



AUDITORS' REPORT

To The Shareholders of AVALON AVIATION ACADEMY PRIVATE LIMITED

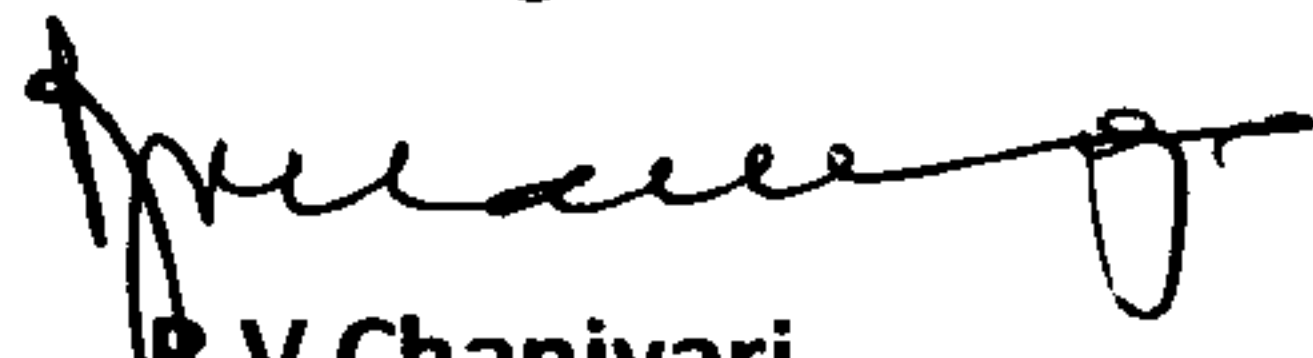
1. We have audited the attached Balance Sheet of AVALON AVIATION ACADEMY PRIVATE LIMITED as at March 31, 2010, and also the Profit and Loss account and the Cash Flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. 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 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.
 - 4.1 *As mentioned in note number B.2 of Schedule 13 of Notes to Accounts, the accounts of the company have been prepared on a going concern basis, which in view of the heavy losses incurred and erosion of net worth is dependent on future profitability and availability of continued finance from Holding company*
 - 4.2 *Refer Note No. 12 of Schedule 13 regarding payment of Remuneration of Rs27,83,525 to director which in the opinion of the Company is not covered under the limits specified in the Act and the disclosures, on which, we are unable to express our opinion*
5. Further to our comments in the Annexure referred to in para 3 above and Subject to our comments in 4.1 and 4.2 above, the effect of which could not be determined, 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 March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors



is disqualified as on March 31, 2010 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 March 31, 2010;
 - b) in the case of the Profit and Loss account, of the Loss of the Company for the period ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows of the Company for the period ended on that date.


For and on behalf of
Khimji Kunverji & Co
Chartered Accountants
Firm Registration No. 105146W


R V Chaniyari
Partner (F-31083)

Mumbai,
Dated: May 31, 2010



Annexure Referred to in paragraph 3 of our report of even date

(Re: AVALON AVIATION ACADEMY PRIVATE LIMITED)

1. The nature of the company's activities during the year have been such that clauses (viii), (x), (xi), (xii), (xiii), (xiv), (xvi), (xviii), (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) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off a substantial part of its Fixed Assets during the year.
3. In respect of its Inventories:
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
 - (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.
4. According to the information and explanation given to us, 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 hence clause (iii) of the order is not applicable.
5. 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 sale of services. No major weakness has been noticed in the internal control system in respect of these areas. As regards the internal control in the area of the sale of services, though there is improvement as compared to prior years, in our opinion, the same needs to be strengthened further to make it commensurate with the size of the Company and the nature of its business.
6. Based on the audit procedures applied and according to the information and explanations provided by the management, there are no transactions that need to be entered in the register maintained under section 301 of the Act, hence clause 4(v)(b) of the Order is not applicable to the company.
7. 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. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal

8. The holding company Aptech Limited has appointed a firm of chartered accountants to conduct the Internal Audit of itself as well as its subsidiaries including the Company. In our opinion, the internal audit functions carried out during the year by the management have been commensurate with the size and nature of its business
9. 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 Provident Fund, Income-tax, Employees' State Insurance, Service Tax, cess and other material statutory dues with the appropriate authorities during the period, where applicable. We are informed that during the period the company is not liable for Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Investor Education & Protection Fund. There were no arrears as at March 31, 2010 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 Income tax, Service Tax, Provident Fund and cess which have not been deposited with the appropriate authorities on account of any dispute
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. 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
12. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor we have been informed of such case by the management

For and on behalf of

Khimji Kunverji & Co

Chartered Accountants

Firm Registration No. 105146W

R V Chaniyari

Partner (F-31083)

Mumbai,

Dated: May 31, 2010

AVALON AVIATION ACADEMY PRIVATE LIMITED

BALANCE SHEET AS AT 31st March, 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	AS AT 31st March' 2010		AS AT 31ST DECEMBER' 2008	
		RUPEES	RUPEES	RUPEES	RUPEES
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
SHARE CAPITAL	"1"	40,000,000		40,000,000	
			40,000,000		40,000,000
LOAN FUNDS					
UNSECURED LOANS	"2"		189,981,635		112,426,550
TOTAL FUNDS EMPLOYED			229,981,635		152,426,550
APPLICATION OF FUNDS					
FIXED ASSETS					
GROSS BLOCK	"3"	49,229,493		48,029,026	
LESS: ACCUMULATED DEPRECIATION		24,906,339		12,133,805	
NET BLOCK		24,323,155		35,895,221	
CAPITAL WORK IN PROCESS		5,479,114		8,199	
			29,802,268		35,903,420
CURRENT ASSETS, LOANS AND ADVANCES	"4"				
INVENTORIES		687,069		357,778	
SUNDRY DEBTORS		24,348,963		25,741,101	
CASH AND BANK BALANCES		2,701,801		2,662,778	
LOANS AND ADVANCES		7,127,836		9,031,367	
		34,865,670		37,793,024	
LESS:					
CURRENT LIABILITIES AND PROVISIONS	"5"				
LIABILITIES		16,993,446		38,363,917	
PROVISIONS		3,930,829		3,015,119	
		20,924,275		41,379,036	
NET CURRENT ASSETS			13,941,394		(3,586,012)
PROFIT AND LOSS ACCOUNT			186,237,973		120,109,142
TOTAL FUNDS UTILISED			229,981,635		152,426,550
Significant Accounting Policies And Notes On Accounts	"13"				

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

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Registration No. 105146W

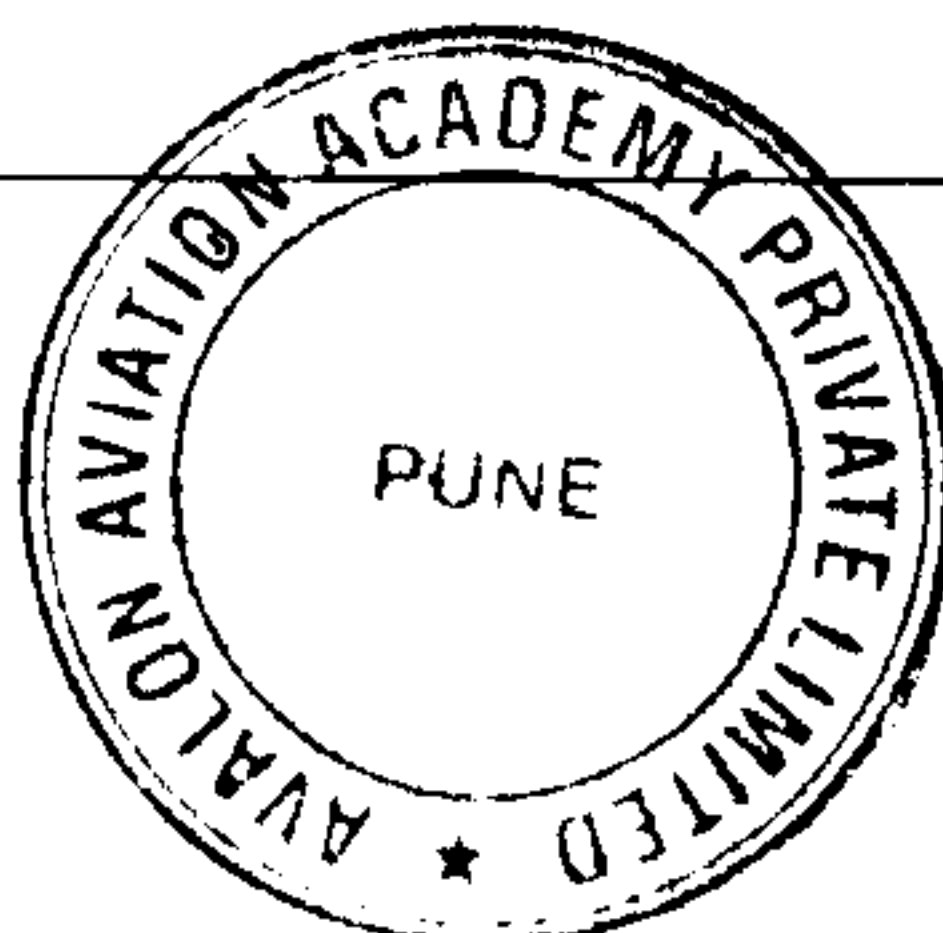
R.V. Chaniyari
Partner
M No. : F 31083

Place : Mumbai
Date: 31st May 2010

For and on behalf of the board of Directors

T.K. Ravishankar
T.K. Ravishankar
Director

Preeti Malik
Preeti Malik
Director



AVALON AVIATION ACADEMY PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR FIFTEEN MONTHS ENDED 31st Mar., 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	For the period from		For the year ended	
		01-Jan-2009 to 31-Mar-2010		31-Dec-2008	
INCOME					
INCOME FROM OPERATION	"6"	118,519,213		165,711,153	
OTHER INCOME	"7"	1,361,223		105,609	
			119,880,436		165,816,762
EXPENDITURE					
TRAINING & EXECUTION	"8"	26,005,257		47,789,033	
MARKETING & ADVERTISING EXPENSES	"9"	22,268,184		53,719,464	
SALARIES, EMPLOYEE BENEFITS	"10"	83,001,471		62,666,680	
ADMINISTRATION AND OTHER EXPENSES	"11"	39,924,399		32,689,738	
INTEREST AND FINANCE COSTS	"12"	115,362		163,692	
			171,314,673		197,028,608
Profit/ (Loss) Before Depreciation / Amortisation			(51,434,237)		(31,211,846)
DEPRECIATION AND AMORTISATION		14,434,594		7,079,938	
Profit / (Loss) Before Tax			(65,868,831)		(38,291,784)
Provision for Tax					
Fringe Benefit Tax			260,000		1,318,000
Net Profit / (Loss) after Tax			(66,128,831)		(39,609,784)
Surplus / (Deficit) brought forward from previous year			(120,109,142)		(80,499,358)
BALANCE CARRIED TO BALANCE SHEET			(186,237,973)		(120,109,142)
Basic And Diluted Earnings Per Share (Refer Note 7 of schedule 13)			(16.53)		(11.58)
Significant Accounting Policies And Notes On Accounts	"13"				


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

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Registration No. 105146W

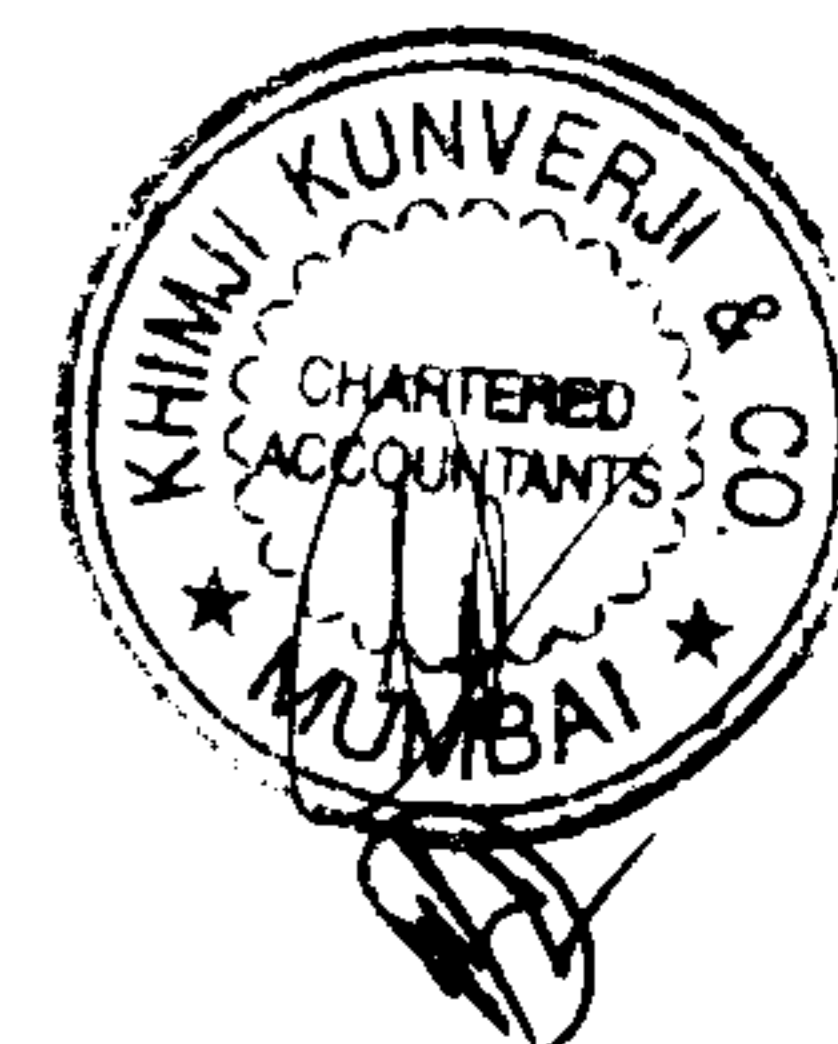
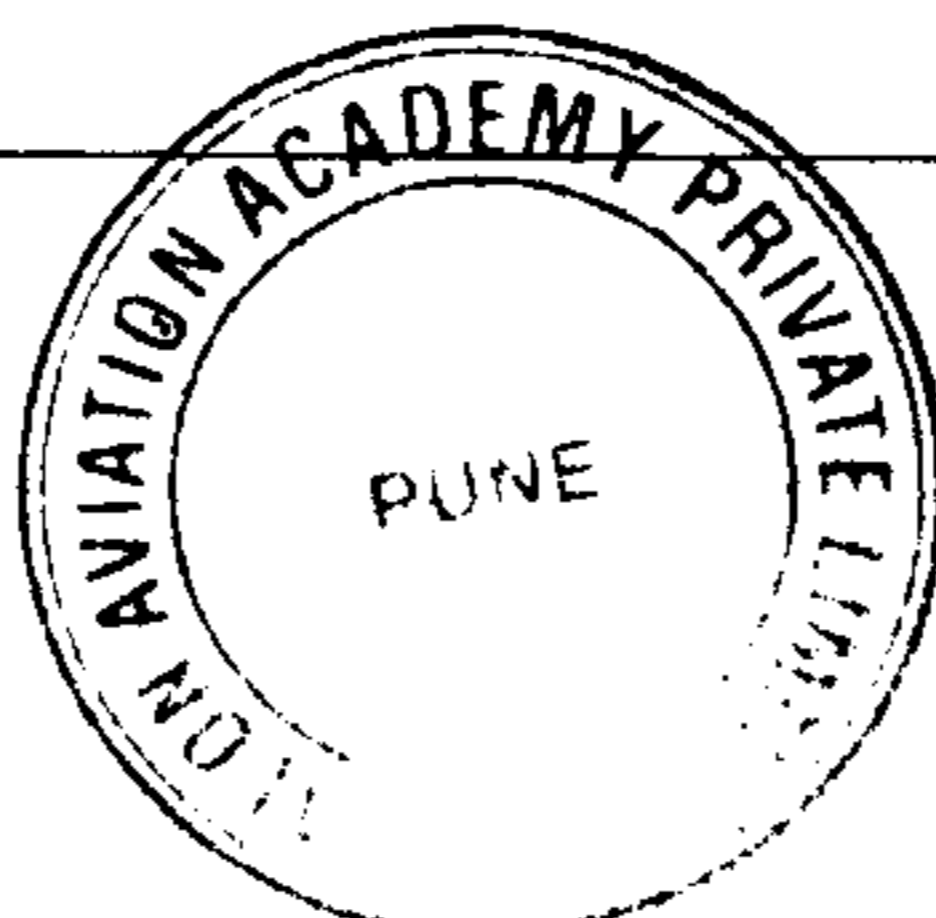
R.V. Chaniyari
Partner
M No. : F 31083

Place : Mumbai
Date : 31st May 2010

For and on behalf of the board of Directors


T.K. Ravishankar
Director


Preeti Malik
Director



PARTICULARS	For the period from 01-Jan-2009 to 31-Mar-2010		For the year ended 31-Dec-2008	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEM		(65,868,831)		(38,291,783)
Adjustments				
Depreciation and Amortisation	14,434,594		7,079,938	
Provision for Bad, Doubtful Debts & Advances	15,767,578		5,025,500	
Interest and Finance Costs	115,362		146,258	
		30,317,534		12,251,696
Operating Profit Before Working Capital Changes		(35,551,297)		(26,040,087)
Adjustments for :				
Decrease / (Increase) in inventories	(329,291)		(357,776)	
Decrease / (Increase) in trade and other receivables	(14,375,439)		(23,423,625)	
Decrease / (Increase) in loans and advances	1,903,531		1,744,825	
(Decrease) / Increase in other payables	(20,454,761)		18,675,352	
		(33,255,960)		(3,361,225)
Cash From / (used) in Operating Activities		(68,807,257)		(29,401,312)
Income Tax / Fringe Benefit Tax Paid (Net)	(260,000)		(4,908,865)	
		(260,000)		(4,908,865)
Net Cash From / (used) in Operating Activities		(69,067,257)		(34,310,177)
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(10,805,171)		(17,759,669)	
Sale of Fixed Assets	2,471,729			
Interest Received	-		17,434	
Net Cash used in Investing Activities		(8,333,442)		(17,742,235)
(C) CASH FROM FINANCING ACTIVITIES				
Proceeds from Borrowings (Net)	77,555,082		50,852,022	
Interest / Bank charges paid	(115,362)		(163,692)	
Net Cash from Financing Activities		77,439,720		50,688,330
Net (Decrease) / Increase in Cash & Cash equivalents		39,021		(1,364,082)
Cash & Cash equivalents at the beginning of the year		2,662,778		4,026,859
Cash & Cash equivalents at the end of the year		2,701,801		2,662,778
		39,022		(1,364,082)


Notes:

1. Cash and cash equivalence includes

a. cash	1,216,578	
b. balance with banks	1,485,223	2,662,778


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

As per our report of even date.

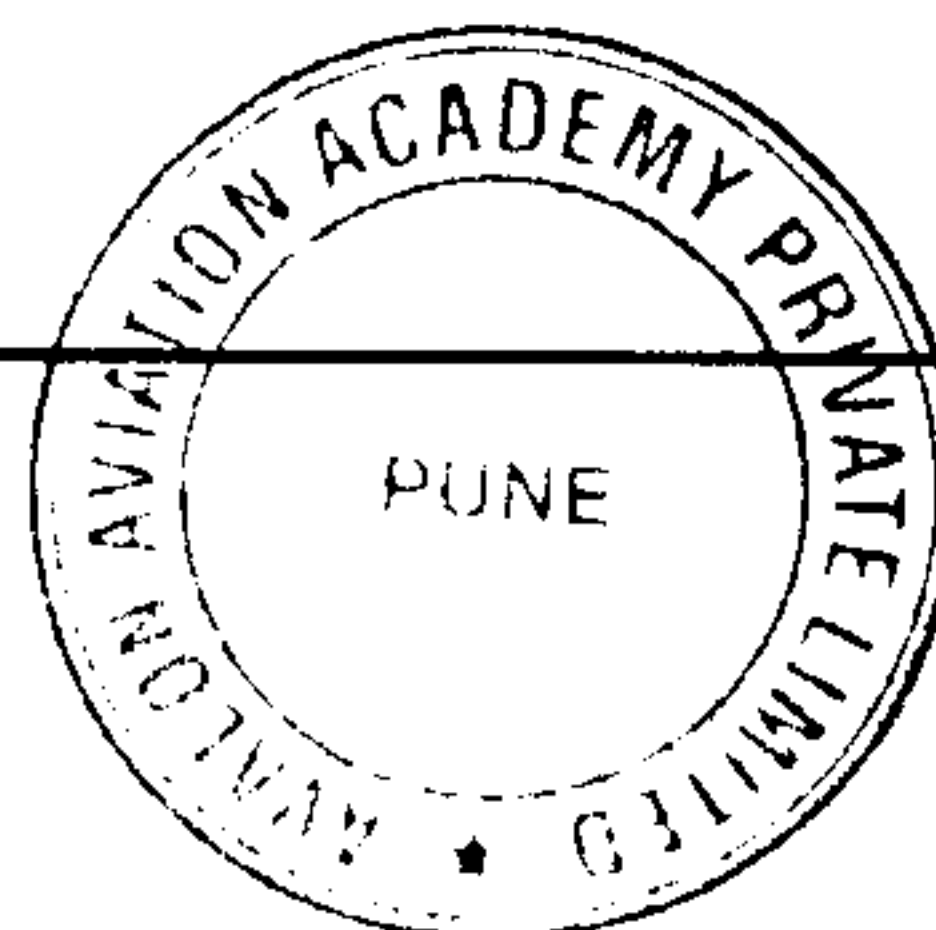
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Registration No. 105146W

R. V. Chaniyari
Partner
M.No. : F 31083

For and on behalf of the board of Directors


T.K. Ravishankar
Director


Preeti Malik
Director

Place : Mumbai
Date : 31st May 2010



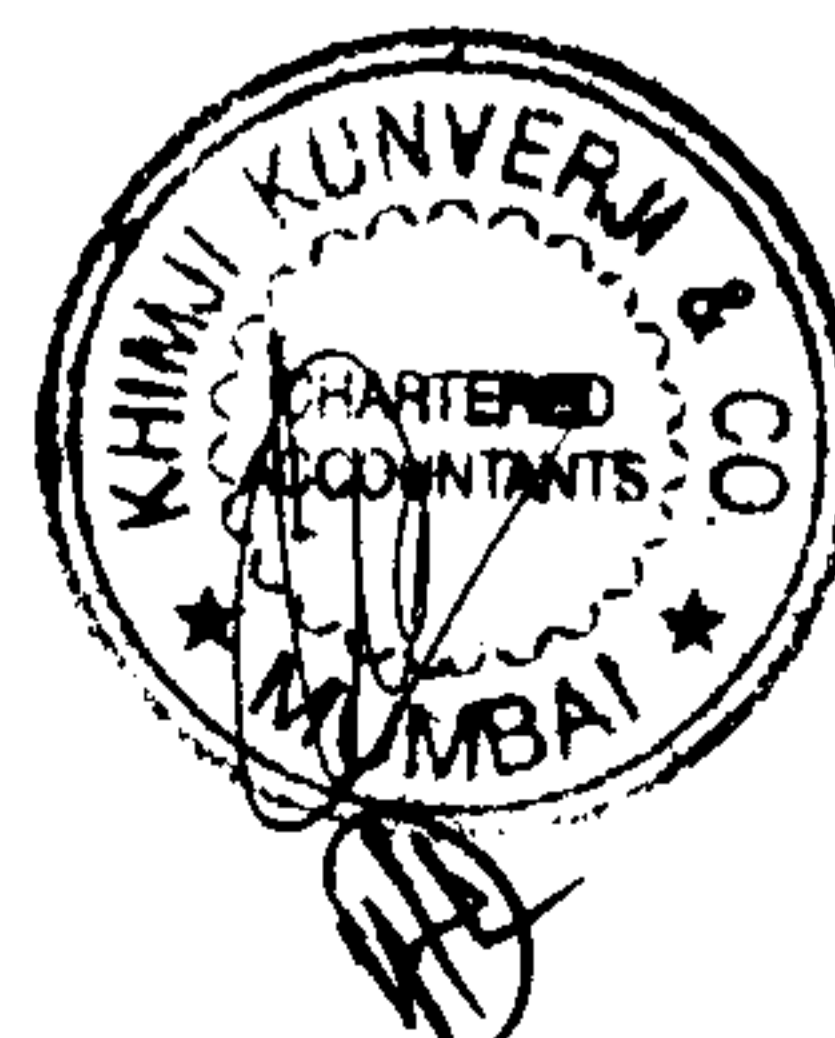
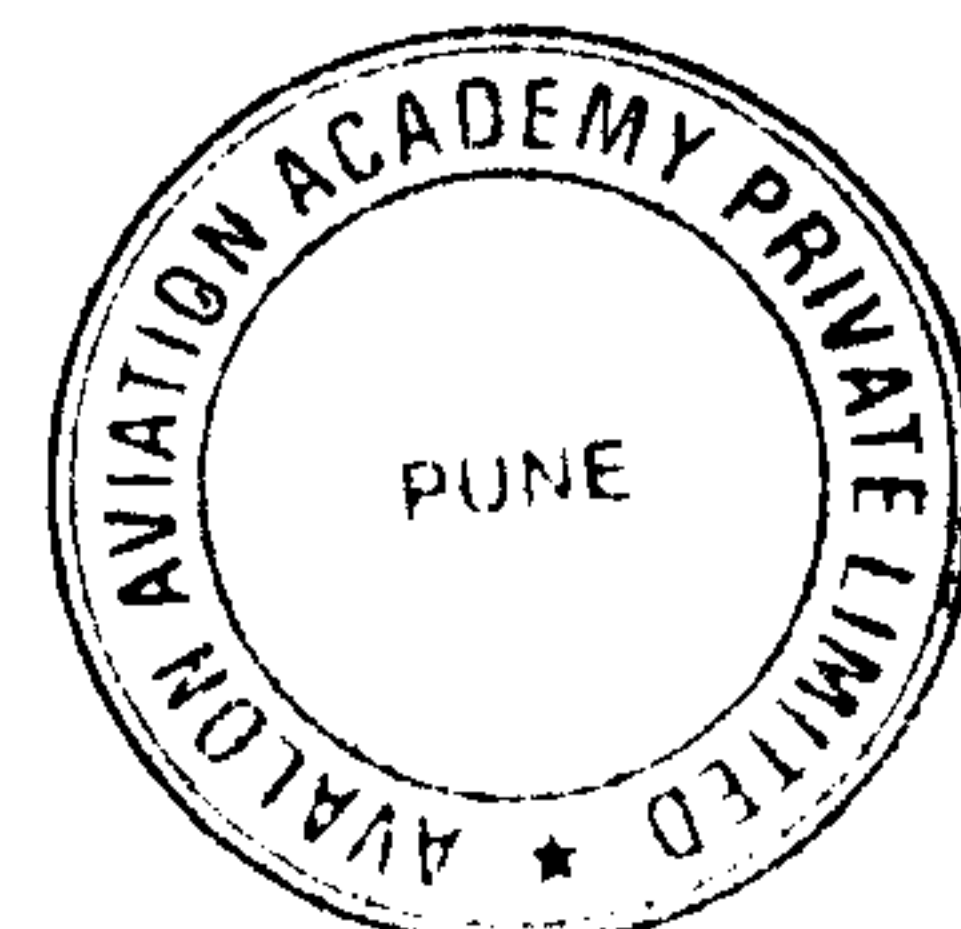
AVALON AVIATION ACADEMY PRIVATE LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rs.)

PARTICULARS	AS AT 31st March' 2010		AS AT 31ST DECEMBER' 2008	
	RUPEES	RUPEES	RUPEES	RUPEES
SCHEDULE "1" - SHARE CAPITAL				
AUTHORISED CAPITAL 50,00,000 EQUITY SHARES OF RS. 10/- EACH		50,000,000		50,000,000
		50,000,000		50,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 4000000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP (All Shares are held by the holding company Aptech Limited)		40,000,000		40,000,000
		40,000,000		40,000,000
SCHEDULE "2" - UNSECURED LOANS				
FROM HOLDING COMPANY		188,883,414		111,963,622
FROM OTHER GORUP COMPANIES		1,098,222		462,928
		189,981,635		112,426,550
SCHEDULE "4" - CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES EDUCATION AND TRAINING MATERIALS		687,069		357,778
SUNDRY DEBTORS (unsecured, considered good except otherwise stated) DUE FOR PERIOD EXCEEDING SIX MONTHS OTHER DEBTS Less : Provision for Bad & Doubtful Debts	30,221,127 14,920,914 20,793,078		10,444,506 20,322,094 5,025,500	
CASH AND BANK BALANCES CASH IN HAND BALANCES WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	1,216,578 1,485,223	24,348,963	2,662,778	25,741,101
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 SECURITY DEPOSITS	499,168 4,912,169 1,716,500	2,701,801	2,553,959 5,145,908 1,331,500	2,662,778
		7,127,836		9,031,367
		34,178,600		37,793,024
SCHEDULE "5" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES SUNDRY CREDITORS * ADVANCES FROM CUSTOMERS OTHER LIABILITIES	3,598,402 1,380,325 12,014,719		17,264,507 2,013,857 19,085,553	
PROVISIONS PROVISION FOR LEAVE ENCASHMENT PROVISION FOR GRATUITY PROVISION FOR TAXATION - FRINGE BENEFIT TAX	621,224 635,812 2,673,793	16,993,446	190,682 410,644 2,413,793	38,363,917
		3,930,829		3,015,119
		20,924,275		41,379,036

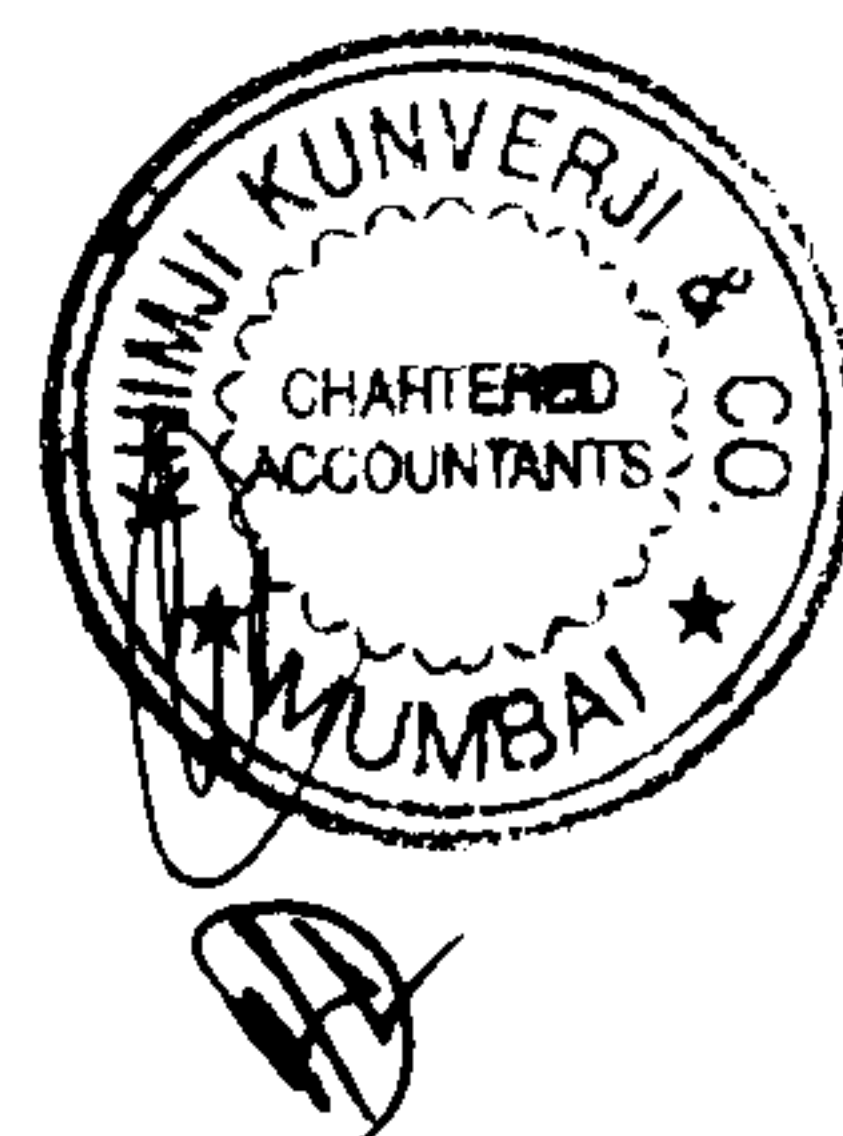
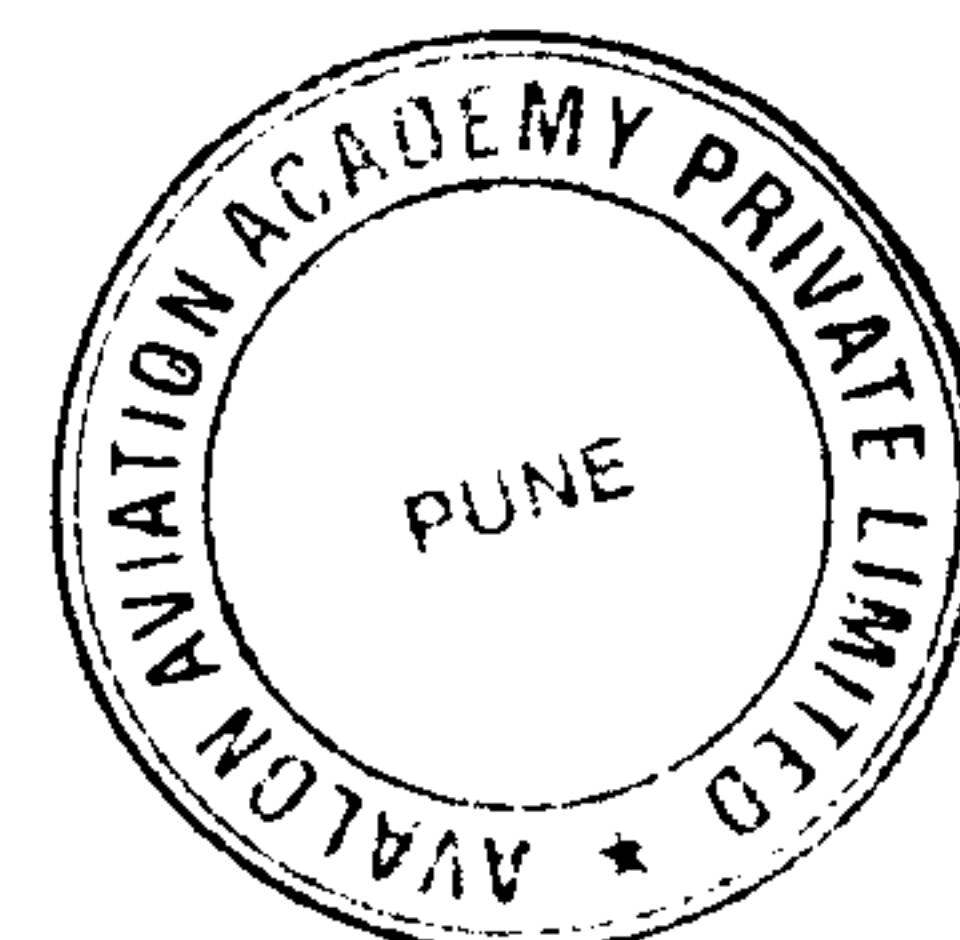
* Includes total dues outstanding to Micro Small and Medium Enterprises
(Refer Note No.B-14 of schedule 13)



AVALON AVIATION ACADEMY PRIVATE LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

PARTICULARS	For the period from 01-Jan-2009 to 31-Mar-2010		For the year ended 31-Dec-2008	
SCHEDULE "6" - INCOME FROM OPERATIONS				
INCOME FROM TRAINING		118,519,213		165,711,153
		118,519,213		165,711,153
SCHEDULE "7" - 'OTHER INCOME'				
MISCELLANEOUS INCOME		-		35,120
INTEREST ON OTHER LOANS		148,795		17,434
LIABILITY NO LONGER REQUIRED WRITTEN BACK		1,170,210		53,055
PROFIT ON SALE OF ASSET		42,218		-
		1,361,223		105,609
SCHEDULE "8" - TRAINING AND EXECUTION				
OTHER TRAINING EXPENSES		19,812,074		11,450,054
MISC TRNG Expenditure		6,193,183		36,338,979
		26,005,257		47,789,033
SCHEDULE "9" - MARKETING & ADVERTISEMENTS EXP				
MARKETING EXP		20,872,568		47,485,202
SEMIANR & CONF EXP		572,029		4,893,068
BRAND BUILDING EXP		823,587		1,341,195
		22,268,184		53,719,464
SCHEDULE "10" - SALARIES AND EMPLOYEE BENEFITS (payments to and provision for employees)				
SALARY AND OTHER ALLOWANCES		77,483,388		58,382,495
CONTRIBUTION TO PROVIDENT FUND AND OTHER FUNDS		3,311,759		2,340,299
STAFF WELFARE EXPENSES		2,127,344		1,674,358
ESOP COMPENSAITON COST		78,979		269,527
		83,001,471		62,666,680
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES				
RENT		5,234,442		4,388,516
RATES AND TAXES		147,615		518,988
TRAVELLING AND CONVEYANCE EXPENSES		9,458,862		12,617,916
ELECTRICITY CHARGES		1,476,775		1,194,258
COMMUNICATION		1,696,154		1,945,657
REPAIRS & MAINTENANCE				
- BUILDINGS	4,688		15,397	
- COMPUTERS	16,683		47,235.99	
- OTHERS	699,542	720,913	329,019	
				391,651
PRINTING & STATIONERY		618,751		1,239,955
AUDIT FEES		218,754		175,000
STAFF RECRUITMENT CHARGES		16,000		580,772
SERVICE CHARGES		597,238		420,554
SECURITY CHARGES		600,345		-
INSURANCE		385,029		20,297
LEGAL & PROFESSIONAL FEES		335,025		511,569
EXCHANGE DIFFERENCE (NET)		(13,529)		18,236
STAMP DUTY CHARGES		12,738		37,000
BROKERAGE		-		540,579
LOSS ON SALE OF FIXED ASSETS		6,370		1,687,300
MISCELLANEOUS EXPENSES		2,645,341		1,375,989
PROVISION FOR BAD AND DOUBTFUL DEBTS		15,767,578		5,025,500
		39,924,399		32,689,738
SCHEDULE "12" - INTEREST AND FINANCE COSTS				
BANK CHARGES AND COMMISSION		115,349		162,835
INTEREST		13		857
		115,362		163,692



SCHEDULES FORMING PART OF BALANCE SHEET

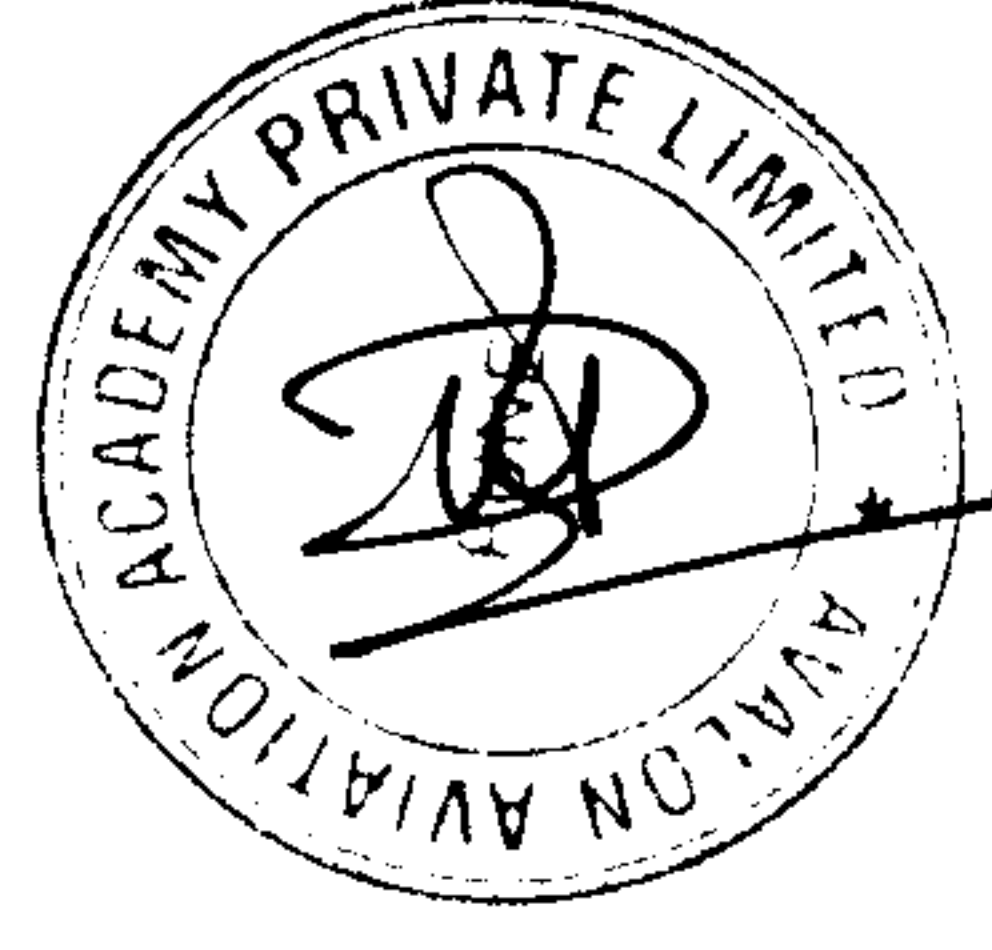
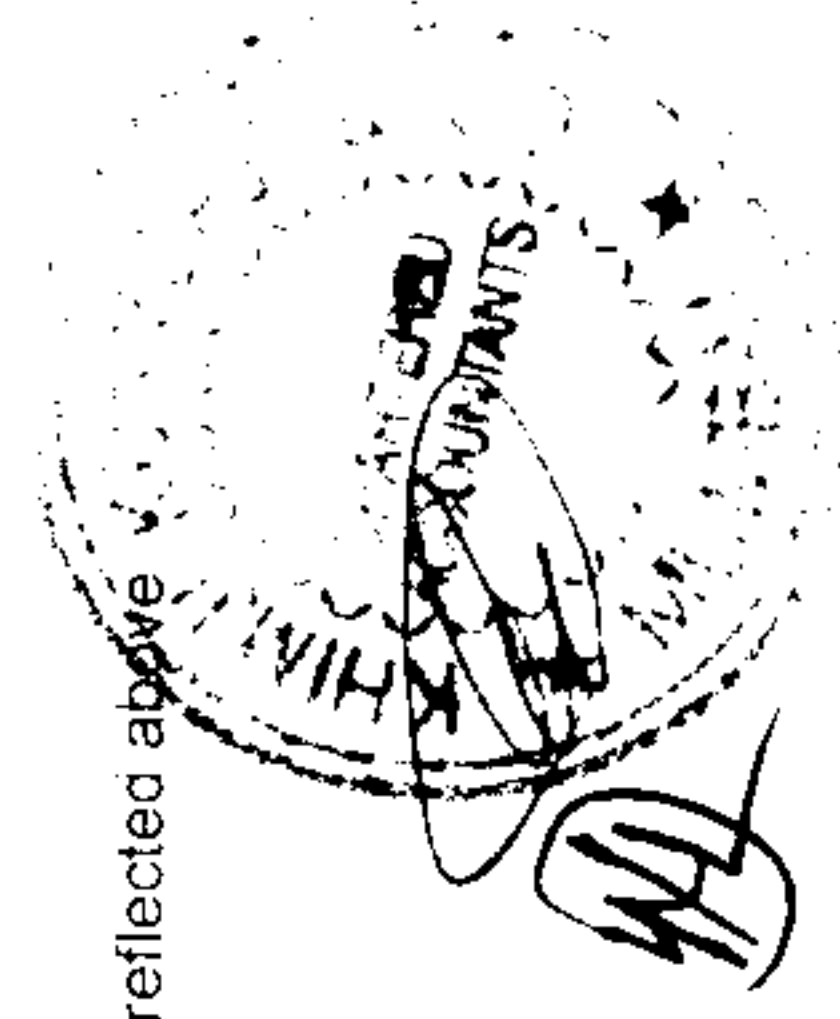
SCHEDULE "3" - FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	OPENING AS ON	ADDITIONS FOR THE PERIOD	DEDUCTIONS/ADJUSTMENTS	AS AT	AS AT	FOR THE YEAR	DEDUCTIONS/ADJUSTMENTS	AS AT	AS AT	AS AT
	1-1-2009			31-03-2010	1-1-2009			31-03-2010	31-03-2010	31-12-2008
COMPUTERS HARDWARE	2,774,622	551,548	398,953	2,927,217	1,656,953	894,930	(198)	2,552,081	375,137	1,117,670
OFFICE EQUIPMENT	1,092,234	307,947	127,190	1,272,991	128,636	95,220	(9,558)	233,414	1,039,576	963,598
ELECTRICAL FITTING	1,215,740	20,270	446,346	789,664	256,264	197,706	89,498	364,473	425,192	959,476
FURNITURE AND FIXTURES	6,089,232	397,032	2,777,181	3,709,083	2,732,393	1,255,856	1,346,670	2,641,580	1,067,503	3,356,839
Vehicle	1,185,720		384,120	801,600	795,559	241,690	235,649	801,600	-	390,161
INTANGIBLE ASSETS										
- GOODWILL	10,179,754			10,179,754	2,502,685	1,267,901		3,770,586	6,409,168	7,677,070
- COURSEWARE	25,293,485	4,057,462		29,350,946	3,960,698	10,426,980		14,387,677	14,963,269	21,332,787
- SOFTWARE	198,238			198,238	100,619	54,310		154,929	43,309	97,619
TOTAL	48,029,025	5,334,259	4,133,790	49,229,494	12,133,806	14,434,594	1,662,060	24,906,340	24,323,154	35,895,221
TOTAL (PREVIOUS YEAR)	28781657	17,160,368	2,087,001	48,029,026	3,914,375	7,079,938	1,139,492	12,133,805	35,895,221	24,867,282

Notes:

1) In case of inter company transfer of Fixed assets Gross Block at cost alongwith accumulated depreciation is transferred and reflected above



Schedule "13"

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 in compliance with all material aspects of the applicable accounting standards in India and the relevant provisions of the Companies Act 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year, unless otherwise mentioned in the notes.

(b) FIXED ASSETS:

Fixed assets are stated at cost less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and any cost, attributable to bringing the asset to its working condition for its intended use.

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.

(c) 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 higher rate for -

a. Intangible Asset: - Computer software and courseware is amortised @ 33.33%, considering the useful life of the assets and obsolescence.

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

b. Depreciation on Furniture & Fixtures, Computer Hardware and vehicles is provided at the following rates based on its estimated useful life -

Furniture & fixtures	20.00%
Computer Hardware	33.33%
Vehicles	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 date of addition / disposition / discardation

Assets purchased during the year whose acquisition cost is Rs. 5000 or less are entirely written off in the year of purchase

(d) IMPAIRMENT OF FIXED ASSETS:

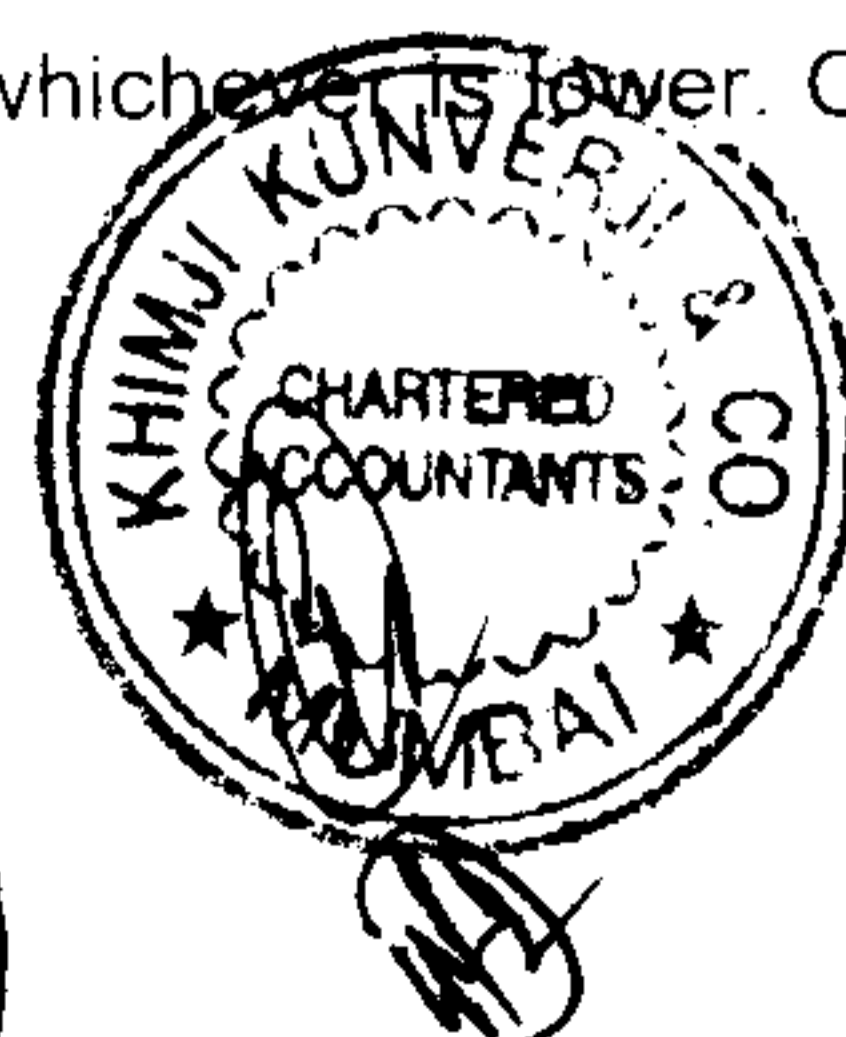
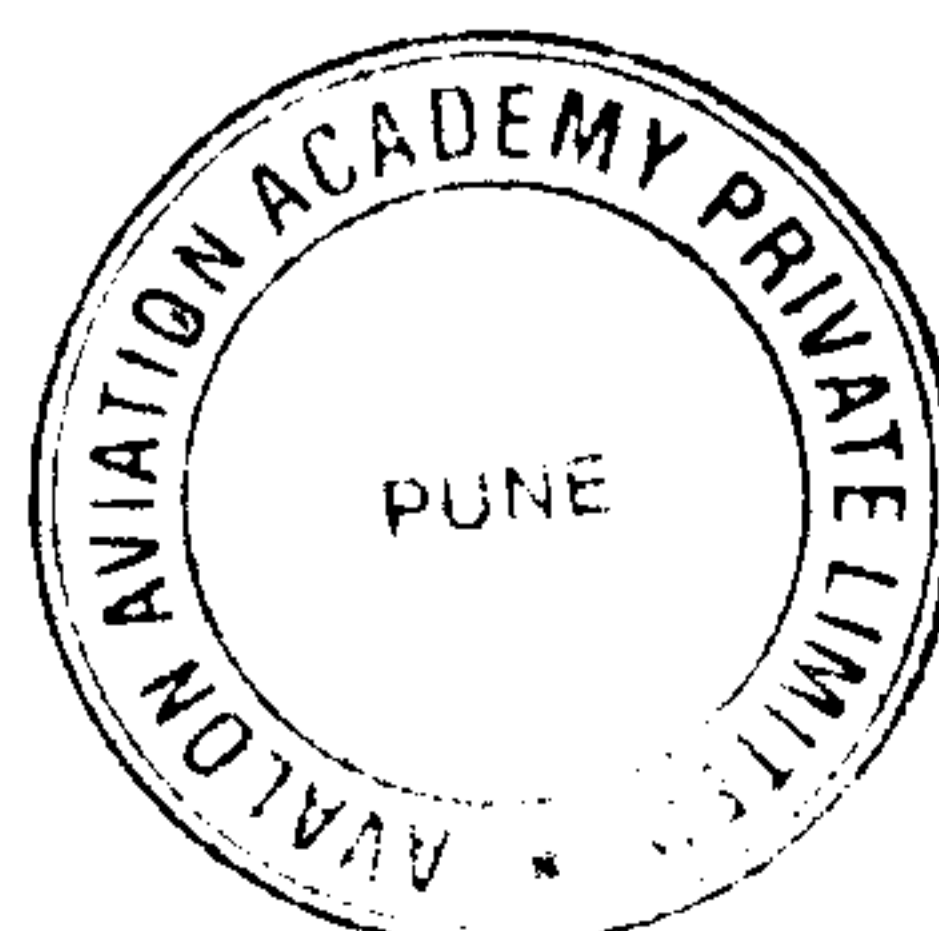
The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceed its recoverable value. An impairment loss, if any, is charged to Profit and Loss Account in the year, in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

(e) TRANSLATION OF FOREIGN CURRENCY ITEMS:

Transaction in foreign currency is recorded at the rate of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. 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.

(f) INVENTORIES:

Inventory of educational course material is valued at cost or net realizable value whichever is lower. Cost is determined on Weighted Average basis.



(g) REVENUE RECOGNITION:

i) Training and Education Income

Revenue in respect of Training and Education services is recognized on rendering of services, only when it is reasonably certain that the ultimate collection will be made. The revenue from fixed time contracts is recognised over the period of contracts. For services rendered through franchisees only the company's share of revenue is recognized.

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.

(h) RETIREMENT BENEFITS:

DEFINED CONTRIBUTION PLAN

The Company makes defined contribution to Provident Fund and Superannuation Scheme which are recognized in the Profit & Loss account on accrual basis.

DEFINED BENEFIT PLAN

The company's liabilities under Payment of Gratuity Act (funded), and long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on estimates. Actuarial gain & losses are recognized immediately in the statement of Profit & Loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using the discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(i) EMPLOYEES STOCK OPTION PLAN (ESOP)

The holding company grants Employee Stock Option (ESOP-2006) to the company's employees. The same is accounted for by the Holding Company as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999 issued by Securities and Exchange Board of India (SEBI), whereby the intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognized as deferred employee compensation. The holding company debits the Company's share of ESOP compensation cost which is charged to Profit & Loss Account.

(j) TAXATION:

Tax expense comprises of current, deferred and fringe benefit 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.

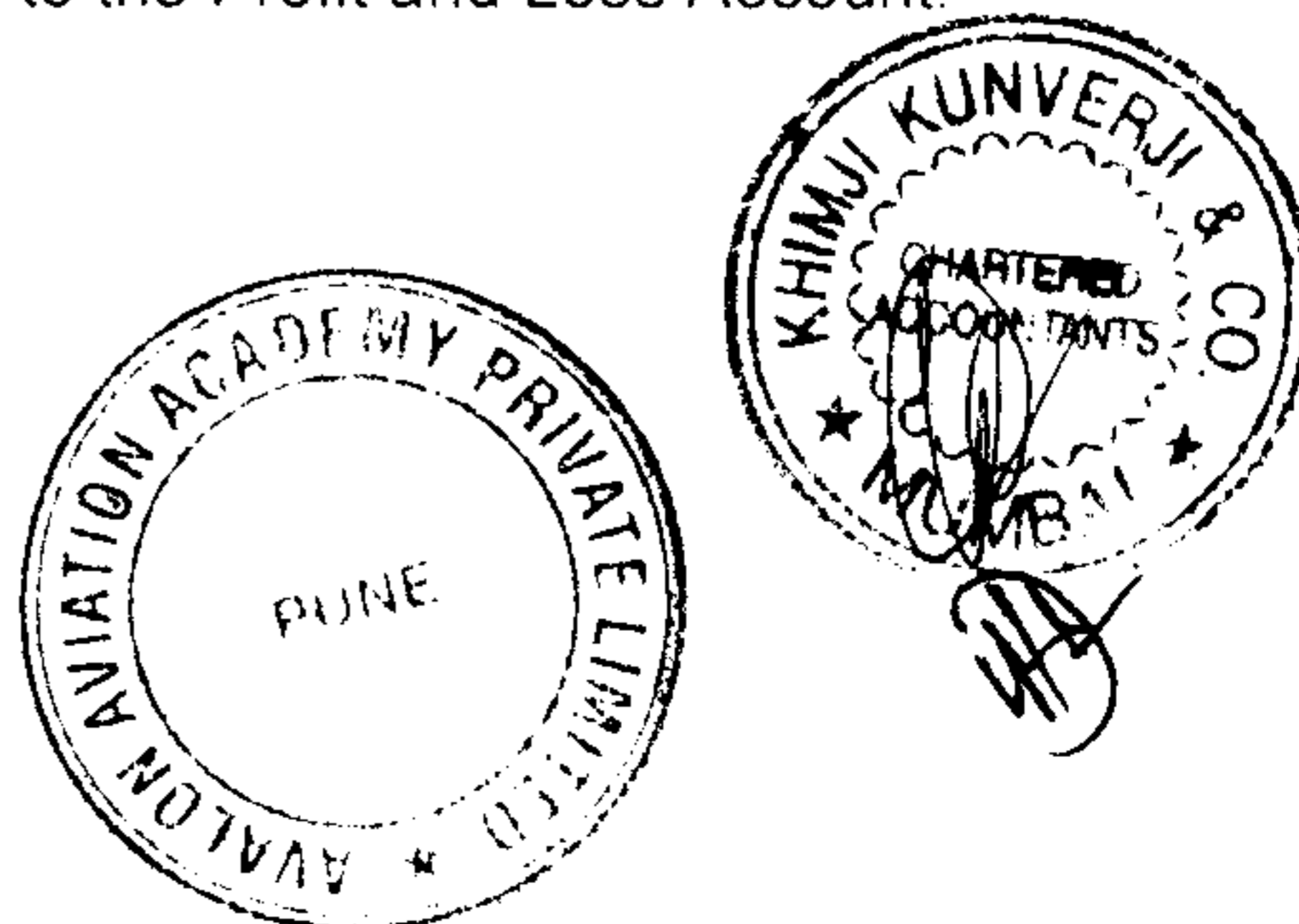
The Deferred tax for timing differences between the book and the tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

Fringe Benefit Tax is provided in accordance with the provision of Income tax Act, 1961

(k) OPERATING LEASES:

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon are charged to the Profit and Loss Account.



(I) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liabilities are possible but not probable obligations as on the Balance Sheet date, based on the available evidence.

Department appeals, in respect of cases won by the company, are also considered as contingent Liabilities.

Contingent Assets are neither recognised, nor disclosed.

B. NOTES FORMING PART OF THE ACCOUNTS:

1. Avalon Aviation Academy Private Limited ('the Company') has changed its financial year end from December to March from this year. As a result, these financial statements have been prepared for the period of fifteen months from 01st January 2009 to 31st March 2010 ('Period') as against previous financial statements which were prepared for the year ended 31st December 2008. Therefore, the numbers of current period and previous year are not comparable.
2. The accounts of the company are prepared on a going concern basis, availability of which is dependent on future profitability and availability of continued finance. The Company is confident of financial support from its holding company and future profitability based on its business plan.
3. Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 300,000 (Previous Year: Rs 750,000/-)
4. a) Based on the resolution for Employee Stock option approved by the shareholders of Holding Company, the holding company has granted 10,000 stock options on May 4, 2007 to eligible employees of the Company comprising of 1500, 2000, 2500 and 4000 options, with a vesting period of 12, 24, 36 and 48 months respectively from the award date and an exercise period of one year from the respective vesting dates.

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. 269,527 (Previous Year: Rs.250,000/-) being the proportionate net charge of discount for the year, has been included in "ESOP Compensation Cost" in the schedule of "Payments to and Provisions for Employees" (Schedule "10").

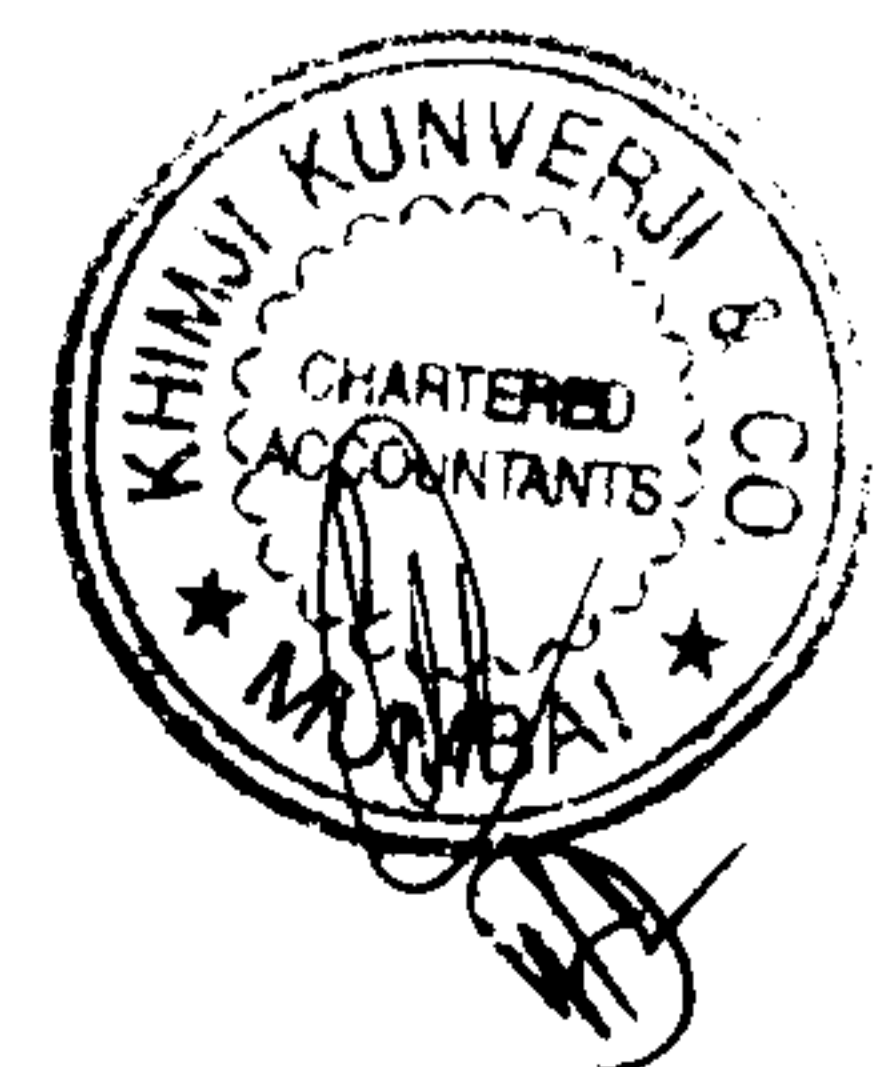
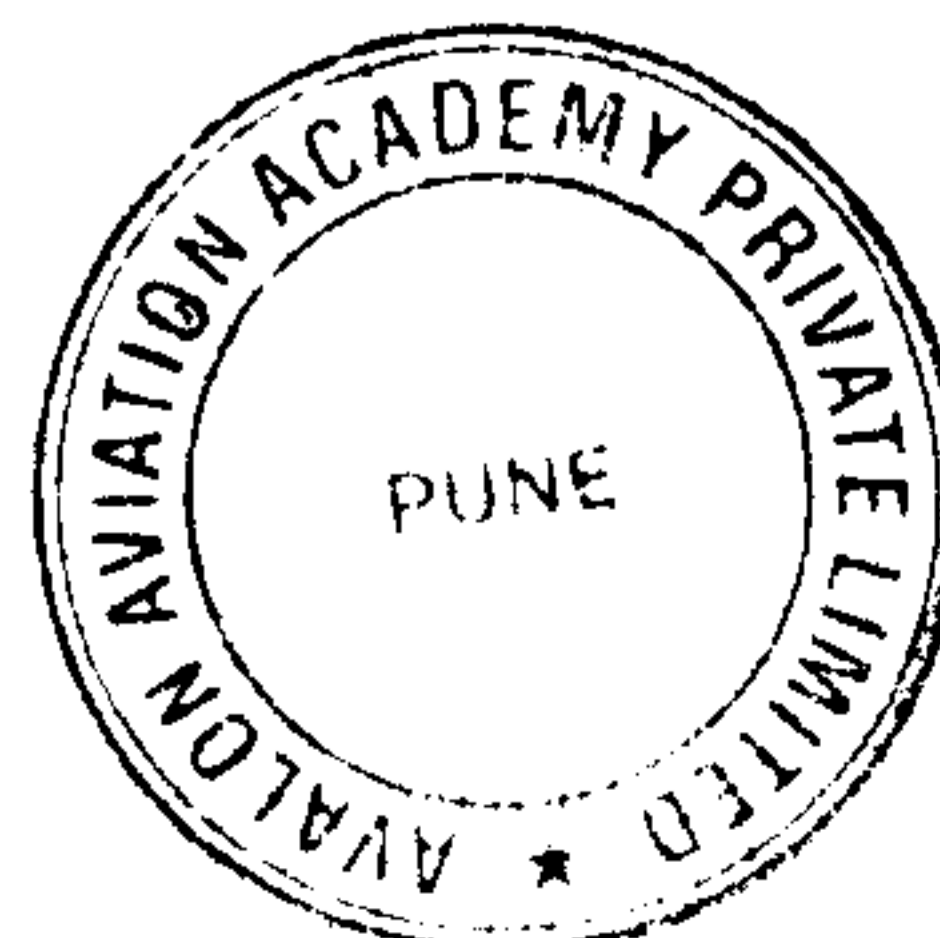
b) During the year no options were exercised

5. Sundry Debtors and Sundry Creditors are subject to confirmation and reconciliation.

6. PAYMENT TO AUDITORS:

Particulars	March 2010 (Rupees)	2008 (Rupees)
Audit Fees	111,253	80,000
Tax Audit Fees	62,501	50,000
For Certification	45,000	45,000
Total	218,754	175,000

Above fees is exclusive of service tax of Rs.21,630/- which is taken as input credit against service tax liability & hence not an expense.



7. EARNINGS PER SHARE:

Particulars	March 2010	2008
Profit/(Loss) after tax before Extraordinary items attributable to shareholders	(66,128,831)	(39,609,784)
No of Shares:		
Number of Equity Shares outstanding Weighted Average No of Equity Shares)	4,000,000	4,000,000
Nominal Value of equity shares (Rupees)	10/-	10/-
Earning Per share	(16.53)	(11.58)

8. RETIREMENT BENEFITS:

(A) DEFINED BENEFIT PLAN

1) Amounts recognised in the Balance Sheet in respect of Gratuity:

	March 2010	2008
Present value of the defined benefit obligation at the end of the period	1,202,940	977,772
Fair value of the plan assets	567,128	567,128
Net Liability / (Assets)	635,812	410,644

Amounts recognized in Other Income and Salary and Other Allowances in the Profit & Loss account in respect of gratuity:

	March 2010	2008
Current Service Cost	552,662	456,033
Interest on defined benefit obligations	91,666	37,108
Expected return on plan assets	(42,535)	0
Net actuarial (Gain)/ Loss on plan Assets	(376,626)	(10,148)
Net Gratuity Cost	225,168	482,994

Reconciliation of present value of the obligation and the fair value of the Plan assets

	March 2010	2008
Opening defined benefit obligation	977,772	494,778
Current Service Cost	552,662	456,033
Interest cost	91,666	37,108
Actuarial (Gain)/ Loss	(419,161)	(10,148)
Benefit Paid	-	0
Closing defined benefit obligation	12,02,940	977,772

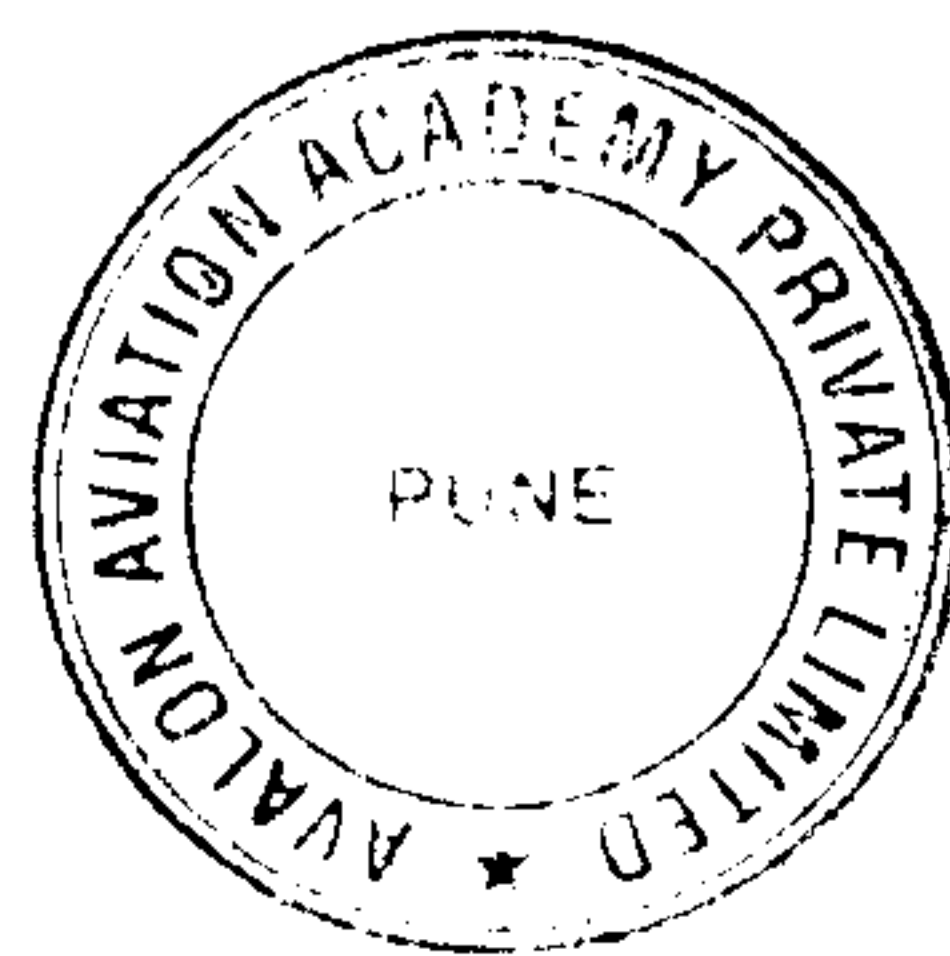
Changes in Fair value Plan assets

	March 2010	2008
Fair value of Plan assets at the beginning of the period	567,128	0
Expected return on plan assets for the period	42,535	0
Contribution during the period		567,128
Benefits paid during the year		0
Actuarial Gain/Loss on Plan assets	(42,535)	0
Fair value of the Plan assets at the end of the Period	567,128	567,128

Principal Actuarial Assumptions at the Balance Sheet date 31.12.2008

	March 2010	2008
Discount Rate	8.00%	7.50%
Estimated rate of return on plan assets	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.



General description of the fair value of the plan

Gratuity liability under the Payment of Gratuity Act, 1972 is accrued on actuarial valuation and funded through group gratuity scheme of the holding company administrated by ICICI Prudential Life Insurance Company Limited

2) Amounts recognized in the Balance Sheet in respect of Leave Encashment:

	March 2010	2008
Present value of the defined benefit obligation at the end of the period	621,214	190,682
Fair value of the plan assets	-	-
Net Liability / (Assets)	621,214	190,682

Amounts recognized in Other Income and Salary and Other Allowances in the Profit & Loss account in respect of Leave Encashment :

	March 2010	2008
Current Service Cost	337,512	135,733
Interest on defined benefit obligation	17,876	12,584
Expected return on plan assets		0
Net actuarial (Gain)/ Loss on plan Assets	283,787	(95,965)
Net Cost	639,175	52,352

Reconciliation of present value of the obligation and the fair value of the Plan assets

	March 2010	2008
Opening defined benefit obligation	190,682	167,789
Current Service Cost	337,512	135,733
Interest cost	17,876	12,584
Actuarial (Gain)/ Loss	283,787	(95,965)
Benefit Paid	(208,643)	(29,459)
Closing defined benefit obligation	621,214	190,682

Principal Actuarial Assumptions at the Balance Sheet date 31.03.2009

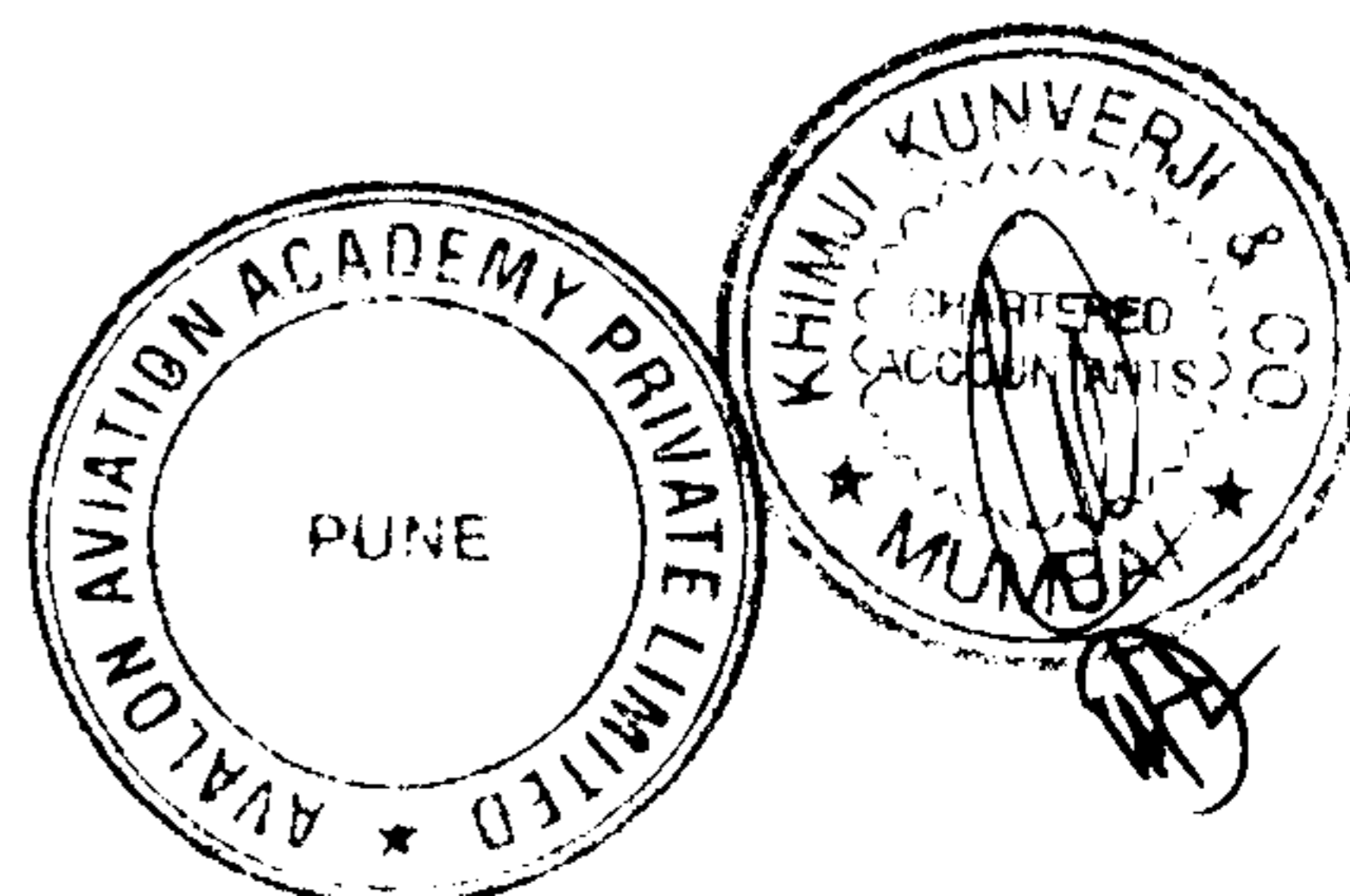
	March 2010	2008
Discount Rate	7.50%	7.50%
Estimated rate of return on plan assets	0.00%	0.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

B) DEFINED CONTRIBUTION PLAN

The Company has recognized as an expense and included in Schedule "10" for the current year Rs.1,857,305/- (Previous Year: Rs.674,351/-)

9. Since Company operates presently under single segment of training services, no separate disclosures are required under AS 17 on segment reporting.




Expenditure in Foreign Currency:

		March 2010	2008
		INR	INR
a)	Miscellaneous Training Expenses	-	163,727
b)	Marketing Expenses	-	936,440
c)	Travelling Expenses	-	54,761
b)	Membership Fees	-	-
	Total	-	1,154,928

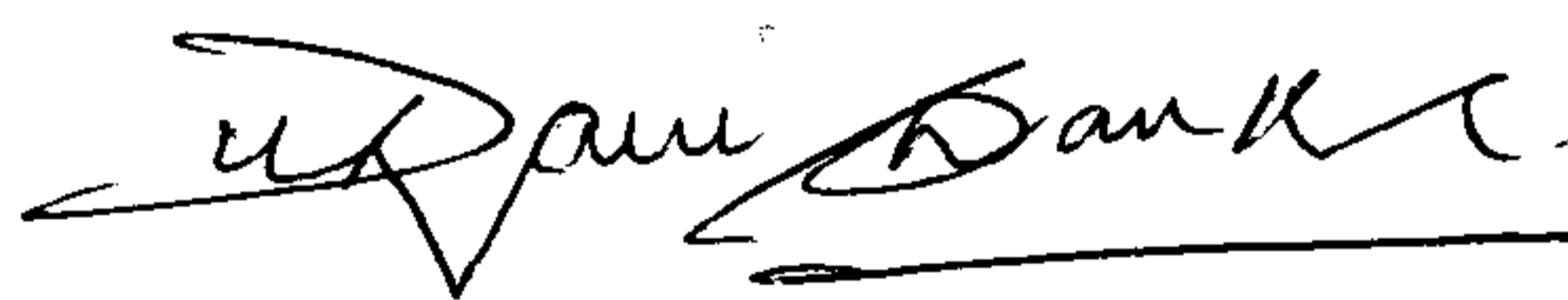
14. As per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 the Company is in the process of obtaining the details of suppliers covered by the Act and hence, the disclosure required under the said Act are not given.
15. The Company is one of the Wholly Owned Subsidiaries of Aptech Limited, which is providing a common pool of facilities and resources to its subsidiaries. With a view to optimize the benefits of specialization and minimize cost to each subsidiary, the Company's share of expenses under the common pool has been accounted for under the appropriate heads.
16. Figures of previous year have been regrouped/ rearranged wherever necessary.

For and on behalf of
Khimji Kunverji & Co.
 Chartered Accountants
 Firm Registration No. 105146W

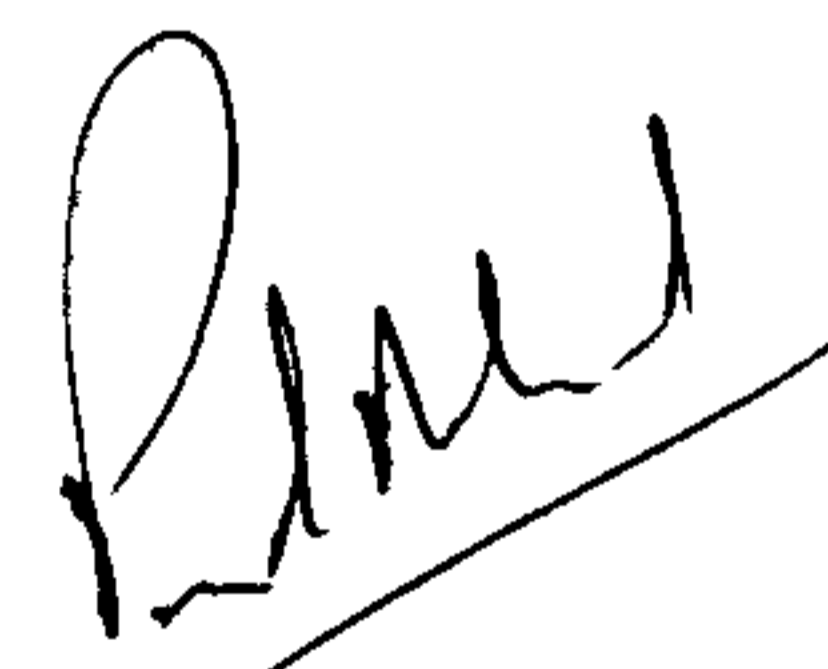


RW. Chaniyari
 Partner
 Partner (F-31083)

For and on behalf of the Board of Directors

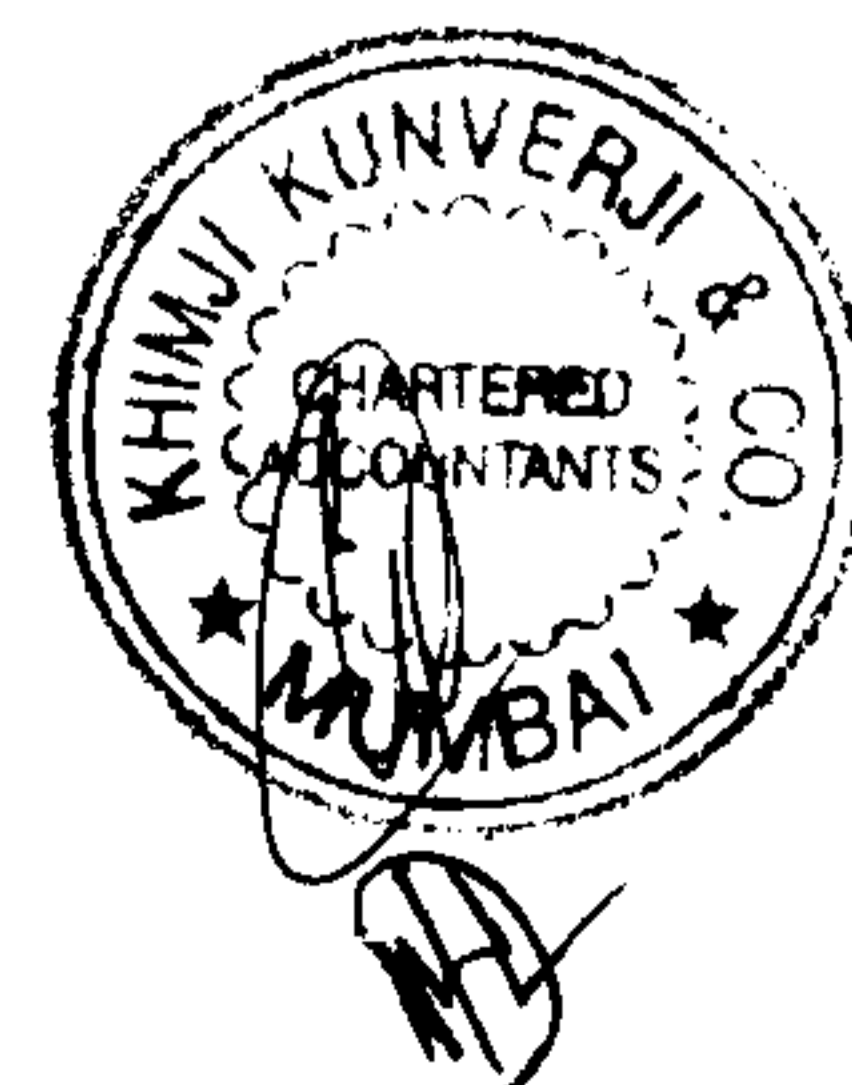
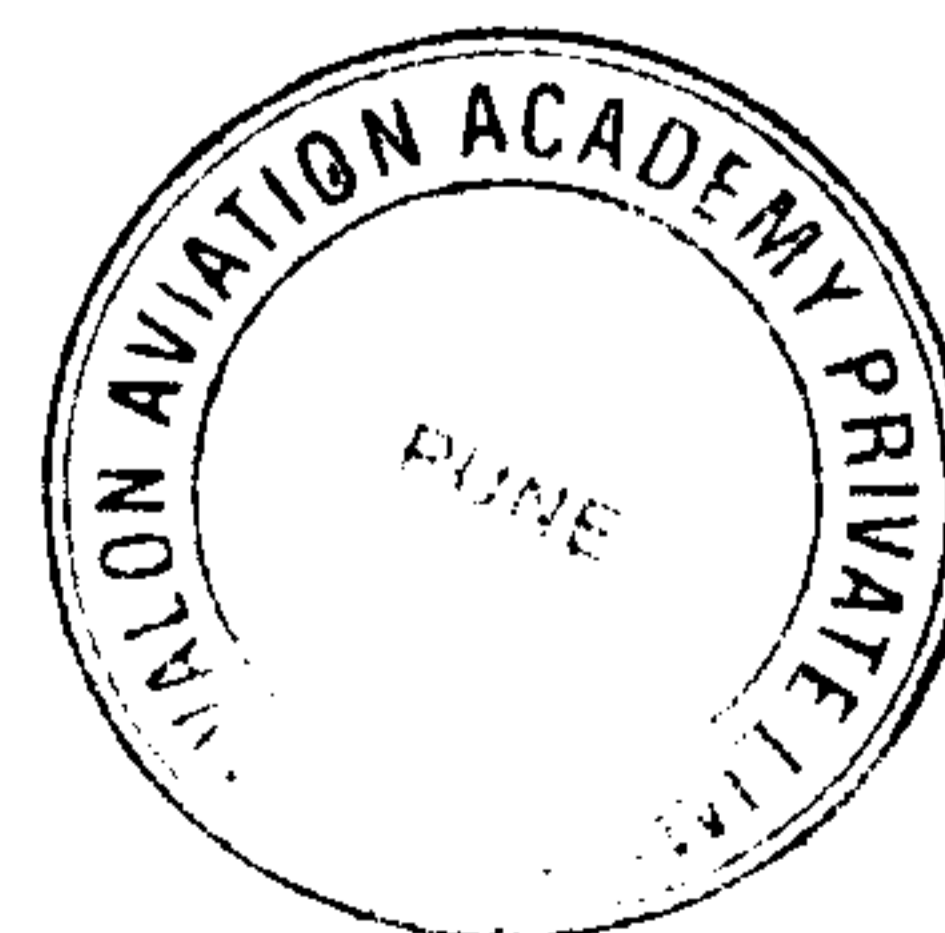


T.K. Ravishankar
 Director



Preeti Malik
 Director

Place: Mumbai
 Date: 31st May 2010



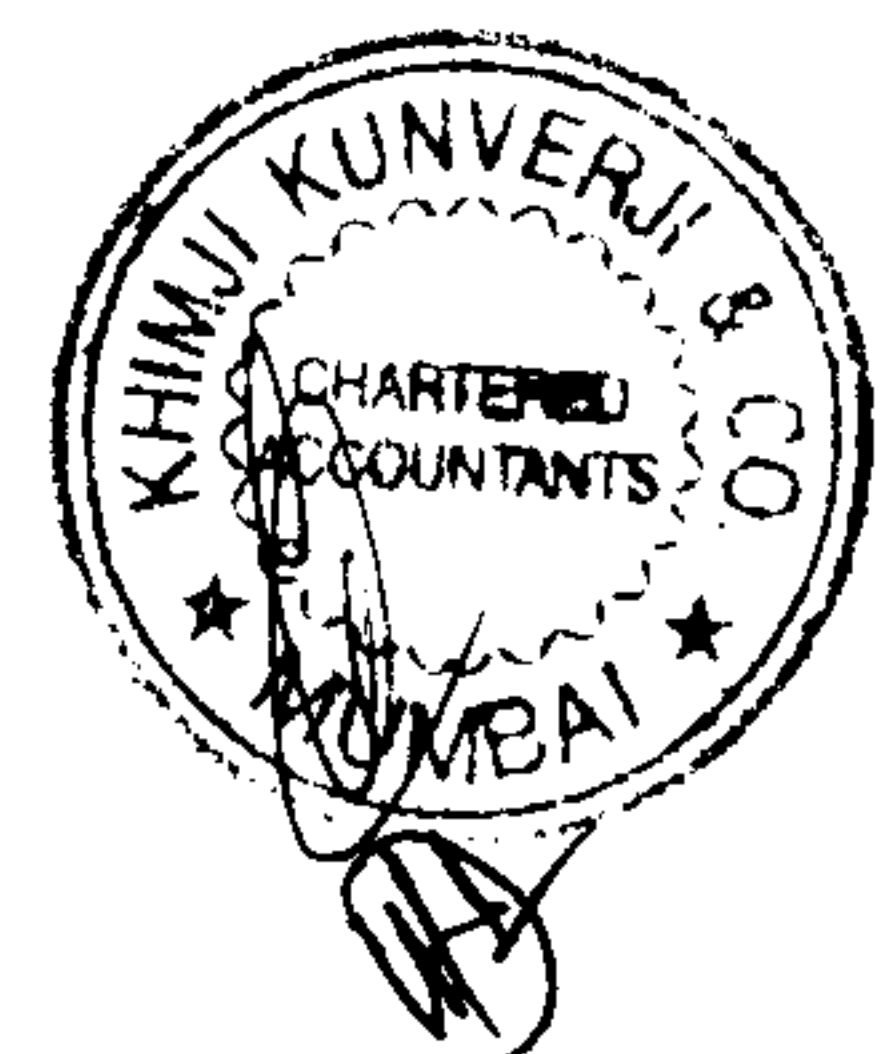
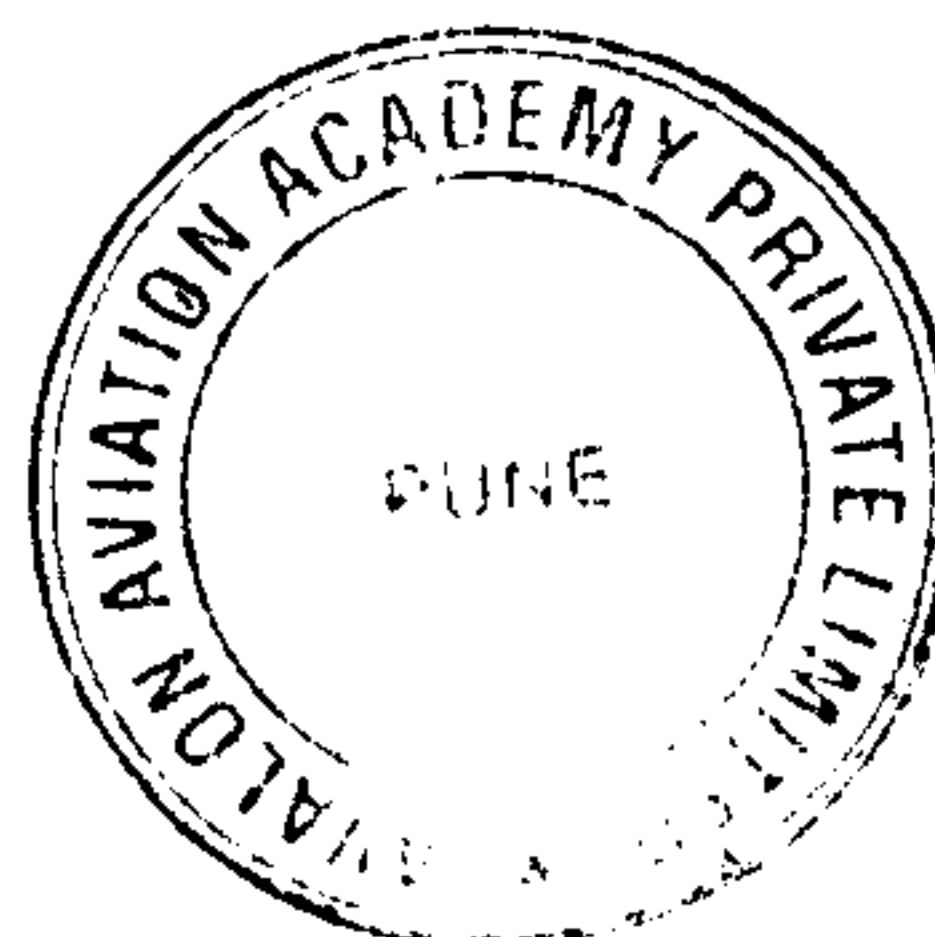
10. Disclosure in respect of Related Parties pursuant to Accounting Standard 18:

Names of related parties and description of relation:

- | | | |
|-----|-------------------|--|
| i) | Holding Company | Aptech Limited |
| ii) | Fellow subsidiary | Aptech Software Limited
Synergetic Information Technology Services India Pvt. Ltd. (Ceased to be Fellow Subsidiary since 1 st October, 2008)
Attest Testing Services Ltd.
Aptech Worldwide Corporation, USA
Aptech Training Limited FZE, Dubai
Aptech (WOS) Bangladesh Limited
AGL SM SDN.BHD-MALAYSIA
Aptech Manpower Services Limited.
Aptech Investments Enhancers Ltd, Mauritius
Aptech Ventures Ltd, Mauritius
Aptech Global Investment Ltd, Mauritius |

Transactions with related parties:

Nature of Transactions	Holding Company	Fellow Subsidiary (Aptech Software Limited)	Fellow Subsidiary (SYNERGETICS INFORMATION TECHNOLOGY INDIA PVT LTD)	Fellow Subsidiary (ATTEST TESTING SERVICES PVT. LTD.)
Purchase of Fixed Assets - Aptech Limited - Aptech Software Limited - Synergetics IT services Pvt Ltd (Previous Year) - Aptech Limited - Aptech Software Limited - Synergetics IT services Pvt Ltd	- - - (918,819)	- - - (8,855) -	- - - (19,833)	
Content Development - Aptech Software Limited (Previous Year)	-	10,133,675 (14,817,493)		
ACCP Training – Aptech Ltd (Previous Year)	- (4,364,700)	-		
Finance				
(Including loans and equity, Contributions in cash or in kind)				



Receiving of Services and Reimbursement of expenses (Excluding Management Contracts including for deputation of employees)		-		
(Previous Year)	(262,067)	(-)		
Management Contracts including for Deputation of Employees	16,595,596	-		
(Previous Year)	(11,246,000)	(-)		
Loans Taken				
Fresh Loans During the year	195,680,224	633,757		639
(Previous Year)	(139,457,536)	(286,099)	(21,057)	(6,021)
Repaid/ Adjusted during the year	118,760,432	-	-	-
(Previous Year)	(86,799,792)	-	-	-
Balance as on 31 March,2010	188,883,413	1,068,114	23448	6660
(Previous Year)	(111,963,622)	(462,928)	(22550)	(6021)
Balances as at the end of the year 31st March 2010				
Share capital	40,000,000			
(Previous Year)	(40,000,000)	(-)		
Creditors - Aptech Software Limited		-		
(Previous Year)	(-)	(325,000)		
Debtors	-	-		
(Previous Year)	(-)	(-)		

11. 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 on the principle of conservatism and prudence since the availability of sufficient future taxable income against which such deferred tax asset can be realized is presently not "virtually certain".

12. The Company has paid Remuneration to a Director who, in the opinion of the Company, does not yield as much powers of management of the affairs of the Company or of a particular function to be considered as a whole time Director. The employment of the director with the Company does not arise due to his position as a director, being an independent position. Hence in the Company's opinion, it is not required to comply with the provisions of the Companies Act, 1956 pertaining to remuneration limits of director and disclosure thereof, etc

The company has also relied upon an expert legal opinion obtained in this regard and also the circular (no. 16/39/CL-1-111/85 dated 26th June 1987) issued by the Department of Company affairs

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

