

CIGNEX Datamatics Inc. and Subsidiaries

Consolidated Financial Statements

March 31, 2018 and March 31, 2017

KNAV P.A.

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America Counts on CPAs

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Independent Auditor's Report

Board of Directors
CIGNEX Datamatics Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of CIGNEX Datamatics, Inc. and its subsidiaries ("the Company"), which comprise the consolidated balance sheet as of March 31, 2018, and the related consolidated statement of comprehensive income, consolidated statement of changes in stockholder's equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of foreign subsidiaries based in Singapore, India, United Kingdom and Germany, statements of which reflect total assets constituting 42 percent of total consolidated assets as at March 31, 2018, and total revenues constituting 40 percent of the total consolidated revenues for the year then ended. The financial statements of CIGNEX Datamatics Technologies Limited (India) were audited by other auditors in accordance with Standards of Auditing issued by the Institute of Chartered Accountants of India, whose report has been furnished to us. The financial statements of CIGNEX Datamatics UK Limited were audited by other auditors in accordance with International Standards on Auditing (UK), whose report has been furnished to us. The financial statements of CIGNEX Datamatics Pte. Ltd. were audited by other auditors in accordance with Singapore Standards on Auditing, whose report has been furnished to us. The financial statements of the subsidiary in Germany were compiled by other accountants and constitute approximately 1 percent of the consolidated assets and 1 percent of consolidated revenues of the Company. Our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements of the foreign subsidiaries, which statements reflect 42 percent of total consolidated assets and 40 percent of total consolidated revenues. These statements were audited and compiled by other auditors and accountants, respectively, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for foreign subsidiaries, is based on the report of the other auditors and accountants and our evaluation of the appropriateness of the adjustments to convert the component's financial statements to the financial reporting framework used by the Company.

Basis for qualified opinion

We were unable to obtain audited financial statements for DuoDesign L.L.C., a Delaware Limited Liability Company (“Delaware subsidiary”), in which the Company has 66 percent ownership of voting common stock. The financial statements of the Delaware subsidiary reflect total assets constituting 3 percent of total consolidated assets as at March 31, 2018, and total consolidated revenues constituting 7 percent of the total consolidated revenues for the year then ended.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the “Basis for qualified opinion” paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CIGNEX Datamatics, Inc. and its subsidiaries as of March 31, 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter – consolidated financial statements for the year ended March 31, 2017

The consolidated financial statements of CIGNEX Datamatics, Inc. and its subsidiaries, as of and for the year ended March 31, 2017, were audited by a predecessor auditor. The predecessor auditor did not audit the financial statements of foreign subsidiaries based in Singapore, India, United Kingdom and Germany, which statements reflect total assets constituting 26 percent of total consolidated assets at March 31, 2017, and total revenues constituting 9 percent of the total consolidated revenues for the year then ended. The financial statements of CIGNEX Datamatics Technologies Limited (India) were audited by other auditors in accordance with Standards of Auditing issued by the Institute of Chartered Accountants of India, whose report was furnished to the predecessor auditor. The financial statements of CIGNEX Datamatics UK Limited were audited by other auditors in accordance with Financial Reporting Standard for Smaller Entities (UK GAAP applicable to Smaller Entities), whose report was furnished to the predecessor auditor. The financial statements of subsidiaries in Germany and Singapore were compiled by other accountants and constituted approximately 2 percent of the total consolidated assets and revenues of the group. Predecessor auditor’s opinion, insofar as it related to the amounts included for the subsidiaries, was based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors and accountants. Predecessor auditor conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that the predecessor auditor plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements were free from material misstatement.

The predecessor auditor expressed an unmodified opinion on the consolidated financial statements as of March 31, 2017 and for the year then ended in their audit report dated May 21, 2017.



Report on segment information – supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The segment information – supplementary information pertaining to consolidating balance sheet as at March 31, 2018, consolidating statement of income and comprehensive income and consolidating schedules of revenues, cost of revenues and selling and administrative expenses for the year ended March 31, 2018, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KNAV P.A.

Atlanta, Georgia
May 22, 2018

CIGNEX Datamatics, Inc. and Subsidiaries
Consolidated Financial Statements
March 31, 2018 and March 31, 2017

Consolidated Financial Statements

Consolidated balance sheets

(All amounts in United States Dollars, unless otherwise stated)

ASSETS

Current assets

Cash and cash equivalents	2,852,150	3,271,107
Accounts receivable, net	4,774,517	5,039,332
Investments	1,159,337	254,031
Prepaid expenses and other current assets	1,622,885	1,458,554
Total current assets	10,408,889	10,023,024

Property, equipment and software, net	315,687	367,055
Goodwill and other intangibles, net	2,647,423	2,143,910
Investments	2,320	83,943
Restricted cash	1,512	-
Other assets	406,824	418,135
Total assets	13,782,655	13,036,067

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities

Borrowings under short term line of credit	310,000	943,502
Accounts payable	986,805	1,248,469
Deferred revenue	1,050,162	1,618,161
Other current liabilities	1,823,309	2,521,087
Total current liabilities	4,170,276	6,331,219

Due to related party	381,358	408,413
Deferred tax liabilities, net	465,871	1,515,405
Other liabilities	471,787	-
Total liabilities	5,489,292	8,255,037

Stockholder's equity

Common stock	1,010	1,610
Additional paid-in-capital	1,845,906	1,845,906
Accumulated surplus	6,188,866	3,728,561
Accumulated other comprehensive loss	(623,562)	(767,807)
Total stockholder's equity	7,412,220	4,808,270
Non-controlling interest in subsidiaries	881,143	(27,240)
Total equity	8,293,363	4,781,030
Total liabilities and equity	13,782,655	13,036,067

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statements of comprehensive income

(All amounts in United States Dollars, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Revenues, net of allowances & rebates		
Consulting income	21,880,809	22,833,322
Software license resale	968,674	1,607,225
Reimbursable expenses	49,711	70,585
Service, maintenance and support	85,203	323,243
Total revenues	22,984,397	24,834,375
Costs and expenses		
Cost of revenues	13,856,702	17,081,111
Selling, general and administrative expenses	3,502,560	4,153,195
Depreciation and amortization	175,194	226,000
Employee benefits	3,976,498	3,580,654
Interest expense	27,298	105,314
Total costs and expenses	21,538,252	25,146,274
Operating income (loss)	1,446,145	(311,899)
Other income (expenses)		
Interest income	8,570	12,094
Unrealized exchange loss	(20,389)	(43,926)
Other income	182,822	70,192
Total other income	171,003	38,360
Income (loss) before taxes	1,617,148	(273,539)
Income tax benefit (expense)		
Income taxes – US	108,503	(23,167)
Income taxes – foreign	(315,349)	(214,531)
Deferred taxes	1,049,098	102,500
Total income taxes	842,252	(135,198)
Net income (loss)	2,459,400	(408,737)
Net loss (income) attributable to non-controlling interest	905	(23,279)
Net income (loss) after non-controlling interest	2,460,305	(432,016)
Other comprehensive income		
Foreign currency translation adjustment	93,007	133,128
Gain on cash flow hedging derivatives	48,538	202,964
Total other comprehensive income	141,545	336,092
Comprehensive income (loss)	2,600,945	(72,645)
Comprehensive loss (income) attributable to non-controlling interest	3,605	(23,537)
Comprehensive income (loss) attributable to stockholder's	2,604,550	(96,182)

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statement of changes in stockholder's equity

(All amounts in United States Dollars, except number of shares)

	Stockholder's equity						Total
	Common stock		Additional paid in capital	Accumulated other comprehensive loss	Accumulated surplus	Non- controlling interest	
	Share	Value					
Balance as at April 01, 2016	5,318,733	1,610	1,845,906	(1,103,641)	4,160,577	(21,745)	4,882,707
Non-controlling interest in subsidiaries	-	-	-	-	-	(5,753)	(5,753)
Currency translation adjustment	-	-	-	132,870	-	258	133,128
Gain on cash flow hedging derivatives	-	-	-	202,964	-	-	202,964
Net loss	-	-	-	-	(432,016)	-	(432,016)
Balance as at March 31, 2017	5,318,733	1,610	1,845,906	(767,807)	3,728,561	(27,240)	4,781,030
Non-controlling interest in subsidiaries	-	-	-	-	-	911,083	911,083
Share capital adjustment	-	(600)	-	-	-	-	(600)
Currency translation adjustment	-	-	-	95,707	-	(2,700)	93,007
Gain on cash flow hedging derivatives	-	-	-	48,538	-	-	48,538
Net income	-	-	-	-	2,460,305	-	2,460,305
Balance as at March 31, 2018	5,318,733	1,010	1,845,906	(623,562)	6,188,866	881,143	8,293,363

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statements of cash flows

(All amounts in United States Dollars, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Net income (loss)	2,459,400	(408,737)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation and amortization	175,194	226,000
Non-controlling interest in income (loss) of DuoDesign LLC and Attune India Private Limited	905	(29,032)
Profit on sale of property, equipment and software	(5,974)	-
Profit on sale of investments	(60,982)	-
Loss on sale of investments	201,654	-
Deferred taxes	(1,049,098)	(103,738)
Allowance for doubtful accounts	88,000	780,659
Share capital adjustment	600	-
Non-monetary proceeds from sale of investment	100,000	-
Changes in assets and liabilities		
Accounts receivable, net	83,926	(891,495)
Prepaid expenses and other current assets	(620,930)	(279,400)
Other assets	(13,369)	(92,251)
Accounts payable	(20,886)	(906,325)
Deferred revenue and other current liabilities	(1,147,960)	1,422,322
Other liabilities	-	139,840
Net cash provided by (used in) operating activities	190,480	(142,157)
Cash flow from investing activities		
Purchase of property, equipment and software	(145,274)	(136,993)
Sale of property, equipment and software	9,399	-
Sale of investment	410,382	-
Acquisition of business (intangibles)	-	(757,007)
Purchase of investment	(907,808)	468,070
Net cash used in investing activities	(633,301)	(425,930)
Cash flow from financing activities		
Note payable to bank	-	192,359
Net cash provided by financing activities	-	192,359
Net decrease in cash, cash equivalents and restricted cash	(442,821)	(375,728)
Foreign currency translation adjustment	25,376	336,092
Cash, cash equivalents and restricted cash at the beginning of the year	3,271,107	3,310,743
Cash, cash equivalents and restricted cash at the end of the year	2,853,662	3,271,107
Supplemental disclosure of cash flow information		
Cash paid for income taxes		
- US	10,698	3,768
- Foreign	10,475	209,513
Interest paid		
- US	16,068	-
- Foreign	13,575	27,447
Non-monetary adjustment of share capital	600	-
Non-monetary proceeds from sale of investment	100,000	-

(The accompanying notes are an integral part of these consolidated financial statements)

Notes to Consolidated Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements are as follows:

1. *Business description*

CIGNEX Datamatics, Inc. (“the Company” or “CIGNEX”), is a wholly owned subsidiary of CIGNEX Global Holding Corporation, a company registered in British Virgin Islands. The Company specializes in IT consulting services that enable enterprises to migrate to Open Source technologies across Enterprise Content Management, Portals & Social Collaboration, e-commerce, Business Intelligence and Enterprise Resource Planning. The Company was incorporated in year 2000 in the state of California.

On April 1, 2016, the Company effectuated a tax-free merger under Section 368 of the Internal Revenue Code. Section 368(a)(1)(F) allows for a tax-free reorganization where there is a mere change in identity, form or place of organization of one corporation, however effected. The tax-free reorganization enabled the corporation organized in California to operate in Michigan and transfer the corporate charter while retaining its corporate tax attributes, history and licenses.

The Company is the beneficiary of software development and maintenance services provided by its Indian subsidiary, CIGNEX Datamatics Technologies Limited. The Company uses its Singapore based subsidiary, CIGNEX Datamatics Pte Ltd., for sales and marketing services in the region. Two wholly-owned subsidiaries, CIGNEX Datamatics GmbH (Germany) and CIGNEX Datamatics UK Limited, were incorporated in April 2014 and July 2015, respectively, for expansion of services in the European market. In February 2016, CIGNEX Datamatics, Inc. completed acquisition of 66% of the outstanding membership interest in DuoDesign LLC. In March 2016, CIGNEX Datamatics, Inc. entered into a stock purchase agreement to acquire 51% of outstanding shares of Elevondata (a Delaware corporation) (“Elevondata”). Effective March 15, 2018, the Company surrendered all of its interest in Elevondata.

2. *Basis of preparation*

The accompanying consolidated financial statements include the accounts of CIGNEX Datamatics, Inc. and its subsidiaries. These consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (“US GAAP”) to reflect the consolidated financial position, results of operations and cash flows of the Company.

All amounts are stated in United States dollars, except as otherwise specified. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous period.

Certain reclassifications, regroupings and reworking have been made in the consolidated financial statements of prior year to conform to the classifications used in the current year. These changes had no material impact on previously reported consolidated statement of comprehensive income or stockholder’s equity.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, CIGNEX Datamatics Technologies Limited, CIGNEX Datamatics Pte. Ltd., CIGNEX Datamatics GmbH and CIGNEX Datamatics UK Limited. The consolidated financial statements also include the accounts of DuoDesign LLC from the date of acquisition. The interest of minority shareholders is reported as a separate component of equity. All significant intercompany accounts and transactions have been eliminated. The Company and its subsidiaries are collectively referred as the Company and these consolidated financial statements are referred to as the consolidated financial statements of the Company.

3. *Estimates and assumptions*

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the results of operations during the reporting periods. The Company's most significant estimates relate to the management's forecasts of anticipated revenues from providing information technology related services, determination of allowances for doubtful accounts receivable, determination of useful lives for property, equipment, software & intangible assets, impairment of other tangible, goodwill & intangible assets, provisions for employee benefit obligations, valuation of derivative financial instruments, realization of deferred tax asset, income tax uncertainties and other contingencies. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4. *Foreign currency translation*

The consolidated financial statements are reported in US dollars. The functional currency of the Company's foreign subsidiaries is the local currency in the respective country. For consolidation, assets and liabilities are translated using the exchange rates in effect at the balance sheet date. Income and expense items have been translated using the average rates of exchange prevailing during the year. Gains and losses from currency translation and foreign currency transaction gains and losses from inter-company transactions and balances for which settlement is not planned or anticipated in the foreseeable future are accumulated as a separate component of stockholder's equity. Transaction gains and losses that arise from exchange rate fluctuation on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. Foreign currency translation adjustments resulted in unrealized gains of \$93,007 and \$133,128 for the year ended March 31, 2018 and 2017, respectively.

5. *Cash and cash equivalents*

The Company considers all highly liquid investments and deposits with a remaining maturity of three months or less on the date of purchase to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

6. *Revenue recognition*

The Company generates revenue from consulting services, resale of software licenses, subscriptions, support and maintenance. Consulting service arrangements are billed on time-and-material basis and associated revenue is recognized when (i) written evidence that an arrangement exists; (ii) the service has been performed and the Company has no significant remaining obligation; (iii) the price to the buyer is fixed or determinable; and (iv) collectability is reasonably assured.

Revenue from third-party software license resale is recognized when delivered to customer, as it meets the criteria for fixed or determinable fees and the payment from customers is not contingent upon purchase or delivery of future maintenance and support. Revenue from support and maintenance, is recognized ratably over the contractual service period, which is typically three to twelve months.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed. Deferred revenue on the accompanying balance sheets represents amounts collected or billed prior to satisfying the above revenue recognition criteria.

7. *Advertising costs*

Non-response advertising costs are presented as part of selling, general, and administrative expenses in the consolidated statement of comprehensive income. Advertising costs are expensed as incurred.

8. *Allowance for doubtful accounts*

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management analyses accounts receivable and the composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness when evaluating the adequacy of the allowance for doubtful accounts. Bad debt expense is included in selling, general and administrative expenses in the consolidated statements of comprehensive income.

9. *Property, equipment and software*

Property, equipment and software, consisting of software, computer and office equipment, vehicle and leasehold improvements, is stated at cost less accumulated depreciation and amortization. Amortization and depreciation are calculated on the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Repairs and maintenance are charged to expense as incurred. The estimated useful lives used to determine depreciation are as follows:

Nature of assets	Estimated useful life of assets
Software	3-5 years
Computer and equipment	3-6 years
Motor vehicle	10 years
Furniture	5-10 years

10. *Business combinations, goodwill and intangible assets*

The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other (“ASC 350”). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Prior to April 01, 2017, when conducting its annual goodwill impairment assessment, the Company initially performed a qualitative evaluation of whether it is more likely than not that goodwill was impaired. If it was determined by a qualitative evaluation that it was more likely than not that goodwill was impaired, the Company then applied a two-step impairment test. The two-step impairment test first compared the fair value of the Company’s reporting unit to its carrying or book value. If the fair value of the reporting unit exceeded its carrying value, goodwill was not impaired, and the Company was not required to perform further testing. If the carrying value of the reporting unit exceeded its fair value, the Company determined the implied fair value of the reporting unit’s goodwill and if the carrying value of the reporting unit’s goodwill exceeded its implied fair value, then an impairment loss equal to the difference was recorded in the consolidated statements of comprehensive income.

Effective April 01, 2017, the Company prospectively adopted the provisions of Accounting Standards Update 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”). ASU 2017-04 eliminates the second step of the goodwill impairment test. Therefore, for goodwill impairment tests occurring after April 1, 2017, if the carrying value of a reporting unit exceeds its fair value, the Company measures any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required.

11. *Impairment of long-lived assets*

Long-lived assets and finite lived intangibles are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amounts of assets may not be recoverable. Each impairment test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset to its recorded value. If impairment is indicated, the asset is written down to its fair value. Long-lived assets, to be disposed are reported at the lower of the carrying value or fair value less cost to sell.

12. *Operating leases*

Lease agreements are classified as either capital or operating leases.

Rent expense on operating leases is recognized on a straight-line basis over the term of the lease including renewal terms if, at inception of the lease, renewal is reasonably assured.

13. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

14. *Retirement and employee benefits*

Defined contribution plan

The Company's contributions to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution as required to be made and when services are rendered by the employees.

Defined benefit plans

The Company provides for a gratuity obligation, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days (15/26) salary payable to the respective employee's salary for each completed year of service, with a maximum of \$30,689 (INR 20,00,000).

Actuarial gains and losses, which occur when actual experience differs from actuarial assumptions, are reflected in shareholder's equity (net of taxes). The funded status of the pension and postretirement plans is reflected on the balance sheets.

Compensated absences

The liability for compensated absences is determined by actuarial valuation carried out by an independent actuary as at each balance sheet date and provided for in the statement of comprehensive income as incurred in the year in which services are rendered by the employees. The actuarial valuation method used for measuring the liability is the Projected Unit Credit Method.

The actuarial gains and losses are recognized immediately in the statement of comprehensive income.

Post-employment benefits

Post-employment and other long-term employee benefits are recognized as an expense in the statement of comprehensive income for the year in which the employee has rendered services.

15. *Income taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. ASC 740 also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50%

likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

Change in accounting principle

As of April 01, 2017, the Company adopted new guidance related to the presentation of deferred taxes in its balance sheets. Under the new guidance, all deferred tax assets, liabilities and related valuation allowances are reported as non-current, depending on the classification of the underlying asset or liability to which the temporary difference relates, or, for loss credit carryforwards, based on when the item was expected to reverse.

16. *Derivative instruments and hedge accounting*

The Indian subsidiary uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such forward contracts are utilized against the inflow of funds under firm commitments. The Company does not use the forward contract for speculative purposes. The Company designates these hedging instruments as cash flow hedge. The use of hedging instruments is governed by the Company's policies, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in the statement of stockholder's equity and the ineffective portion is recognized in the statement of comprehensive income.

For the year ended March 31, 2018 and 2017, respectively, the other comprehensive income includes gain of INR 10,063,940 (approximately \$154,426) and INR 13,121,625 (approximately \$202,964) related to cash flow hedges.

17. *Marketable securities*

The investments in marketable securities are reported at fair value. The investments are reviewed for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Realized gains and losses are accounted for on the specific identification method. Unrealized gains and losses on securities are included in earnings.

18. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2- Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3- Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, loan and advances, investments in marketable securities, foreign currency forward contracts and accrued liabilities. The estimated fair value of cash, accounts receivables, accounts payable, loan and advances and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. Investments in marketable securities and foreign currency forward contracts are measured at fair value.

NOTE B - BUSINESS ACQUISITIONS

In April 2016 CIGNEX Datamatics, Inc. completed acquisition of 51% of outstanding shares of common stock of Elevon Data, Inc. (a Delaware corporation).

On February 18, 2016 CIGNEX Datamatics, Inc. completed acquisition of 66% of membership interests in DuoDesign, LLC.

The Company recognized following in goodwill resulting from acquisitions:

Acquisition of DuoDesign LLC	2,229,371
Acquisition of entities by CIGNEX Datamatics Technologies Limited (India)	418,052
Total	<u>2,647,423</u>

Effective March 15, 2018, the Company surrendered all of its interest in Elevondata. Part consideration was paid to CIGNEX within 45 days of the transaction date and consideration of \$100,000 shall be adjusted through sub-contracting of certain services by CIGNEX to Elevondata or its affiliates, subsidiaries or assigns.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	As at March 31, 2018	As at March 31, 2017
Bank balances	2,850,558	3,039,016
Cash in hand	1,592	232,091
Total	<u>2,852,150</u>	<u>3,271,107</u>

Cash balances on deposit with US banks are insured by the Federal Deposit Insurance Corporation up to \$250,000.

NOTE D - ACCOUNTS RECEIVABLE, NET

Accounts receivable, are not secured, and represent amounts primarily resulting from consulting fees, license resale and service, maintenance and training services. Accounts receivable, net at March 31, 2018 and March 31, 2017 were as follows:

	As at March 31, 2018	As at March 31, 2017
Trade accounts receivable	4,671,308	5,166,367
Unbilled receivables	969,650	653,624
Total receivables	<u>5,640,958</u>	<u>5,819,991</u>
Allowance for doubtful accounts	(866,441)	(780,659)
Accounts receivable, net	<u>4,774,517</u>	<u>5,039,332</u>

Changes in the allowance for doubtful accounts on accounts receivable during the year were as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Beginning balance	780,659	-
Add: provisions during the year	88,000	780,659
Less: write offs during the year	-	-
Effects of foreign exchange	(2,218)	-
Closing balance	<u>866,441</u>	<u>780,659</u>

NOTE E - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	497,206	483,887
Security deposits	1,447	-

	As at March 31, 2018	As at March 31, 2017
Loans and advances	256,878	38,442
Other	867,354	936,225
Total	1,622,885	1,458,554

NOTE F - PROPERTY, EQUIPMENT AND SOFTWARE, NET

Property, equipment and software consisted of the following:

	As at March 31, 2018	As at March 31, 2017
Equipment and furniture	1,729,544	2,325,558
Software	193,477	378,532
Motor vehicle	8,218	8,284
	1,931,239	2,712,374
Less: Accumulated depreciation and amortization	(1,615,552)	(2,345,319)
Property, equipment and software, net	315,687	367,055

Depreciation and amortization expense for the year ended March 31, 2018 and 2017 was \$175,194 and \$226,000, respectively.

NOTE G - MARKETABLE SECURITIES

Company's Indian subsidiary makes investments in traded open-ended funds in India. The primary investment objective of the funds is to generate returns through investments in debt and money market instruments. The Company reviews its investments for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. The financials for the years ended March 31, 2018 and 2017 reported gains of \$60,982 and \$44,996, respectively, from sale of investments. At March 31, 2018 and 2017, the fair value of the investment was INR75,553,987 (approximately \$1,159,337) and INR16,423,095 (approximately \$254,031), respectively.

The Indian subsidiary reported capital gains of INR2,303,233 (approximately \$35,342) and collected dividend of INR514,676 (approximately \$7,897) for the year ended March 31, 2017.

For the year ended March 31, 2018 the Company did not report any impairment charges related to these investments.

NOTE H - OTHER ASSETS

Other assets consisted of the following:

	As at March 31, 2018	As at March 31, 2017
Deposits	128,421	216,421
Loans and advances	25,598	-
Others	252,805	201,714
Total	406,824	418,135

NOTE I - OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

	As at March 31, 2018	As at March 31, 2017
Provisions and accruals	616,634	770,440
Payroll liabilities	558,845	688,666
Taxes payable	562,206	981,995
Credit cards	19,879	16,029
Other	65,745	63,957
Total	1,823,309	2,521,087

NOTE J - NOTES PAYABLE TO BANK

On July 10, 2012 CIGNEX Datamatics Technology Limited entered into an export financing arrangement with Citibank N.A. to draw short term cash advances of up to INR 48 million with maturity not exceeding 180 days. The borrowing facilities are secured by substantially all of the assets of the Company. The borrowings bear interest at a mutually agreed rate plus additional interest of 4% per annum on overdue balances and defaults. As of March 31, 2018, and 2017, borrowing under the line of credit was INR NIL (approximately \$NIL) and INR 42,801,000 (approximately \$662,042), respectively.

NOTE K - INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred tax liability for undistributed earnings of 100% owned foreign subsidiaries and, deferred tax asset for overpaid foreign taxes that are available to offset future taxable income of foreign subsidiary.

Since the financial results of the Company and its 100%-owned Indian subsidiary are consolidated for financial reporting but earnings from the investment in the subsidiary are included in taxable income only when they are remitted and received, the outside basis of the investment by US parent differs for financial and income tax reporting, primarily attributed to undistributed earnings of the Indian subsidiary. As of the date of this report it is not certain as to what portion of undistributed earnings is indefinitely invested. Per ASC 740-10-25 deferred tax liability is recognized on 100% of the undistributed earnings of the Indian subsidiary.

Details of the Company's income tax benefit (expense) are set forth below:

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax benefit (expense)		
Federal	107,727	(5,000)
State	776	(9,421)
Foreign	(315,349)	(223,277)
Total current tax expense	(206,846)	(237,698)
Deferred benefit (expense)		
Federal	637,434	11,211
State	428,665	(11,424)
Foreign	(17,001)	102,713
Total deferred tax benefit	1,049,098	102,500

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes as at March 31, 2018 and 2017 are as follows:

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Accrued vacation	35,600	70,297
Accrued commission	47,811	-
Provision for bad debts	22,288	-
Net operating loss	154,210	517,866
AMT credit	12,289	-
Depreciable assets (foreign subsidiary)	30,497	-
Other liabilities (foreign subsidiary)	173,759	222,849
Less: valuation allowance	-	(548,448)
Total deferred tax assets	476,454	262,564
Deferred tax liabilities		
Deferred revenue	-	586,448
Depreciable assets	9,711	21,550
Undistributed earnings of foreign subsidiary	932,614	1,168,155
Other assets (foreign subsidiary)	-	1,816

	As at March 31, 2018	As at March 31, 2017
Total deferred tax liabilities	942,325	1,777,969
Net deferred tax liabilities	(465,871)	(1,515,405)

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the history of taxable income and future projections, the management believes there exists reasonable certainty regarding reversibility of deferred tax assets.

The Tax Cut and Jobs Act in the U.S. reduces the corporate tax rate to 21 percent, effective January 01, 2018. The reduction in tax rate has resulted increasing net deferred tax liability by \$83,361.

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Utilization of the Company's net operating losses ("NOL") may also be subject to substantial annual limitation due to ownership change limitations, provided by Internal Revenue Code and similar state provisions, which could result in expiration of NOL's before utilization. At March 31, 2018 and March 31, 2017, the Indian subsidiary has realizable deferred tax assets of INR13,311,307 (approximately \$204,255) and INR14,407,171 (approximately \$222,849), respectively.

Accounting for uncertain tax positions

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows.

The tax years of 2014 through 2016 remain subject to examination by the taxing authorities.

NOTE L - FAIR VALUE MEASUREMENT

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including financial instruments. The fair value measurements of these financial instruments were determined using the following inputs as on March 31, 2018 and March 31, 2017, respectively:

	As at March 31, 2018			
	Quoted price in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs	
Assets	INR Amount	(Level 1)	(Level 2)	(Level 3)
Mutual funds	75,553,987	1,159,337	-	
Foreign exchange forward contracts	10,063,941	-	154,426	-
Total	85,617,928	1,159,337	154,426	-

	As at March 31, 2017			
	Quoted price in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs	
Assets	INR Amount	(Level 1)	(Level 2)	(Level 3)
Mutual funds	16,423,095	254,031	-	

Assets	As at March 31, 2017			
	INR Amount	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Foreign exchange forward contracts	13,121,625	-	202,964	-
Total	29,544,720	254,031	202,964	-

NOTE M - COMMITMENT AND CONTINGENCIES

Operating leases

The US company leases facilities in California under non-cancellable operating lease which expires on December 31, 2018. The Company also leased an office in the city of Santa Clara, CA under lease agreement expiring December 19, 2019. The leases require the Company to pay operating costs, including property taxes, normal maintenance, and insurance.

The Company has similar leases in India for three office locations that expire at different dates in years 2020 and 2022. The aggregate monthly rental towards these leases is INR1,504,825 per month which is approximately \$23,345 per month.

Future minimum lease payments under non-cancellable operating leases having remaining terms in excess of one year as of March 31, 2018, are as follows:

Year ending March 31,	Amounts
2019	362,865
2020	142,643
2021	65,909
2022	1,469

Rent expense for the years ended March 31, 2018 and 2017 was \$486,414 and \$770,309, respectively.

Contingencies

On March 24, 2017, the Company filed a lawsuit against Lam Research Corporation. ("Lam/ Defendant") alleging breach of contract demanding full compensation in an amount no less than \$434,097 for unpaid invoices for web design and coding services provided by the Company to the defendant in the Lam Project (the "Project"). The defendant filed a counterclaim alleging breach of contract and damages of no less than \$739,000 for payments made to the Company in the Project. Mediation of the claims was attempted but was unsuccessful. Discovery in in process. It is anticipated that a jury trial will be conducted in January 2019. The Company intends to vigorously defend all claims against it.

NOTE N - DEFINED BENEFIT PLAN

Gratuity (unfunded plan)

The following table sets out the status of unfunded Gratuity Plan at March 31, 2018 and 2017. The reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets is as follows:

	As at March 31, 2018	As at March 31, 2017
Present value of benefit obligation (PBO)	249,976	177,708
<i>Change in benefit obligation</i>		
Present value of benefit obligation at beginning of year	177,707	146,460
Service cost	58,381	52,379
Interest cost	12,948	12,942
Actuarial loss	15,942	21,346

	As at March 31, 2018	As at March 31, 2017
Past service cost	4,892	-
Benefits paid	(17,665)	(60,222)
Effect of currency rates	(2,229)	4,803
Present value of benefit obligation at the end of the year	249,976	177,708

Weighted average assumptions used to determine benefit obligations:

	As at March 31, 2018	As at March 31, 2017
Discount rate	7.70%	7.27%
Rate of compensation increase	4.50%	4.50%

Weighted average assumptions used to determine net periodic benefit cost:

	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.70%	7.27%
Rate of compensation increase	4.50%	4.50%

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on employee's past service up to the valuation date plus employee's future service up to the date of payment.

	Amounts
Expected benefit payments during the year ending March 31,	
2019	7,348
2020 till 2023	40,860
2024 till 2028	60,774
2029 and thereafter	886,135

NOTE O - COMPENSATED ABSENCES

As of March 31, 2018, and 2017, compensated absences totalled \$169,901 and \$92,939, respectively.

Financial assumptions used for actuarial valuation:

	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.70%	7.27%
Rate of compensation increase	4.50%	4.50%

NOTE P - RELATED PARTY TRANSACTIONS

A. List of related parties with whom transactions have taken place during the period:

CIGNEX Global Holding Crop – Parent Company

B. Summary of the transactions with related parties is as follows:

	As at	
Balances:	March 31, 2018	March 31, 2017
CIGNEX Global Holding Crop	381,358	408,413

NOTE Q - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and accounts receivable. Customer contracts are entered into based upon an evaluation of customers' financial condition. The Company generally does not require collateral from its customers.

CIGNEX Datamatics, Inc. and Subsidiaries

Consolidated Financial Statements

March 31, 2018 and March 31, 2017

At March 31, 2018 and March 31, 2017, the Company had \$4,774,517 and \$5,039,332, respectively, of account receivable (net) due from several customers.

Two customers accounted for 23% and 17% of the Company's revenues for the year ended March 31, 2018 and the same two customers accounted for 10% and 27% respectively of the Company's sales for the year ended March 31, 2017. Two customers accounted for 17% and 11% of accounts receivable as at March 31, 2018 and one customer accounted for 14% of accounts receivable as at March 31, 2017.

NOTE R - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2018 up through May 22, 2018, the date the financial statement is issued. Based on the evaluation, there are no material effects of the same on the consolidated financial statement as on May 22, 2018, that would require recognition or disclosure.

CIGNEX Datamatics, Inc. and Subsidiaries
 Supplementary Information
 Segment Information
 March 31, 2018

Balance sheets

ASSETS

Current assets

	CIGNEX Datamatics, Inc. (US)	CIGNEX Datamatics Technologies Limited (IN)	CIGNEX Datamatics Pte Ltd (SING)	CIGNEX Datamatics GmbH (GERM)	CIGNEX Datamatics (UK)	Inter-Co. Eliminations	Consolidated Totals
Cash and cash equivalents	2,481,123	126,353	160,687	64,538	19,449	-	2,852,150
Accounts receivables, net	3,071,373	3,539,179	22,846	16,487	-	(1,875,368)	4,774,517
Investments	-	1,159,337	-	-	-	-	1,159,337
Prepaid and other current assets	908,171	691,981	15,024	4,177	3,532	-	1,622,885
Total current assets	6,460,667	5,516,860	198,557	85,202	22,981	-	10,408,889

Property, equipment and software, net	48,130	267,557	-	-	-	-	315,687
Goodwill and other intangibles, net	2,229,371	418,052	-	-	-	-	2,647,423
Investments	36,664	9,416	-	-	-	(43,760)	2,320
Restricted cash	-	1,512	-	-	-	-	1,512
Other assets	13,369	393,455	-	-	-	-	406,824
Total assets	8,788,201	6,606,842	198,557	85,202	22,981	-	13,782,655

LIABILITIES AND

STOCKHOLDERS' EQUITY

Current liabilities

Borrowings under short term line of credit	310,000	-	-	-	-	-	310,000
Accounts payable	2,478,830	282,258	45,139	47,730	28,084	(1,895,236)	986,805
Deferred revenue	1,037,167	12,995	-	-	-	-	1,050,162
Other current liabilities	681,979	1,102,481	14,192	11,975	12,682	-	1,823,309
Total current liabilities	4,507,976	1,397,734	59,331	59,705	40,766	-	4,170,276

CIGNEX Datamatics, Inc. and Subsidiaries
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March 31, 2018

Balance sheets

	CIGNEX Datamatics Inc. (US)	CIGNEX Datamatics Technologies Limited (IN)	CIGNEX Datamatics Pte Ltd (SING)	CIGNEX Datamatics GmbH (GERM)	CIGNEX Datamatics (UK)	Inter-Co. Eliminations	Consolidated Totals
Due to related party	381,358	-	-	-	-	-	381,358
Deferred tax liabilities, net	670,126	(204,255)	-	-	-	-	465,871
Other current liabilities	-	471,787	-	-	-	-	471,787
Total liabilities	5,559,460	1,665,266	59,331	59,705	40,766	-	5,489,292
Stockholder's equity							
Common stock	1,010	2,500	1	34,250	155	(36,906)	1,010
Additional paid-in-capital	1,845,906	7,094	-	-	-	(7,094)	1,845,906
Accumulated surplus (deficit)	749,543	5,232,505	149,231	(10,877)	(17,813)	86,277	6,188,866
Accumulated other comprehensive (loss) income	(258)	(549,126)	(10,006)	2,124	(127)	(66,169)	(623,562)
Total stockholder's equity (deficit)	2,596,201	4,692,973	139,226	25,497	(17,785)	-	7,412,220
Non-controlling interest in subsidiaries	632,540	248,603	-	-	-	-	881,143
Total equity (deficit)	3,228,741	4,941,576	139,226	25,497	(17,785)	-	8,293,363
Total liabilities and stockholder's equity	8,788,201	6,606,842	198,557	85,202	22,981	-	13,782,655

CIGNEX Datamatics, Inc. and Subsidiaries
Supplementary Information
Segment Information
March 31, 2018

Statements of comprehensive income

	CIGNEX Datamatics, Inc. (US)	CIGNEX Datamatics Technologies Limited (IN)	CIGNEX Datamatics Pte Ltd (SING)	CIGNEX Datamatics GmbH (GERM)	CIGNEX Datamatics (UK)	Inter-Co. Eliminations	Consolidated Totals
Revenues, net of allowances & rebates:							
Consulting income	16,320,400	10,811,668	137,873	187,261	113,855	(5,690,248)	21,880,809
Software license resell	765,743	34,136	168,795	-	-	-	968,674
Reimbursable expenses	27,563	19,842	2,306	-	-	-	49,711
Service, maintenance and support	85,203	-	-	-	-	-	85,203
Total revenues	17,198,909	10,865,646	308,974	187,261	113,855	-	22,984,397
Costs and expenses							
Cost of revenues	11,784,425	7,184,831	247,198	116,526	53,560	(5,529,838)	13,856,702
Selling, general and administrative expenses	2,534,195	910,295	54,685	62,085	101,710	(160,410)	3,502,560
Depreciation and amortization	49,912	125,282	-	-	-	-	175,194
Employee benefit	2,234,448	1,742,050	-	-	-	-	3,976,498
Interest expense	17,780	8,788	-	730	-	-	27,298
Total costs and expenses	16,620,760	9,971,246	301,883	179,341	155,270	-	21,538,252
Operating income (loss)	578,149	894,400	7,091	7,920	(41,415)	-	1,446,145
Other income (expenses)							
Interest income	2,600	5,930	-	-	40	-	8,570
Unrealized exchange gain (loss)	-	(40,498)	-	-	-	20,109	(20,389)
Other income (expense)	(84,142)	266,286	-	678	-	-	182,822
Total other income (expense)	(81,542)	231,718	-	678	40	-	171,003
Income (loss) before taxes	496,607	1,126,118	7,091	8,598	(41,375)	-	1,617,148
Income taxes benefit (expense)							
Income taxes – US	108,503	-	-	-	-	-	108,503

CIGNEX Datamatics, Inc. and Subsidiaries
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Statements of comprehensive income

	CIGNEX Datamatics, Inc. (US)	CIGNEX Datamatics Technologies Limited (IN)	CIGNEX Datamatics Pte Ltd (SING)	CIGNEX Datamatics GmbH (GERM)	CIGNEX Datamatics (UK)	Inter-Co. Eliminations	Consolidated Totals
Income taxes – foreign	-	(315,707)	358	-	-	-	(315,349)
Deferred taxes	1,066,098	(17,000)	-	-	-	-	1,049,098
Total income taxes	1,174,601	(332,707)	358	-	-	-	842,252
Net income (loss)	1,671,208	793,411	7,449	8,598	(41,375)	-	2,459,400
Net loss (income) attributable to non-controlling interest	36,262	(35,357)	-	-	-	-	905
Net income (loss) after non-controlling interest	1,707,470	758,054	7,449	8,598	(41,375)	-	2,460,305
Other comprehensive income (loss)							
Foreign currency translation adjustment	528	(144,086)	8,235	(4,343)	499	232,174	93,007
Gain on cash flow hedging derivatives	-	48,538	-	-	-	-	48,538
Total other comprehensive income	528	(95,548)	8,235	(4,343)	499	-	141,545
Comprehensive income (loss)	1,671,736	697,863	15,684	4,255	(40,876)	-	2,600,945
Comprehensive loss (income) attributable to non-controlling interest	36,262	(32,657)	-	-	-	-	3,605
Comprehensive income (loss)	1,707,998	665,206	15,864	4,255	(40,876)	-	2,604,550

CIGNEX Datamatics, Inc. and Subsidiaries
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 March 31, 2018

Schedule of selling, general
 and administrative expenses

	CIGNEX Datamatics Inc. (US)	CIGNEX Datamatics Technologies Limited (IN)	CIGNEX Datamatics Pte Ltd (SING)	CIGNEX Datamatics GmbH (GERM)	CIGNEX Datamatics (UK)	Inter-Co. Eliminations	Consolidated Totals
Advertising and marketing expenses	174,741	2,731	-	82	-	-	177,554
Bad debts and customer credits	103,652	1,504	-	-	-	-	105,156
Bank, finance and interest charges	6,845	17,392	452	310	484	-	25,483
Conferences and seminars	1,046	7,384	-	-	-	-	8,430
Dues and subscriptions	43,130	30,535	-	300	-	-	73,965
General and administrative expenses	63,822	(29,211)	13,977	-	-	(17,855)	30,733
Insurance expenses	75,587	31,098	-	2,755	-	-	109,440
Legal and professional expenses	1,483,308	132,000	33,565	55,724	94,790	(142,555)	1,656,832
Office expenses	23,455	119,440	-	-	-	-	142,895
Office supplies	2,106	16,474	-	-	50	-	18,630
Postage & delivery	4,847	5,660	-	-	265	-	10,772
Printing and reproduction	2,767	5,839	-	-	-	-	8,606
Rents and utilities	184,723	363,991	-	-	5,457	-	554,171
Taxes, licenses and permits	21,003	(18,510)	6,561	2,914	199	-	12,167
Telephone and internet	197,116	115,088	130	-	465	-	312,799
Travel and entertainment	146,047	108,880	-	-	-	-	254,927
Total	2,534,195	910,295	54,685	62,085	101,710	-	3,502,560