off	41,914,896			-	
Interest and finance costs	83,618			124,554	
Interest income	(2,271)			(20,652)	
			<u>50,571,553</u>		<u>3,209,290</u>
Operating profit before Working Capital changes			7,237,431		(1,000,973)
Adjustments for :					
Decrease/(Increase) in Sundry Debtors	(2,906,235)			-	
Decrease/(Increase) in Loans and Advances	(13,668)			1,060	
Increase/(Decrease) in Current Liabilities and Provisions	3,897,084			2,058,129	
			<u>977,181</u>		<u>2,059,189</u>
Cash From/(used) in operating activities			<u>8,214,612</u>		<u>1,058,216</u>
Interest received	2,271			20,652	
			<u>2,271</u>		<u>20,652</u>
Net cash from/(used) in operating activities			8,216,883		1,078,868
(B) CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(12,439,746)			(41,177,000)	
Net cash used in investing activities			(12,439,746)		(41,177,000)
(C) CASH FROM FINANCING ACTIVITIES					
Proceeds from issue of Share Capital	-			(908,518)	
Proceeds from Borrowings	997,609			-	
Interest paid	(83,618)			(124,554)	
Net cash from financing activities			913,991		(1,033,072)
Net (Decrease)/Increase in cash & cash equivalents			(3,308,872)		(41,131,204)
Cash & Cash equivalents at the beginning of the year			4,863,101		45,994,305
Cash & Cash equivalents at the end of the year			1,554,229		4,863,101
			<u>(3,308,872)</u>		<u>(41,131,204)</u>

Notes:

- Cash and Cash equivalents includes :

Cash in hand	1,554,229	-
Balance with bank	-	4,863,101
	<u>1,554,229</u>	<u>4,863,101</u>
- The previous year's figures have been regrouped/rearranged to conform to the current year's presentation, whenever necessary.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

Pramod Khera
Director

T. K. Ravishankar
Director

SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2005 Rupees		As at 31st December, 2004 Rupees										
SCHEDULE "1" - SHARE CAPITAL													
37 (previous year 37) equity Shares of UAE DHMS (AED) 100,000/- each													
fully paid up (all shares are held by the parent Company Aptech Limited)													
		46,007,103		46,007,103									
		46,007,103		46,007,103									
SCHEDULE "2" - FIXED ASSETS													
	(Rupees)												
Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				IMPAIRMENT			NET BLOCK	
	As at 01-01-2005	Additions	Deductions/ Adjustments	As at 31-12-2005	As at 01-01-2005	For the Year	Deductions/ Adjustments	As at 31-12-2005	As at 01-01-2005	For the Year	As at 31-12-2005	As at 31-12-2005	As at 31-12-2004
Computer Hardware	-	44,346	-	44,346	-	4,222	-	4,222	-	-	-	40,124	-
Furniture and fixtures	47,430	-	-	47,430	15,749	9,486	-	25,235	-	-	-	22,195	31,681
Intangible Asset:													
Software	41,177,000	12,395,400	-	53,572,400	3,095,902	8,561,602	-	11,657,504	-	41,914,896	41,914,896	-	38,081,098
TOTAL	41,224,430	12,439,746	-	53,664,176	3,111,651	8,575,310	-	11,686,961	-	41,914,896	41,914,896	62,319	38,112,779
Total (previous year)	47,430	41,177,000	-	41,224,430	6,263	3,105,388	-	3,111,651	-	-	-	38,112,779	
Particulars	As at 31st December, 2005 Rupees		As at 31st December, 2004 Rupees										
SCHEDULE "3" - CURRENT ASSETS, LOANS AND ADVANCES													
Sundry debtors (unsecured)													
Debts outstanding for a period exceeding six months		-		-									
Other debts		2,906,235		-									
		2,906,235		-									
Cash and bank balances													
Cheque in hand/bank balance													
Loans and advances (unsecured)													
Advances recoverable in cash or in kind or for value to be received				21,735									
Deposits		35,403		-									
		35,403		21,735									
		4,495,867		4,884,836									
SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS													
Current liabilities													
Dues to holding Company		8,535,387		4,528,560									
Sundry creditors		-		197,744									
		8,535,387		4,726,304									
Provisions													
Provision for expenses		110,041		22,040									
		110,041		22,040									
		8,645,428		4,748,344									

APTECH TRAINING LIMITED FZE
SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "5" - INCOME FROM OPERATIONS				
Recurring franchise fees		11,450,485		9,425,807
Startup income		322,920		-
		<u>11,773,405</u>		<u>9,425,807</u>
SCHEDULE "6" - OTHER INCOME				
Interest income		2,271		20,652
Exchange rate difference		-		176,892
		<u>2,271</u>		<u>197,544</u>
SCHEDULE "7" - TRAINING AND EDUCATION EXPENSES				
Education, training expenses and course materials		1,408,067		5,681,472
Other training expenses		73,838		-
		<u>1,481,905</u>		<u>5,681,472</u>
SCHEDULE "8" - ADMINISTRATION AND OTHER EXPENSES				
Rent		248,977		-
Travelling and conveyance expenses		102,364		768,613
Communication expenses		61,665		326,200
Professional fees		1,568,560		3,493,991
Audit fees		110,041		22,040
Licence fees		-		269,281
Courier charges		13,224		42,075
Exchange rate difference		253,241		-
Software expenses		30,162		-
Repairs & maintenance		119,416		-
Printing & stationery		16,238		-
Electricity charges		26,668		-
Other administration charges		64,267		-
		<u>2,614,823</u>		<u>4,922,200</u>
SCHEDULE "9" - INTEREST AND FINANCE COSTS				
Bank charges and commission		83,619		124,554
		<u>83,619</u>		<u>124,554</u>
SCHEDULE "10" - EMPLOYMENT EXPENSES				
Employment expenses		439,245		-
		<u>439,245</u>		<u>-</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

SCHEDULE : 11

A. DESCRIPTION OF BUSINESS AND ORGANISATION :

Aptech Training Limited FZE is a wholly owned subsidiary of Aptech Limited. It was formed w.e.f.19th May, 2002 as a Licensee of Free Trade Zone Authorities of the Ras Al Khaimah. (One of the Emirates of United Arab Emirates, UAE) with minimum capital requirement of 100000 AED. It has its office at RAK Free Trade Zone, Ras Al Khaimah, UAE. The activity permitted under the license is providing of Information Technology Education Services, subject to UAE Rules and Regulations.

B. SIGNIFICANT ACCOUNTING POLICIES :

1. System of Accounting :

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance the applicable accounting standards.

2. Revenue Recognition :

Income from service is recognised as they are rendered based on agreements/arrangements with the concerned parties.

3. Fixed Assets :

Fixed assets are recorded at cost of acquisition/development or construction less depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

4. Depreciation and Amortisation :

Depreciation at 20% on Straight Line Method has been provided on the basis of estimated useful life of 5 years.

Intangible Asset : Courseware and computer software are amortised @16.21%, considering the useful life of the assets and obsolescence.

Depreciation on the fixed assets added/disposed of/discarded during the year has been provided on pro-rata basis with reference to the month of addition/disposition/discarding.

5. Impairment of Assets :

All assets other than inventories, investments and deferred tax assets are reviewed for impairment wherever events or change in circumstances indicates that the carrying amount may not be recoverable, as per Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount and the resulting impairment loss is debited to Profit & Loss Account/Reserves.

6. Foreign Currency Transactions :

The Accounting Policy in respect of the Foreign Currency Transactions has been changed to conform to the Indian Accounting Standard AS-11.

i) Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of transactions.

ii) Current assets and liabilities are translated at the year end closing rates and the resulting exchange difference is reflected in the Profit and Loss Account

C. NOTES FORMING PART OF THE ACCOUNTS :

1) The accounts of the Company are prepared on a going concern basis, which is dependent on the availability of future profitability and continued finance. The Company is confident of financial support from its Holding Company and future profitability based on its business plan.

2) The transactions of the Company are carried out in US Dollars. However, for the purpose of the financial statements required by the Parent Company for consolidation and other purposes, the US Dollars amounts are translated into Indian Rupees as under:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Nature of Transactions	Holding Company
Fresh Loans during the year	997,609
(Previous year)	-
Repaid/Adjusted during the year	-
(Previous year)	-
Balance as at December 31, 2005	997,609
(Previous year)	-
Creditors balance as at December 31, 2005	8,538,526
(Previous year)	(4,528,560)
Management contracts including for deputation of employees	439,245
(Previous year)	-

- 8) The figures for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

Pramod Khera
Director

T. K. Ravishankar
Director

APTECH WORLDWIDE CORPORATION

DIRECTORS' REPORT

The Directors of Aptech Worldwide Corporation, USA have the pleasure in submitting the financial statements for the period ended December 31, 2005.

PRINCIPAL ACTIVITIES

The Company, inter alia, is engaged in providing education and training in Information Technology, developing, franchising and licensing software and program products and providing consultancy services.

PERFORMANCE

Since its inception, the Company is in the process of gradually establishing its operations.

The financial results of the Company for the period ended December 31, 2005 are as reported below :

Particulars	(Rs. In lacs)	
	2005	2004
Gross Income	391.68	19.97
Less : Operating Expenses	394.14	3.66
Gross Operating Profit	(2.46)	16.31
Less : Extraordinary Items	243.40	-
Net Loss After Extraordinary Items	(245.86)	16.31
Less : Interest & Depreciation	138.89	32.80
Net Loss Before Tax	(384.75)	(16.49)
Provision for Tax	0.36	-
Net Loss After Tax	(385.11)	(16.49)

OPERATIONS

The Company has been in the business of developing customized contents and to this end has been able to identify a good number of clients in the United States. The content development is outsourced to a fellow subsidiary company based out in India, where the operations are economical and thus making it viable. The Company's sales thrust in some of the developed countries is gaining increasing acceptance with timely execution and adhering to quality parameters as a result of which the order book position is improving by the day.

FUTURE OUTLOOK

The sales force team has been further strengthened with representatives in the US and UK markets. The outsourced business model makes the operations extremely viable which would enable your Company to carve out its growth path into the future.

The customized content in the educational segment has great promise and with timely delivery coupled with adherence to the high quality parameters set out by the corporate clients will ensure rapid growth with high margins in the years to come.

DIRECTORS

The Directors in office as at the date of this report are :

T. K. Ravishankar
Nilesh Vani
Pramod Khera
R. Krishnan

AUDITORS

M/s. Dixit Dattatray & Associates, Chartered Accountants, Mumbai, resigned as Statutory Auditors of the Company vide their resignation letter dated December 26, 2005, informing the Company that they will not be able to continue as Auditors of the Company due to their preoccupation. M/s. Khimji Kunverji & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company by a resolution passed at the Board Meeting of the Company held on December 26, 2005.

ACKNOWLEDGEMENT

The Directors take the opportunity to acknowledge the continued support and efforts of all members of the Company, as well as business partners and associates.

For and on behalf of the Board of Directors

Nilesh Vani
Director

T. K. Ravishankar
Director

Date : March 24, 2006

AUDITORS' REPORT

To the Members of Aptech Worldwide Corporation

We have audited the attached Balance Sheet of **Aptech Worldwide Corporation** as at December 31, 2005, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As mentioned in Note No.1 of Notes to Accounts, the accounts of the Company have been prepared on a going concern basis, which is in view of the heavy losses incurred and erosion of networth is dependent on future profitability and availability of continued finance.

1. 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;
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2005;
 - b) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

Place : Mumbai
Date : March 24, 2006

APTECH WORLDWIDE CORPORATION

BALANCE SHEET AS AT 31ST DECEMBER, 2005

Particulars	Schedule	As at 31st December, 2005 Rupees	As at 31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Application Money		40,950,000	40,950,000
LOAN FUNDS			
Unsecured Loans from Holding Company		8,113,948	–
TOTAL FUNDS EMPLOYED		49,063,948	40,950,000
APPLICATION OF FUNDS			
FIXED ASSETS	1		
Gross Block		41,764,526	41,427,000
Less: Accumulated Depreciation		41,436,460	3,279,422
Net Block		328,066	38,147,578
CURRENT ASSETS, LOANS AND ADVANCES	2		
Sundry Debtors		7,424,594	–
Cash and Bank Balances		1,168,556	1,170,040
Loans and Advances		117,612	–
		8,710,762	1,170,040
Less:			
CURRENT LIABILITIES AND PROVISIONS	3		
Liabilities		99,201	16,530
Provisions		36,160	–
		135,361	16,530
NET CURRENT ASSETS		8,575,401	1,153,510
PROFIT AND LOSS ACCOUNT		40,160,481	1,648,912
TOTAL FUNDS UTILISED		49,063,948	40,950,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	10		

Schedules referred to above form an integral part of the accounts.

As per our report of even date.

For and on behalf of

For and on behalf of the Board of Directors

KHIMJI KUNVERJI & CO.

Chartered Accountants

Dharini M. Shah

Partner

Membership No. 115914

Place : Mumbai

Date : March 24, 2006

Pramod Khara

Director

T.K. Ravishankar

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Schedule	As at 31st December, 2005 Rupees	As at 31st December, 2004 Rupees
INCOME			
Income from Operations	4	38,889,406	1,513,651
Other Income	5	278,446	483,302
		39,167,852	1,996,953
EXPENDITURE			
Operation Expenses	6	15,158,380	349,913
Salaries and Employee Benefits	7	14,235,418	-
Administration and Other Expenses	8	10,020,209	16,530
Interest and Finance Costs	9	72,216	-
Depreciation and Amortisation		13,817,079	3,279,422
		53,303,302	3,645,865
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX		(14,135,450)	(1,648,912)
Impairment Loss		24,339,959	-
PROFIT/(LOSS) BEFORE TAX		(38,475,409)	(1,648,912)
PROVISION FOR TAXATION		36,160	-
PROFIT/(LOSS) AFTER TAX		(38,511,569)	(1,648,912)
Balance brought forward from Previous year		(1,648,912)	-
BALANCE CARRIED TO BALANCE SHEET		(40,160,481)	(1,648,912)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	10		

Schedules referred to above form an integral part of the accounts.
As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914
Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

Pramod Khera
Director

T.K. Ravishankar
Director

APTECH WORLDWIDE CORPORATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2005

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) Before Tax		(38,475,409)		(1,648,912)
Adjustments				
Depreciation and Amortisation	13,817,079		3,279,422	
Interest and Finance Costs	72,216		-	
Impairment Loss	24,339,959		-	
		<u>38,229,254</u>		<u>3,279,422</u>
Operating Profit Before Working Capital Changes		(246,155)		1,630,510
Adjustments for :				
Decrease/(Increase) in trade and other receivables	(7,424,594)		-	
Decrease/(Increase) in loans and advances	(117,612)		-	
(Decrease)/Increase in other payables	82,671		16,530	
		<u>(7,459,535)</u>		<u>16,530</u>
Cash From/(used) in Operating Activities		<u>(7,705,690)</u>		<u>1,647,040</u>
Net Cash From/(used) in Operating Activities		<u>(7,705,690)</u>		<u>1,647,040</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(337,526)		(41,427,000)	
Net Cash used in Investing Activities		<u>(337,526)</u>		<u>(41,427,000)</u>
(C) CASH FROM FINANCING ACTIVITIES				
Proceeds of Share Application Money	-		40,950,000	
Proceeds from Borrowings	11,911,885		-	
Repayments of Borrowings	(3,797,937)		-	
Bank charges paid	(72,216)		-	
Net Cash from Financing Activities		<u>8,041,732</u>		<u>40,950,000</u>
Net (Decrease)/Increase in Cash & Cash equivalents		<u>(1,484)</u>		<u>1,170,040</u>
Cash & Cash equivalents at the beginning of the year		1,170,040		-
Cash & Cash equivalents at the end of the year		<u>1,168,556</u>		<u>1,170,040</u>
		<u>(1,484)</u>		<u>1,170,040</u>

Notes:

1. Cash and cash equivalents includes
- Cash
 - Balance with banks

	-	-
	<u>1,168,556</u>	<u>1,170,040</u>
	<u>1,168,556</u>	<u>1,170,040</u>

2. The previous year's figures have been regrouped/rearranged to conform to the current year's presentation, whenever necessary.

As per our report of even date.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914

Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

Pramod Kherra
Director

T. K. Ravishankar
Director

SCHEDULES TO BALANCE SHEET

SCHEDULE "1" - FIXED ASSETS (Rupees)													
Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				IMPAIRMENT			NET BLOCK	
	As at 01-01-2005	Additions	Deductions/ Adjustments	As at 31-12-2005	As at 01-01-2005	For the Year	Deductions/ Adjustments	As at 31-12-2005	As at 01-01-2005	For the Year	As at 31-12-2005	As at 31-12-2005	As at 31-12-2004
Plant and Machinery	-	115,145	-	115,145	-	5,640	-	5,640	-	-	-	109,505	-
Furniture and Fixtures	-	222,381	-	222,381	-	3,820	-	3,820	-	-	-	218,561	-
Intangible Assets													
Courseware	41,427,000	-	-	41,427,000	3,279,422	13,807,619	-	17,087,041	-	24,339,959	24,339,959	-	38,147,578
TOTAL	41,427,000	337,526	-	41,764,526	3,279,422	13,817,079	-	17,096,501	-	24,339,959	24,339,959	328,066	38,147,578
Total (Previous Year)	-	41,427,000	-	41,427,000	-	3,279,422	-	3,279,422	-	-	-	38,147,578	-

Particulars	As at 31st December, 2005 Rupees		As at 31st December, 2004 Rupees	
	SCHEDULE "2" - CURRENT ASSETS, LOANS AND ADVANCES			
SUNDRY DEBTORS (UNSECURED)				
Debts Outstanding for a period exceeding six months		-		-
Other Debts		7,424,594		-
		7,424,594		-
CASH AND BANK BALANCES				
Balances with Scheduled Banks				
In Current Accounts		1,168,556		1,170,040
LOANS AND ADVANCES				
(Unsecured, considered good except otherwise stated)				
Advances to be recovered in Cash or kind		34,530		-
Prepaid Expenses		83,082		-
		117,612		-
		8,710,762		1,170,040
SCHEDULE "3" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Advance from Customers		44,101		-
Sundry Creditors		55,100		16,530
				99,201
				16,530
PROVISIONS				
Provision for Taxation		36,160		-
		135,361		16,530

APTECH WORLDWIDE CORPORATION
SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2005		2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "4" - INCOME FROM OPERATIONS				
Income from Operations		<u>38,889,406</u>		<u>1,513,651</u>
		<u>38,889,406</u>		<u>1,513,651</u>
SCHEDULE "5" - OTHER INCOME				
Foreign Exchange Difference		<u>278,446</u>		<u>483,302</u>
		<u>278,446</u>		<u>483,302</u>
SCHEDULE "6" - OPERATION EXPENSES				
Project Execution Charges		<u>15,007,015</u>		<u>349,913</u>
Training Expenses		<u>151,365</u>		<u>-</u>
		<u>15,158,380</u>		<u>349,913</u>
SCHEDULE "7" - SALARIES AND EMPLOYEE BENEFITS				
(Payments to and provision for employees)				
Salary and Other Allowances		<u>13,796,825</u>		<u>-</u>
Staff Welfare Expenses		<u>438,593</u>		<u>-</u>
		<u>14,235,418</u>		<u>-</u>
SCHEDULE "8" - ADMINISTRATION AND OTHER EXPENSES				
Rent		<u>905,964</u>		<u>-</u>
Travelling and Conveyance Expenses		<u>2,167,242</u>		<u>-</u>
Communication Expenses		<u>1,166,847</u>		<u>-</u>
Electricity Expenses		<u>238,581</u>		<u>-</u>
Repairs & Maintenance				
- Buildings	<u>939</u>			<u>-</u>
- Plant & Machinery	<u>111,707</u>			<u>-</u>
- Others	<u>960,325</u>			<u>-</u>
		<u>1,072,971</u>		<u>-</u>
Professional Fees		<u>3,187,668</u>		<u>-</u>
Printing & Stationery		<u>218,780</u>		<u>-</u>
Advertisement/Marketing Expenses		<u>319,145</u>		<u>-</u>
Audit Fees		<u>55,100</u>		<u>16,530</u>
Miscellaneous Expenses		<u>687,911</u>		<u>-</u>
		<u>10,020,209</u>		<u>16,530</u>
SCHEDULE "9" - INTEREST AND FINANCE COSTS				
Bank Charges and Commission		<u>72,216</u>		<u>-</u>
		<u>72,216</u>		<u>-</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

SCHEDULE: 10

A. DESCRIPTION OF BUSINESS AND ORGANISATION :

Aptech Worldwide Corporation is a wholly owned subsidiary of Aptech Limited incorporated in the State of California, United States of America. It has its office at 2350, Mission College Blvd, Suite 320, Santa Clara, CA 95054. It is in the business of providing Information Technology Education Services.

B. SIGNIFICANT ACCOUNTING POLICIES :

1. System of Accounting :

The Financial Statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards.

2. Revenue Recognition :

Income from service is recognised as they are rendered based on agreements/arrangements with the concerned parties.

3. Fixed Assets :

Fixed Assets are recorded at cost of acquisition/development or construction less depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

4. Depreciation and Amortisation :

Depreciation on Fixed Assets is provided on Straight-Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956, except as stated below-

Intangible Asset: - Courseware is amortised at the rate of 33.33%.

Depreciation on the Fixed Assets added/disposed off/discarded during the year has been provided on pro-rata basis with reference to the month of addition/disposition/discarding.

5. Impairment of Assets :

All assets other than inventories, investments and deferred tax assets are reviewed for impairment wherever events or change in circumstances indicates that the carrying amount may not be recoverable, as per Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI). Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount and the resulting impairment loss is debited to Profit & Loss Account/Reserves.

6. Foreign Currency Transactions :

The Accounting Policy in respect of the Foreign Currency Transactions has been changed to conform to the Indian Accounting Standard AS-11.

i) Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of transactions.

ii) Current assets and liabilities are translated at the year end closing rates and the resulting exchange difference is reflected in the Profit and Loss Account.

7. Contingent Liability :

These, if any, are disclosed by way of notes to the Balance Sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end, till the finalisation of accounts and have a material effect on the position stated in the Balance Sheet.

C. NOTES FORMING PART OF THE ACCOUNTS :

- 1) The accounts of the Company are prepared on a going concern basis, which is dependent on the availability of future profitability and continued finance. The Company is confident of financial support from its holding company and future profitability based on its business plan.
- 2) The transactions of the Company are carried out in US dollars. However, for the purpose of the Financial Statements required by the Parent Company for Consolidation and other purposes, the US dollars amounts are translated into Indian rupees as under –

APTECH WORLDWIDE CORPORATION

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

a)	Income & Expenditure	Recorded at the rates of exchange prevailing on the date of transactions.
b)	Current Assets & Liabilities	Translated at the year end closing rates and the resulting exchange difference is reflected in the Profit and Loss Account.

- 3) In terms of the provision of AS-28 issued by ICAI which has become mandatory to the Company from this year, the Company has assessed its assets for impairment as on 31st December, 2005 giving due consideration to projected generation of economic benefits from Fixed Assets. Projects, which were intended to be secured by the acquisition of the courseware, could not materialize and the management is of the considered opinion that the same may not materialize in the near future. Considering that the courseware was designed for specific type of projects, the entire carrying value of the asset is impaired. Consequently, on 31st December, 2005, impairment loss to the extent of Rs. 24,339,959/- has been debited to Profit and Loss Account.

- 4) **Payment to Auditors :** (Rupees)

Particulars	2005	2004
Audit Fees	50,000	15,000
Service Tax	5,100	1,530
Total	55,100	16,530

- 5) **Related Party Transactions :**

i. **Names of related parties and description of relation :**

Holding Company Aptech Limited

ii. **Transactions with related parties :**

Nature of Transactions	Holding Company
Receiving of Services and Reimbursement of expenses (Previous year)	4,929,026 (-)
Finance (Including loans and equity, Contributions in cash or in kind)	
Loans Taken	
Balance as at January 1, 2005 (Previous year)	- (-)
Fresh Loans During the year (Previous year)	11,911,885 (-)
Repaid/Adjusted during the year (Previous year)	3,797,936 (-)
Balance as at December 31, 2005 (Previous year)	8,113,948 (-)
Management Contracts including for deputation of employees (Previous year)	3,887,237 (-)

- 6) Earning per share has not been calculated since no common stock has been allotted and the nominal value as well as the timing of conversion of application money is not known presently.
- 7) The figures for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

For and on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

Dharini M. Shah
Partner
Membership No. 115914
Place : Mumbai
Date : March 24, 2006

For and on behalf of the Board of Directors

Pramod Khera
Director

T.K. Ravishankar
Director

DIRECTORS' REPORT

The Directors of Aptech (WOS) Bangladesh Limited have the pleasure in submitting the financial statements for the year ended September 30, 2005.

PRINCIPAL ACTIVITIES

The Company, inter alia, is engaged in providing education and training in Information Technology, developing, franchising and licensing software and program products and providing consultancy services.

PERFORMANCE

Since its inception in 1998, the Company had gradually stabilized its operations in Bangladesh. The Company has over the years gained an unstinted leadership position in Information Technology training in Bangladesh. The slowdown in the retail segment witnessed in the current year, necessitated the Company to take up adequate measures to control costs and increase employee productivity.

The financial results of the Company for the year ended September 30, 2005 are as reported below :

Particulars	(Rs. In lacs)
Income	16.26
Less: Expenses	27.20
Net Profit (Loss)	(10.94)

FUTURE OUTLOOK

Information and Communication Technology (ICT) sector has been declared as a thrust sector in Bangladesh and the Government is planning to initiate major funding of IT training in schools across the country. The Company with its strong position and an excellent training centre network across the country is well-equipped to bag the Government funded projects and better its performance in the years to come.

Aptech is consolidating operations at Bangladesh, with respect to its IT Training business, keeping in mind the present conditions for IT sector. Aptech sees a promising outlook for Multimedia Training, although, through its Arena brand, as such. This comes from a positive sector growth in the local markets, in multimedia and animation industry.

DIVIDEND

Since the operations for the year resulted in a loss, your Directors express their inability to declare any dividend for the year.

DIRECTORS

The Directors in office as at the date of this report are :

Tarun Kumar Mitra
Pranab Kumar Bose

AUDITORS

The present Auditors M/s. Howladar, Yunus & Co., Chartered Accountants, will retire on completion of their term and are eligible for reappointment.

ACKNOWLEDGEMENT

The Directors take the opportunity to acknowledge the continued support and efforts of all members of the Company, as well as business partners and associates.

For and on behalf of the Board of Directors

Tarun Kumar Mitra **Pranab Kumar Bose**
Director Director

Date : April 15, 2006

APTECH (WOS) BANGLADESH LIMITED

AUDITORS' REPORT

To the Shareholders of Aptech Worldwide Bangladesh Limited

We have audited the accompanying Balance Sheet of **Aptech Worldwide Bangladesh Limited** as of September 30, 2005 and related Income Statement Account for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing (ISA) so far adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with International Accounting Standards

(IAS) so far adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), give a true and fair view of the state of the Company's affairs as of September 30, 2005 and of the results of its operations and its cash flows for the year ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also 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 and made due verification thereof;
- b) the financial statements have been prepared in accordance with generally accepted accounting principles and applicable international accounting standards; and
- c) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books.

For **Howladar, Yunus & Co.**
Chartered Accountants

Place : Dhaka, Bangladesh
Date : April 15, 2006

BALANCE SHEET AS AT 30TH SEPTEMBER, 2005

Particulars	Schedule	As at	
		30th September, 2005 Rupees	30th September, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	1,409,334	1,409,334
Reserves and Surplus	2	908,797	2,003,045
		2,318,131	3,412,379
LOAN FUNDS			
Unsecured Loans	3	2,103,573	2,103,573
		4,421,704	5,515,952
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	2,331,054	2,331,054
Less : Depreciation		1,685,457	1,605,516
Net block			645,597
725,538			
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	5	7,557,908	9,444,884
Cash and Bank Balances		9,487	41,711
Loans and Advances		127,378	172,094
		7,694,773	9,658,689
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	6	3,323,622	4,188,398
Provisions		595,044	679,877
		3,918,666	4,868,275
NET CURRENT ASSETS		3,776,107	4,790,414
		4,421,704	5,515,952
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			
	13		

As per our report of even date.

For **Howladar Yunus & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Pranab Kumar Bose
Managing Director

Tarun Kumar Mitra
Director

Place : Dhaka, Bangladesh
Date : April 15, 2006

APTECH (WOS) BANGLADESH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Operations	7	1,616,106		4,768,195	
Other Income	8	9,595		7,613	
			1,625,701		4,775,808
EXPENDITURE					
Training & Education Expenses	9	1,036,212		25,221	
Administration and Other Expenses	10	1,393,388		2,785,520	
Interest and Finance Costs	11	2,951		8,896	
Payments to and Provision					
For Employees	12	179,896		1,838,096	
Depreciation and Amortisation		79,941		114,598	
			2,692,388		4,772,331
PROFIT/(LOSS) BEFORE TAX			(1,066,687)		3,477
Income Tax - Current			27,561		7,219
PROFIT/(LOSS) AFTER TAX			(1,094,248)		(3,742)
Surplus Brought Forward from previous year			2,003,045		2,006,787
BALANCE CARRIED TO BALANCE SHEET			908,797		2,003,045
Earnings per share			(6.84)		(0.02)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT		13			

As per our report of even date.

For **Howladar Yunus & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Pranab Kumar Bose
Managing Director

Tarun Kumar Mitra
Director

Place : Dhaka, Bangladesh
Date : April 15, 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT/(LOSS) BEFORE TAX		(1,066,687)		3,477
Adjustments for :				
Depreciation and Amortisation	79,941		114,598	
Interest and Finance Costs	2,951		8,896	
Loss on Sale of Fixed Asset	-		702,060	
Interest Income	(9,595)		(7,613)	
		<u>73,297</u>		<u>817,941</u>
Operating Profit Before Working Capital Changes		(993,390)		821,418
Adjustments for :				
Decrease/(Increase) in Sundry Debtors	1,886,976		3,772,321	
Decrease/(Increase) in Loans and Advances	44,716		22,311	
Increase/(Decrease) in Current Liabilities and Provisions	(949,608)		(7,438,589)	
		<u>982,084</u>		<u>(3,643,957)</u>
Cash From/(used) in Operating Activities		(11,306)		(2,822,539)
Income Tax	(27,562)		(7,219)	
Interest Received	9,595		7,613	
		<u>(17,967)</u>		<u>394</u>
Net Cash From/(used) in Operating Activities		(29,273)		(2,822,145)
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Fixed Assets		-		708,540
Net Cash used in Investing Activities		-		708,540
(C) CASH FROM FINANCING ACTIVITIES				
Proceeds from Borrowings	-		2,103,573	
Interest paid	(2,951)		(8,896)	
Net Cash from Financing Activities		(2,951)		2,094,677
Net (Decrease)/Increase in Cash & Cash equivalents		(32,224)		(18,928)
Cash & Cash equivalents at the beginning of the year		41,711		60,639
Cash & Cash equivalents at the end of the year		9,487		41,711
		<u>(32,224)</u>		<u>(18,928)</u>

As per our report of even date.

For **Howladar Yunus & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Pranab Kumar Bose
Managing Director

Tarun Kumar Mitra
Director

Place : Dhaka, Bangladesh
Date : April 15, 2006

APTECH (WOS) BANGLADESH LIMITED
SCHEDULES TO BALANCE SHEET

Particulars	As at		As at							
	30th September, 2005		30th September, 2004							
	Rupees	Rupees	Rupees	Rupees						
SCHEDULE "1" - SHARE CAPITAL										
AUTHORISED										
1,000,000 (Previous year 1,000,000)										
Shares of Takka 10/- each		8,700,000		8,700,000						
		8,700,000		8,700,000						
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL										
160,000 (Previous year 160,000)										
Equity Shares of Takka 10/- each fully paid-up (All the Shares are held by the Parent Company Aptech Limited)		1,409,334		1,409,334						
		1,409,334		1,409,334						
SCHEDULE "2" - RESERVES AND SURPLUS										
Surplus in Profit and Loss Account		908,797		2,003,045						
		908,797		2,003,045						
SCHEDULE "3" - UNSECURED LOANS										
Others Loans and Advances		2,103,573		2,103,573						
		2,103,573		2,103,573						
SCHEDULE "4" - FIXED ASSETS (Rupees)										
Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01-10-2004	Additions	Deductions/ Adjustments	As at 30-09-2005	As at 01-10-2004	For the Year	Deductions/ Adjustments	As at 30-09-2005	As at 30-09-2005	As at 30-09-2004
Plant & Machinery	1,904,842	-	-	1,904,842	1,288,122	77,197	-	1,365,319	539,523	616,720
Furniture And Fixtures	426,212	-	-	426,212	317,394	2,744	-	320,138	106,074	108,818
TOTAL	2,331,054	-	-	2,331,054	1,605,516	79,941	-	1,685,457	645,597	725,538
TOTAL (Previous Year)	3,921,456	-	1,590,402	2,331,054	1,670,720	114,598	179,802	1,605,516	725,538	
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES										
SUNDRY DEBTORS (UNSECURED)										
Sundry Debtors					7,557,908					9,444,884
CASH AND BANK BALANCES										
Cash In Hand				488						5,129
Bank Balances				8,999					36,582	
								9,487		41,711
LOANS AND ADVANCES (UNSECURED)										
Advances Recoverable in Cash or in Kind or for value to be received				14,492						17,305
Advance payment of Income Tax				82,496						98,503
Deposits				30,390					56,286	
								127,378		172,094
								7,694,773		9,658,689

SCHEDULES TO BALANCE SHEET

Particulars	As at 30th September, 2005		As at 30th September, 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors		2,994,406		3,799,912
Other Liabilities		329,216		388,486
Provisions		595,044		679,877
		<u>3,918,666</u>		<u>4,868,275</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "7" - INCOME FROM OPERATIONS				
Training and Education Income		1,616,106		4,768,195
		<u>1,616,106</u>		<u>4,768,195</u>
SCHEDULE "8" - OTHER INCOME				
Interest Income		9,595		7,613
		<u>9,595</u>		<u>7,613</u>
SCHEDULE "9" - TRAINING AND EDUCATION EXPENSES				
Education, Training Expenses and Course Materials		1,008,000		-
Advertisement and Publicity		28,212		25,221
		<u>1,036,212</u>		<u>25,221</u>
SCHEDULE "10" - ADMINISTRATION AND OTHER EXPENSES				
Rent, Rates and Taxes		138,240		235,952
Travelling and Conveyance Expenses		11,331		161,087
Electricity Charges		-		94,252
Communication Expenses		48,456		138,030
Repairs & Maintenance - Others		1,943		16,581
Professional Fees		-		26,034
Provision for Doubtful Debts and Advances		-		1,303,500
Audit Fees		36,000		-
Loss On Sale of Fixed Assets		-		702,060
Exchange Rate Loss		1,146,149		15,772
Miscellaneous Expenses		11,269		92,252
		<u>1,393,388</u>		<u>2,785,520</u>
SCHEDULE "11" - INTEREST AND FINANCE COSTS				
Bank Charges and Commission		2,951		8,896
		<u>2,951</u>		<u>8,896</u>
SCHEDULE "12" - PAYMENT TO AND PROVISION FOR EMPLOYEES				
Salary & Other Allowances		172,834		1,812,964
Staff Welfare Expenses		7,062		25,132
		<u>179,896</u>		<u>1,838,096</u>

APTECH (WOS) BANGLADESH LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

SCHEDULE "13" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 LEGAL STATUS AND OBJECTIVES OF THE COMPANY :

Aptech Worldwide Bangladesh Limited is a private company limited by shares incorporated under the Companies Act, 1994 on December 01, 1998.

2 NATURE OF BUSINESS ACTIVITIES :

The Company is engaged in providing computer training, education and consultancy services through its franchisees in Bangladesh. It is also engaged in marketing and training related products and software products.

3 SIGNIFICANT ACCOUNTING POLICIES :

3.1 Basis of Financial Statements :

These Financial Statements have been prepared under historical cost convention and going concern basis in accordance with the International Accounting Standards (IAS) which does not vary from the requirements of the Companies Act, 1994 and other laws and rules applicable in Bangladesh.

3.2 Fixed Assets :

- a. Tangible fixed assets are stated at cost less accumulated depreciation and amortization.
- b. Depreciation is charged on reducing balance method at the rate varying from 10% to 20% considering the estimated useful lives of the assets as stated below :

Furniture & Fixtures	10%
Office Equipment	18%
Motor Vehicle	20%

3.3 Taxation :

Considering the practice generally followed in Bangladesh as well as the company's previous practice, no deferred tax assets or deferred tax liabilities have been accounted for in accordance with IAS 12 "Income Tax".

3.4 Creditors and Accrued Expenses :

Liabilities are recognized for amounts to be paid in future for goods and services received, whether or not billed by the supplier.

3.5 Earning per share :

Company calculates earnings per share (EPS) in accordance with IAS 33" Earnings Per Share " which has been shown on the face of Income Statement and the computation EPS is stated in Note 4.

a) Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there is no preference dividend for the year, minority interest or extra ordinary items, the net profit / (loss) for the year has been considered as fully attributable to the ordinary shareholders.

b) Weighted Average Number of Ordinary Share Outstanding During the Year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighing factor.

The Time weighing factor is the number of days the specific shares remain outstanding as a proportion of the total number of days in the period.

c) Earnings per Share

This has been calculated by dividing the basic earnings by the total number of ordinary shares outstanding during the year.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

d) Diluted earnings per share

No diluted EPS is required to be calculated for the year, as there is no scope for dilution during the year under review.

3.6 General

- Financial statements of the company covers one year from October 1, 2004 to September 30, 2005 consistently.
- Financial statements include the following components as per IAS 1 "Presentation of Financial Statements" :
 - a. Balance Sheet as at September 30, 2005
 - b. Profit and Loss Account for the year ended September 30, 2005
 - c. Accounting policies and Explanatory Notes
 - d. Figures rounded-off to the nearest Rupees.

4 BASIC EARNINGS PER SHARE :

	<u>Current Year</u>	<u>Previous Year</u>
	<u>Rupees</u>	<u>Rupees</u>
Earning attributable to Ordinary Shareholders	= (1,094,248)	(3,742)
Total number of shares outstanding during the year	160,000	160,000
	= (6.84)	(0.02)

5 GENERAL :

5.1 Related party transaction :

There was no related party transaction occurred during the year.

5.2 Capital Expenditure Commitment :

- a) There was no capital expenditure contracted or incurred or provided for as at September 30, 2005.
- b) There was no material capital expenditure authorized by the Board as at September 30, 2005.

5.3 During the year under review :

- a) No amount of money was spent by the Company for compensating any member of the Board for special service rendered except as stated above.
- b) There was no claim against the company not acknowledged as debt on September 30, 2005.
- c) There was no credit facilities available to the Company under any contract not availed of as on September 30, 2005 other than trade credit available in the ordinary course of business.
- d) There was no expense incurred in foreign exchange on account of Royalty, Technical Experts, Professional and Advisory Fee, Interest, brokerage and commission, etc.

As per our report of even date.

For and on behalf of Board of Directors.

For **HOWLADAR YUNUS & CO.**
Chartered Accountants

Pranab Kumar Bose
Managing Director

Tarun Kumar Mitra
Director

Place : Dhaka, Bangladesh
Date : April 15, 2006



FORM 2B

(See rules 4CCC and 5D)

NOMINATION FORM

(To be filled in by individual applying singly or jointly)

I/We _____ and _____ the holders of Equity Shares bearing Folio Number(s) _____ and accruals thereon of M/s. Aptech Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of Equity Shares shall vest in the event of my/our death.

Name and Address of Nominee

Name : _____
Address : _____
Pin Code : _____
Date of Birth* : _____

(* to be furnished in case the nominee is a minor)

** The Nominee is a minor whose guardian is _____

Name and Address of the Guardian : _____

(** To be deleted if not applicable)

Signature(s) of Holder(s)

Signature : _____ Signature : _____
(1st Holder) (2nd Holder, if any)

Name : _____ Name : _____

Address : _____ Address : _____

Date : _____ Date : _____

Signature of two Witnesses _____

Name and Address	Signature with date
1. _____	_____
2. _____	_____

Instructions :

- The Nomination can be made singly, only by individuals applying/holding shares on their own behalf. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the securities are held jointly, all joint holders will sign the Nomination Form.
- A minor can be nominated by holder(s) of shares and in that event the name and address of the Guardian shall be given by the holder(s).
- The nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A Non-Resident Indian can be a nominee on repatriable basis provided RBI approval granted to the nominee is registered with the Company.
- Nomination shall stand rescinded upon transfer of shares.
- Transfer of shares in favour of a nominee shall be valid discharge by a Company against the legal heir.
- The duly filled in Nomination form(s) can be lodged with the Company at its Registered Office and/or with the Registrar & Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd.

FOR OFFICE USE ONLY

Nomination Regn. No. : _____ Checked by : _____

Date of Registration : _____ Signature of Employee : _____



APTECH LIMITED

Registered Office : Elite Auto House, 54-A, Sir M. VasANJI Road, Andheri (E), Mumbai 400 093.

PROXY FORM

Registered Folio/Beneficiary ID No. _____

I/We _____ of _____ in the district of _____ being a Member/Members of the above named Company hereby appoint Mr./Mrs. _____ residing at _____ or failing him/her Mr./Mrs. _____ residing at _____ as my/our proxy to vote for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held on Thursday, the 29th day of June, 2006 at 4.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021 and at any adjournment thereof.

Signed this _____ day of _____, 2006.

Affix
Re. 1.00
Revenue
Stamp

Signature
(Please sign across the Stamp)

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

APTECH LIMITED

Registered Office : Elite Auto House, 54-A, Sir M. VasANJI Road, Andheri (E), Mumbai 400 093.

ATTENDANCE SLIP

Registered Folio/Beneficiary ID No. _____

I certify that I am a registered Shareholder/proxy for the registered Shareholder of the Company. I hereby record my presence at the Sixth Annual General Meeting of the Company to be held on Thursday, the 29th day of June, 2006 at 4.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021.

Member's/Proxy's name in BLOCK letters

Member's/Proxy's Signature

(Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting Hall.)

