**SATYAM COMPUTER SERVICES (NANJING) CO., LTD.**

FINANCIAL STATEMENTS AND REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31 December 2009

[English translation for reference only. Should there be any Inconsistency between the Chinese and English versions, the Chinese version shall prevail]

*[English translation for reference only]*

# Report of the Auditors

March 11, 2010
SHLFCPAR No. (2010) – SJ0541

To the Board of Directors of
Satyam Computer Services (Nanjing) Co., Ltd.

We have audited the accompanying financial statements of Satyam Computer Services (Nanjing) Co., Ltd (the "Company"), which comprise the balance sheet as at 31 December 2009, the income statement, cash flow statement and statement of changes in equity for the year ended and notes to these financial statements.

1. **Management's Responsibility for the Financial Statements**

   The Company's management is responsible for ensuring that the Financial Statements are properly prepared in conformity with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises", such responsibility includes: (i) designing, implementing and maintaining internal control relevant to the preparation of financial statements to ensure the financial statements are free of material misstatement, whether caused by fraud or error; (ii) selecting and applying appropriate accounting policies; and (iii) making accounting estimates that are appropriate in the circumstances.

2. **Auditor's Responsibility**

   Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to

provide a basis for our audit opinion.

*[English translation for reference only]*

## Report of the Auditors (continued)

**3. Audit opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Satyam Computer Services (Nanjing) Co., Ltd. as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises".

Ling Jie, China Certified Public Accountant

Zhou Wei Zhong, China Certified Public Accountant

Shanghai Linfang Certified Public Accountants Co., Ltd.
15F, Hechuang Building,
No. 450 Caoyang Road,
Shanghai China

SATYAM COMPUTER SERVICES (NANJING) COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| ASSETS | Notes | Ending Balance | Beginning Balance |
|---|---|---|---|
| **Current assets:** | | | |
| Cash at bank and in hand | 5 | 1,814,450.69 | 607,582.97 |
| Accounts receivable | 6 | 1,181,775.36 | 1,503,266.98 |
| Prepayments | 7 | 131,156.43 | 270,248.74 |
| Other receivables | 8 | 161,566.86 | 124,219.83 |
| Inventories | | 258.00 | 2,108.00 |
| **Total current assets** | | 3,289,207.34 | 2,507,426.52 |
| **Non-current assets:** | | | |
| Fixed assets - cost | 9 | 8,203,892.15 | 8,201,962.15 |
| Less: Accumulated depreciation | 10 | 3,218,024.26 | 1,575,426.85 |
| Fixed assets - net | 11 | 4,985,867.89 | 6,626,535.30 |
| Long-term deferred expenses | 12 | 197,534.33 | 230,226.58 |
| **Total non-current assets** | | 5,183,402.22 | 6,856,761.88 |
| **TOTAL ASSETS** | | 8,472,609.56 | 9,364,188.40 |
| **LIABILITEIS AND OWNERS EQUITY** | **Notes** | Ending Balance | **Beginning Balance** |
| **Current liabilities:** | | | |
| Accounts payable | 13 | 1,588,516.56 | 3,362,929.56 |
| Advances | | 125,142.29 | - |
| Accrued payroll | | 169,272.70 | 95,245.77 |
| Incl.: Wages payable | | 169,272.70 | 95,245.77 |
| Taxes payable | | 160,486.11 | 217,579.00 |
| Incl.: Tax payable | 14 | 159,853.49 | 216,952.55 |
| Other payables | 15 | 6,340,551.61 | 2,032,814.54 |
| **Total current liabilities** | | 8,383,969.27 | 5,708,568.87 |
| **Non-current liabilities:** | | | |
| **Total non-current liabilities** | | - | - |
| **TOTAL LIABILITIES** | | 8,383,969.27 | 5,708,568.87 |
| **Owner's equity:** | | | |
| Paid-in capital | 16 | 36,138,546.77 | 22,817,785.51 |
| Foreign capital | | 36,138,546.77 | 22,817,785.51 |
| Accumulated losses | 17 | (36,049,906.48) | (19,162,165.98) |
| **Total owner's equity** | | 88,640.29 | 3,655,619.53 |
| **TOTAL LIABILITIES AND OWNER'S EQUITY** | | 8,472,609.56 | 9,364,188.40 |

The accompanying notes form an integral part of these financial statements.

Legal Representative: SREENIVASA MURTY ACHUTUNI

Person in charge of accounting function: RAVIKANTH KARNE

Person in charge of accounting department: TAO WANZHU

Tao Wanzhu

SATYAM COMPUTER SERVICES (NANJING) COMPANY LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| Subjects | Notes | Year ended 31 December 2009 | Year ended 31 December 2008 |
|---|---|---|---|
| **Total operating revenues** | | 9,443,123.92 | 2,071,560.36 |
| Incl.: Operating revenues | | 9,443,123.92 | 2,071,560.36 |
| Incl.: Revenues from main operation | 18 | 9,443,123.92 | 2,071,560.36 |
| **Less: Total operating costs** | | 27,181,645.31 | 19,965,728.20 |
| Incl.: Operating costs | | 10,870,416.67 | 3,279,031.52 |
| Incl.: Costs of main operation | | 10,870,416.67 | 3,279,031.52 |
| Operating tax and its additions | | 476,877.86 | 83,616.60 |
| Selling and distribution expenses | | 23,448.00 | 22,073.00 |
| General and administrative expenses | | 15,719,618.41 | 16,255,557.29 |
| Finance expenses | 19 | 91,284.37 | 325,449.79 |
| Incl.: Interest income | | 2,810.02 | 40,247.12 |
| Exchange losses-net | | 85,718.04 | 359,165.36 |
| **Operating Profit** | | (17,738,521.39) | (17,894,167.84) |
| Add: Non-operating revenues | 20 | 896,000.00 | 175,500.00 |
| Incl.: Government subsidy | | 896,000.00 | 175,500.00 |
| Less: Non-operating expenses | | 45,219.11 | 9,310.00 |
| **Total Profit** | | (16,887,740.50) | (17,727,977.84) |
| Less: Income tax expense | | - | - |
| **Net Profit** | | (16,887,740.50) | (17,727,977.84) |

The accompanying notes form an integral part of these financial statements.

Legal Representative: SREENIVASA MURTY ACHUTUNI

Person in charge of accounting function: RAVIKANTH KARNE

Person in charge of accounting department: TAO WANZHU

Tao Wanzhu

## SATYAM COMPUTER SERVICES (NANJING) COMPANY LIMITED
## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| | 2009 | 2008 |
|---|---|---|
| **1. Cash Flows from Operating Activities:** | | |
| Cash received from sales of goods or rendering of services | 8,930,051.19 | 568,293.38 |
| Cash received relating to other operating activities | 945,950.69 | 215,747.12 |
| **Sub-total of Cash Inflows** | 9,876,001.88 | 784,040.50 |
| Cash paid for goods and services | 67,418.75 | 183,702.99 |
| Cash paid to and on behalf of employees | 19,577,406.75 | 12,224,795.35 |
| Payments of taxes and levies | 1,422,440.84 | 20,344.61 |
| Cash paid relating to other operating activities | 4,441,621.64 | 3,176,260.61 |
| **Sub-total of Cash Outflows** | 25,508,887.98 | 15,605,103.56 |
| **Net Cash Flows from Operating Activities** | (15,632,886.10) | (14,821,063.06) |
| **2. Cash Flows from Investing Activities:** | | |
| **Sub-total of Cash Inflows** | - | - |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 1,631,585.00 | 3,433,241.38 |
| **Sub-total of Cash Outflows** | 1,631,585.00 | 3,433,241.38 |
| **Net Cash Flows from investing Activities** | (1,631,585.00) | (3,433,241.38) |
| **3. Cash Flows from Financing Activities:** | | |
| Cash received from capital contribution | 13,320,761.26 | 15,342,533.76 |
| Cash received from borrowings | 5,400,000.00 | - |
| **Sub-total of Cash Inflows** | 18,720,761.26 | 15,342,533.76 |
| Cash repayments of amounts borrowed | 200,000.00 | - |
| **Sub-total of Cash Outflows** | 200,000.00 | - |
| **Net Cash Flows from Financing Activities** | 18,520,761.26 | 15,342,533.76 |
| **4. Effect of Foreign Exchange Rate Changes on Cash** | (49,422.44) | (359,165.36) |
| **5. Net Increase (decrease) in Cash and Cash Equivalents** | 1,206,867.72 | (3,270,936.04) |
| Add: Cash and cash equivalents at the beginning of the reporting period | 607,582.97 | 3,878,519.01 |
| **6. Cash and Cash Equivalents at the End of the Reporting Period** | 1,814,450.69 | 607,582.97 |

The accompanying notes form an integral part of these financial statements.

Legal Representative: SREENIVASA MURTY ACHUTUNI

Person in charge of accounting function: RAVIKANTH KARNE

Person in charge of accounting department: TAO WANZHU

Tao Wanzhu

SATYAM COMPUTER SERVICES (NANJING) COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| | PAID-IN CAPITAL | CAPITAL SURPLUS | SURPLUS RESERVE | RETAINED EARNINGS | TOTAL |
|---|---|---|---|---|---|
| Closing Balance at 31 December 2007 | 7,475,251.75 | - | - | (1,434,188.14) | 6,041,063.61 |
| Beginning Balance at 1 January 2008 | 7,475,251.75 | - | - | (1,434,188.14) | 6,041,063.61 |
| Net profit | - | - | - | (17,727,977.84) | (17,727,977.84) |
| Capital contribution by owners | 15,342,533.76 | - | - | - | 15,342,533.76 |
| Movements in year 2008 | 15,342,533.76 | - | - | (17,727,977.84) | (2,385,444.08) |
| Closing Balance at 31 December 2008 | 22,817,785.51 | - | - | (19,162,165.98) | 3,655,619.53 |
| Beginning Balance at 1 January 2009 | 22,817,785.51 | - | - | (19,162,165.98) | 3,655,619.53 |
| Net profit | - | - | - | (16,887,740.50) | (16,887,740.50) |
| Capital contribution by owners | 13,320,761.26 | - | - | - | 13,320,761.26 |
| Movements in year 2009 | 13,320,761.26 | - | - | (16,887,740.50) | (3,566,979.24) |
| Closing Balance at 31 December 2009 | 36,138,546.77 | - | - | (36,049,906.48) | 88,640.29 |

The accompanying notes form an integral part of these financial statements.

Legal Representative:
SREENIVASA MURTY ACHUTUNI

Person in charge of accounting function: RAVIKANTH KARNE

Person in charge of accounting department: TAO WANZHU

Tao Wanzhu

## 1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

Satyam Computer Services (Nanjing) Co., Ltd. ("the Company") is a wholly owned foreign enterprise invested by Satyam Computer Services Co., Ltd. Established on 29 June, 2007, the Company was registered at Nanjing Administration of Industry and Commerce and obtained the Business License of Juridical Person No. 320100400039957. The registered capital of the Company is USD 4 millions and the operating period is 50 years. The registered address is Suite 413-246, Business Building, Nanjing High-tech Industry Developing Zone.

According to the 2009 No.2 resolution of the Board of Directors and approved by the Nanjing Government, the registered capital of the Company has been increased to USD6, 000,000 from USD4, 000,000.

The approved business scope of the Company includes software designing, developing, writing, testing, maintenance (of embedded system software, computer aid design, manufactory and engineering service software, enterprise resource solution software, enterprise integrating software, custom relationship management software etc.), sales of the self-produced products and related technical consulting. (activities related to administrative permission should be operated with approval).

## 2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and "Accounting System for Business enterprises" as promulgated by the State of the People's Republic of China.

## 3 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

(b) Recording currency

The recording currency of the Company is the Renminbi (RMB).

(c) Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

(d) Calculation for foreign exchange business

Except for the accounting treatment of paid-in capital, transactions denominated in foreign currencies are translated into RMB at the exchange rates stipulated by the People's Bank of China ('the stipulated exchange rates") prevailing at the first day of the month. Monetary assets and liabilities denominated in foreign currencies on the balance sheet day are translated into RMB at the exchange rates stipulated by the People's Bank of China at the balance sheet date. Exchange differences arising from these translations are taken into the current profit and loss account.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates.

## 3 PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits. Cash equivalents refer to short-term and highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Accounts receivable and provision for bad debts

Accounts receivable comprises accounts receivable and other accounts receivable. The Company adopts provision method. The accounts receivable is presented at actual amounts net of provision for bad debts.

- Account receivables

Specific provisions are made based upon the assessment of the recoverability of accounts receivable.

- Other receivables

Specific provisions are made based upon the assessment of the recoverability of other receivables.

- Recognition criteria of bad debts loss

Where evidence exists that balances cannot be recovered, bad debts are recognized and the corresponding provision for bad debts is written off, such as the debtor has been deregistered, has declared bankruptcy, is not able to meet its liabilities as they fall due, is experiencing significant cash flow issues, death of debtor etc., after the approval of the Company's General Manager or the Board of the Directors with reference to different management authorities, the bad debt is recognized and the balances are written off against the provision.

(g) Fixed assets and depreciation

Fixed assets are tangible assets that are used in production, including sales of goods, rendering of services and leases, or held for management purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

| | Estimated Useful Lives | Estimated Residual Value | Annual Depreciation Rate |
|---|---|---|---|
| Electronic equipment | 5 years | - | 20% |
| Office equipment | 5 years | - | 20% |
| Furniture | 5-10 years | - | 10%-20% |

## 3 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Long-term deferred expenses

Long-term deferred expenses include the fitment fee and software, which is evenly amortized over the beneficiating period, and presented by the net amount after deduction of the accumulative allocation.

(i) Impairment of assets

In addition to the recognition of provisions for impairment loss on receivables and inventories which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and will parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected being derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need for an impairment provision recorded in a prior period no longer exists or has decreased, the provision for impairment loss is reversed. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(j) Revenue recognition

Income of service is recognized when the service has been provided and the right of receiving charge is obtained.

Interest income should be measured based on the period between the acquisition date and the maturity date and the applicable interest rate.

Subsidy income shall be recognized at the time of receipt.

(k) Employee benefits

The full-time employees of the Company are entitled to staff welfare benefits under existing PRC legislation, including pension benefits, medical care, unemployment insurance, housing fund and other benefits.

The Company is required to accrue for these benefits based on certain percentages of the employees' salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, these benefits are levied by the human resource and social security bodies. The contributions are expensed as incurred.

(l) Accounting for income taxes

The accounting treatment for income taxes adopts tax payable method. The tax expense is

recognized based on current period taxable income and applicable tax rate.

## 4 TAXATION

(a)Corporate income tax

Effective from 1 January 2008, the Company should pay the corporate income tax in accordance with the Corporate Income Tax Law of the People's Republic of China (hereinafter "the new CIT Law") as approved by the National People's Congress on 16 March 2007. As a wholly foreign owned enterprise incorporated in Nanjing and the applicable enterprise income tax rate is 25% in year 2009.

(b) Business tax

The Company's rendering of services is subject to Business Tax. The applicable tax rate is 5%.

(c) Individual income tax

Individual Income Tax (IIT) is born by staff and the Company deducts and pays on behalf of the IIT payers.

## 5 MONETARY ASSETS

| | Ending Balance | Beginning Balance |
|---|---|---|
| Cash at bank | 1,814,450.69 | 607,582.97 |
| Total | 1,814,450.69 | 607,582.97 |

## 6 ACCOUNTS RECEIVABLE

| | Ending Balance | Beginning Balance |
|---|---|---|
| Accounts receivable | 1,181,775.36 | 1,503,266.98 |
| Less: Provision for bad debt | - | - |
| Accounts receivable - net | 1,181,775.36 | 1,503,266.98 |

The ageing of all balances of accounts receivables as at year end are as follows:

| | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total |
| Within 1 year | 1,181,775.36 | 100.00 | 1,503,266.98 | 100.00 |
| Total | 1,181,775.36 | 100.00 | 1,503,266.98 | 100.00 |

Debtors with large amounts:

| Name of Debtors | Ending Balance | Descriptions | Ageing |
|---|---|---|---|
| Satyam Computer Services Ltd. | 774,352.23 | Sales | Within 1 year |
| SHG Automotive Industry Corporation | 240,000.00 | Sales | Within 1 year |

## 7 PREPAYMENTS

| | Ending Balance | Beginning Balance |
|---|---|---|
| Advanced accounts | 125,518.00 | 111,714.87 |
| Prepaid expenses | 5,638.43 | 158,533.87 |
| Total | 131,156.43 | 270,248.74 |

## 8 OTHER RECEIVABLES

| | Ending Balance | Beginning Balance |
|---|---|---|
| Other receivables | 161,566.86 | 124,219.83 |
| Less: Provision for bad debt | - | - |
| Other receivables - net | 161,566.86 | 124,219.83 |

The ageing of all balances of other receivables as at year end are as follows:

| | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total |
| Within 1 year | 161,566.86 | 100.00 | 124,219.83 | 100.00 |
| Total | 161,566.86 | 100.00 | 124,219.83 | 100.00 |

## 9 FIXED ASSETS – COST

| | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Electronic equipment | 7,538,569.63 | - | - | 7,538,569.63 |
| Office equipment | 614,892.52 | - | - | 614,892.52 |
| Furniture | 48,500.00 | 1,930.00 | - | 50,430.00 |
| Total | 8,201,962.15 | 1,930.00 | - | 8,203,892.15 |

## 10 ACCUMULATED DEPRECIATION

| | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Electronic equipment | 1,456,706.35 | 1,507,730.57 | - | 2,964,436.92 |
| Office equipment | 113,967.35 | 122,661.14 | - | 236,628.49 |
| Furniture | 4,753.15 | 12,205.70 | - | 16,958.85 |
| Total | 1,575,426.85 | 1,642,597.41 | - | 3,218,024.26 |

## 11 FIXED ASSETS – NET

| | Beginning Balance | Ending Balance |
|---|---|---|
| Electronic equipment | 6,081,863.28 | 4,574,132.71 |
| Office equipment | 500,925.17 | 378,264.03 |
| Furniture | 43,746.85 | 33,471.15 |
| Total | 6,626,535.30 | 4,985,867.89 |

## 12 LONG-TERM DEFERRED EXPENSES

| | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Fitment fees | 171,418.79 | 31,635.00 | 67,390.10 | 135,663.69 |
| Software | 58,807.79 | - | (3,062.85) | 61,870.64 |
| Total | 230,226.58 | 31,635.00 | 64,327.25 | 197,534.33 |

## 13 ACCOUNTS PAYABLE

| Ending Balance | Beginning Balance |
|---|---|
| 1,588,516.56 | 3,362,929.56 |

Creditors with large amounts:

| | Ending Balance | Description |
|---|---|---|
| Datacraft Asia Ltd. | 799,609.67 | Purchase |
| Satyam Computer Services Ltd. | 374,207.40 | Service fee |

## 14 TAX PAYABLE

| | Ending Balance | Beginning Balance |
|---|---|---|
| Business tax | 63,262.17 | 62,645.54 |
| Individual Income Tax | 96,591.32 | 154,307.01 |
| Total | 159,853.49 | 216,952.55 |

## 15 OTHER PAYABLES

| Ending Balance | Beginning Balance |
|---|---|
| 6,340,551.61 | 2,032,814.54 |

## 15 OTHER PAYABLES (continued)

Creditors with large amounts:

| | Ending Balance | Description |
|---|---|---|
| Satyam Computer Services (Shanghai) Co., Ltd. | 6,277,873.54 | Temporary borrowing |

## 16 PAID-IN CAPITAL

| Name of Investor | % | Ending Balance | Beginning Balance |
|---|---|---|---|
| Satyam Computer Services Ltd. | 100 | 36,138,546.77 | 22,817,785.51 |
| Total | 100 | 36,138,546.77 | 22,817,785.51 |

In 2009, the Company received additional capital contribution in cash USD1,950,010 (equivalent to RMB13, 320,761.26) from the inventor of the Company, Satyam Computer Services Ltd. The paid-in capital was verified by Jiangsu Zhongtianxin Certified Public Accountants Co., Ltd respectively with corresponding capital verification reports.

## 17 UNDISTRIBUTED PROFITS

| | Ending Balance | Beginning Balance |
|---|---|---|
| Current year net profit | (16,887,740.50) | (17,727,977.84) |
| Undistributed profits at beginning of year | (19,162,165.98) | (1,434,188.14) |
| Distributable profit | (36,049,906.48) | (19,162,165.98) |
| Undistributed profits at the end of year | (36,049,906.48) | (19,162,165.98) |

## 18 REVENUES FROM MAIN OPERATION

| Item | 2009 | 2008 |
|---|---|---|
| Software designing, developing and maintaining services | 9,443,123.92 | 2,071,560.36 |
| Total | 9,443,123.92 | 2,071,560.36 |

## 19 FINANCE EXPENSES

| | 2009 | 2008 |
|---|---|---|
| Interest income | (2,810.02) | (40,247.12) |
| Bank charges | 8,376.35 | 6,531.55 |
| Exchange losses-net | 85,718.04 | 359,165.36 |
| | 91,284.37 | 325,449.79 |

## 20 NON-OPERATING REVENUES

| Item | 2009 | 2008 |
|---|---|---|
| Training subsidy | 896,000.00 | 175,500.00 |
| Total | 896,000.00 | 175,500.00 |

## 21 RELATED PARTY TRANSACTION

Related parties and relationships

| Names of Entity | Relationship with the Company |
|---|---|
| Satyam Computer Services Ltd. | Parent company |
| Satyam Computer Services (Shanghai) Co., Ltd. | Controlled by the same parent company |

Related party transactions

| Names of Entity | Description | 2009 |
|---|---|---|
| Satyam Computer Services Ltd. | Rendering of consulting services | 7,156,074.50 |

Ending Balance of related party transaction

| Names of Entity | Account Name | Description | Ending Balance |
|---|---|---|---|
| Satyam Computer Services Ltd. | Account receivable | Rendering of consulting services | 774,352.23 |
| Satyam Computer Services Ltd. | Account payable | Purchase of consulting service | 374,207.40 |
| Satyam Computer Services Ltd. | Advances | Rendering of consulting services | 125,142.29 |
| Satyam Computer Services (Shanghai) Co., Ltd. | Other payable | temporary borrowing | 6,277,873.54 |

# ADJUSTMENTS TO INCOME BEFORE TAX

(All amounts are in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

| Detailed adjustments and corresponding account name | Interpretation (Reference included) | Adjusted amounts | Remarks |
|---|---|---|---|
| Taxable amounts | | | |
| General & administrative expenses – entertainment expenses | Exceed entertainment expenses standard regulated by tax law | 5,634.76 | The total entertainment expenses incurred in 2009 is RMB 14,086.90, 14,086.90×40%=5,634.76 |
| General & administrative expenses – Salary | Accrued wages that haven't been paid | 74,026.93 | Difference of wage and salary payables between ending balance and beginning balance |
| Non-operating expenses | Tax overdue fine | 19.11 | |
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| | | | |
| | | | |
| Total taxables | | 79,680.80 | |
| Deductible amounts | | | |
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| | | | |
| | | | |
| Total deductibles | | - | |
| Adjustments - net | | | 79,680.80 |
| Audited income before tax | | | (16,887,740.50) |
| Adjusted income before tax | | | (16,808,059.70) |

*Note: The taxable income shall be finally settled by tax authorities.*