

Company registration number: 1170V (Isle of Man)

ARROWPOINT TECHNOLOGIES PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

ARROWPOINT TECHNOLOGIES PLC CONTENTS

	Page
Directors' report	2-6
Independent auditors' report	7-8
Consolidated profit and loss account	9
Company profit and loss account	10
Consolidated statement of total recognised gains and losses	11
Company statement of total recognised gains and losses	11
Consolidated balance sheet	12
Company balance sheet	13
Consolidated cash flow statement	14
Notes to the financial statements	15-29

**ARROWPOINT TECHNOLOGIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2009**

Directors: Nirmal Kedia
Santanu Nandy
Peter D'Amato
Graham Cole

Secretary: Dickinson & Cruickshank

Registered office: International 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB

The directors submit their report and the financial statements of Arrowpoint Technologies plc ("the Company" and "the Group") for the year ended 31 March 2009.

RESULTS AND DIVIDENDS

The loss for the year, amounting to \$109,000 has been dealt with as shown in the profit and loss account. The directors do not propose the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The Company was incorporated as a Private Limited Company, under the name Arrowpoint Technologies Limited, in the Isle of Man, under the Companies Act 2006 on 13 July 2007. On 20 April 2009 the Company changed its name to Arrowpoint Technologies plc and it is proposed to be admitted onto the PLUS-quoted Market in October 2009. The principal activity of the Company is that of a holding company. The Company's subsidiaries, Arrowpoint Technologies Inc, Lynchval Systems Worldwide Inc and Arrowpoint Technologies Pvt Ltd, are engaged in the provision of retirement industry products and solutions, offshore services and consulting and integration services.

The results for the year are set out on pages 9 and 10. The directors consider the results for the year to be satisfactory.

FUTURE DEVELOPMENTS

The Group has already carved a niche for itself as a leading software solution provider to the pension industry in the USA. Apart from its software solutions, the Group also provides services such as integration consulting and cost-effective offshore development to its clientele. In order to augment its leadership position, the Group intends to further strengthen its offerings in these areas.

Arrowpoint Technologies plc has identified the following areas of future development:

- additional Defined Benefit ("DB") products and services and further opportunities in hybrid plans;
- the need to develop and to strengthen solutions in DB and Other Post Employment Benefits ("OPEB");
- the need to augment offshore infrastructure; and
- the need to develop consulting expertise in the insurance and pension industry.

In order to develop expertise in the above mentioned areas, the Group plans to invest in these areas through organic expansion. In the next 18 months the Group plans to dramatically increase its areas of expertise and depth in the fields of pension products (especially Defined Contribution, Employee Stock Option Management and record keeping), integration and consulting based in the USA. It also plans to augment its offshore delivery infrastructure based in India in order to enable a large scale product development capability.

CREDITORS

Creditors are paid once their invoices/ bills become due. The average credit period is 49 days (2008: 80 days).

**ARROWPOINT TECHNOLOGIES PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009**

RISKS AND UNCERTAINTIES

The key risks and uncertainties for the Group are:

(i) the Company's future success will depend, among other things, on its directors and senior management team and their continuing contributions. The recruitment of suitable skilled employees and retention of their services or the services of any future management team cannot be guaranteed;

(ii) the directors consider that the Group and its members have taken appropriate measures to protect its interests in its intellectual property, but there can be no assurance that those measures will prove to be sufficient to protect those interests if a challenge were to be forthcoming from a third party. If a successful challenge were established to some or all of the Group's intellectual property then this would be disruptive to the operations of the Group and may result in a material adverse financial effect on the Group;

(iii) the Ordinary Shares are not listed or traded on any stock exchange. Notwithstanding the fact that an application has been made for the Ordinary Shares to be admitted to trading through the PLUS-quoted Market this should not be taken as implying that there will be a 'liquid' market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment;

(iv) the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets or operations;

(v) there is no certainty that the Company will generate sufficient after tax profits to be able lawfully to pay a dividend;

(vi) continued membership of PLUS is entirely at the discretion of PLUS Markets;

(vii) PLUS is not AIM nor the Official List. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid;

(viii) the share prices of public companies are often subject to significant fluctuations. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the Company's share price may be subject to greater fluctuations and the Ordinary Shares may be difficult to sell;

(ix) it is possible that the Company will need to raise further funds in the future, either to complete a proposed acquisition or to raise further working or development capital. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that investors will be prepared to subscribe for Ordinary Shares. Shareholders may be materially diluted by any further issue of Ordinary Shares by the Company;

(x) the Ordinary Shares are intended for capital growth and therefore may not be suitable as a short-term investment. Investors may therefore not realise their original investment at all, or within the time-frame they had originally anticipated;

(xi) the Company is incorporated in the Isle of Man and is subject to taxation on its income at a rate of zero per cent in this jurisdiction. The directors intend that the Company maintain this status. Should any tax authority challenge this status, the directors intend to defend the Company's tax position. However, should that status be challenged successfully at any time, the Company's profits and/or capital gains may be subject to taxation at a higher rate than is payable under its current status;

(xii) the Group has loans totalling \$6.8 million from EXIM Bank and the success of the Company will depend on its ability to properly service its obligations under these facilities (as described in note 15);

**ARROWPOINT TECHNOLOGIES PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009**

RISKS AND UNCERTAINTIES (CONTINUED)

(xiii) Lynchval Systems Worldwide Inc ("Lynchval"), a subsidiary company, is negotiating with Lawrence Bell to have certain interests in intellectual property transferred to it. There can be no assurance that an agreement will be reached between the parties in relation to the arrangement. If the relevant intellectual property is not transferred to Lynchval then it is possible that the Lynchval business may not be able to be conducted as is currently the case. If an agreement is reached then it may involve financial or other consideration having to be paid by Lynchval to Mr Bell, the quantum of which may be material. It is possible that new health and life annuity scheme legislation that is currently being debated in the US may require the acquisition of additional intellectual property by the Group. However, until the scope and final form of the legislation is confirmed, it is not possible to determine whether such additional rights will need to be acquired;

(xiv) as a result of the current uncertainty in the worldwide economic climate, capital markets, economies and investment strategies are subject to considerable uncertainties. The risks which face the worldwide pensions industry may include circumstances and certain risks which are not foreseeable and which are without precedent. The markets in which the Group operates, and the markets in which the Group's clients operate, are or may be affected by national and worldwide factors that are beyond the control of the Group and/or its clients. The uncertainty in and any worsening of economic and/or market conditions in the countries and/or the sector in which the Group operates might result in a decrease in the demand for some or all of the Group's services which in turn may have a material adverse effect on the business, financial condition and/or prospects of the Group;

(xv) the success of the Group depends in part upon its continuing ability to attract and to retain employees with suitable skills and experience, particularly, although not exclusively, in the area of product development and sales. There can be no assurance that the Group will be able to recruit sufficient or suitable staff or that the individuals whom it may wish to recruit will be able to be attracted and/or retained. If the Group were to be unable to recruit and retain staff of appropriate quality then this may have a material adverse affect on the Group's ability to conduct its business and to proceed in line with its expectations;

(xvi) the Group may fail to obtain new business in relation to its services at desired profitable rates and there can be no assurance that business will be available to the Group on terms or at prices which are attractive to the Group, nor can there be any assurance that, to the extent that such terms or pricing exist at the date of this Document, they will continue on such terms as contracts fail to be renewed and/or renegotiated. The Group may be sensitive to adverse market perception of its operations and services as it operates in a market sector where confidence, integrity and trust are key. Any negative publicity about the Group's operations and/or services may result in the Group losing business and/or clients, which may have a material adverse affect on the Group's financial performance;

(xvii) the complexity of the products and services which the Group offers means that certain aspects of the Group's business may involve relatively substantial risks of liability. Any litigation which may be brought against the Group may have a material adverse affect on the financial performance and/or business of the Group. The Group's insurance may not cover all or any of any claims which clients or other third parties may bring against the Group or may not be sufficient to protect the Group against liability which may be imposed on it; and

(xviii) the Group is reliant to an extent on third parties for the provision of important services which in turn it needs to run its own business, including finance systems and processes and IT infrastructure, including software. If any of these service providers should fail to perform to the necessary standard then this may have a material impact on the business of the Group and its systems and its ability to discharge its obligations to clients, any of which may have a material adverse affect on the financial performance and/or business of the Group. The negotiation of potential acquisitions and the integration of an acquired business or company and/or additional new personnel may result in a substantial diversion of the Group's management resources. Acquisitions may involve additional risks on the Group, for example a decrease in the business of the acquired business. Accordingly, the Group's ability to manage its growth through acquisitions or through strategic investments will depend, partially, on its success in being able successfully to address and to manage such risks. If the Group should fail successfully to implement its acquisition strategy then this may have a material adverse affect on the business and/or financial condition of the Group.

**ARROWPOINT TECHNOLOGIES PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009**

POST BALANCE SHEET EVENTS

On 14 April 2009, deferred consideration of \$1,000,000 in respect of the acquisition of Lynchval Systems Worldwide Inc was settled with a cash payment.

On 20 April 2009, the Company changed its name from Arrowpoint Technologies Limited to Arrowpoint Technologies Plc.

On 20 April 2009, the Company issued 323,630 Ordinary shares at par for \$472,500 to Turnkey Software People (I) Pvt. Ltd.

On 20 April 2009, the Company issued 1,119,814 Ordinary shares at par to cancel £1,443,445 of the loan with Turnkey Software People (I) Pvt. Ltd.

On 20 April 2009, the Company's issued and to be issued share capital was sub-divided from 1,443,445 Ordinary shares of £1 each into 144,344,500 (143,750,373 shares after change of valuation) Ordinary shares of 1p each.

On 24 April 2009, the Company issued 971,429 (2,615,385 shares after change of valuation) Ordinary shares of 1p each at 13p per share to Geodesic Holdings Limited for cash.

On 27 April 2009, the Company issued 30,000,000 (14,986,638 shares after change of valuation) Ordinary shares of 1p each at par to Mr. Santanu Nandy, a director of the Company, in return for services provided to the Company.

On 27 April 2009, the Company issued 10,000,000 (3,000,000 shares after change of valuation) Ordinary shares of 1p each at par to Mr. Nirmal Kedia, a director of the Company, in return for services provided to the Company.

On 27 April 2009, deferred consideration of \$5,000,000 in respect of the acquisition of the issued share capital of Lynchval Systems Worldwide Inc was settled through the issue of 9,784,736 (24,342,746 shares after change of valuation) new Ordinary shares of 1p each at 13p per share (or £3,424,657.60 at an exchange rate of \$1.47 to £1).

On 27 April 2009, deferred consideration of \$2,000,000 in respect of the acquisition of the trade and assets of KeyTech LLC was settled through the issue of 4,305,285 (10,710,808 shares after change of valuation and including extra shares given to Ronald Diviniere and Steve Massucci) new Ordinary shares of 1p each at 13p per share (or £1,506,849.75 at an exchange rate of \$1.47 to £1).

On 18 September 2009, Arrowpoint Technologies plc issued a claim against a former employee and a vendor of Lynchval Systems Worldwide Inc for the following:

- Breach of purchase agreement - \$3.25 million
- Overpayment of legal expenses - \$20,000
- Miscellaneous advices - \$200,000
- Overpayment of rent - this has not been quantified

The claim states that the vendor is claiming interest payments of due to the fact that an IPO of Arrowpoint Technologies plc has not yet taken place. This interest is accrued for in the financial information arising until the balance sheet date of 31 March 2009. It is unclear at present what will be the result of this claim. The former employee no longer considers himself to be associated or affiliated with Lynchval Systems Worldwide Inc.

**ARROWPOINT TECHNOLOGIES PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009**

SHARE CAPITAL

Authorised capital

Under its Memorandum the Company fixed its share capital at 250,000,000 Ordinary shares of nominal value of £1 each.

Issued capital

At the year end £1 Ordinary share capital was subscribed to by Turnkey Software Solutions (India) Pvt. Ltd.

DIRECTORS' INTERESTS

The directors had no interest in the share capital of the Company throughout the year. Mr. Nirmal Kedia is a director of Turnkey Software People (India) Pvt. Ltd, Arrowpoint Technologies Inc, Arrowpoint Technologies Pvt. Ltd and Lynchval Systems Worldwide Inc. Mr Santanu Nandy is a director of Turnkey Software People (India) Pvt. Ltd and of Arrowpoint Technologies Pvt. Ltd.

Qualifying third party indemnity provision for the benefit of the one or more of the directors was in force during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Isle of Man Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether or not applicable United Kingdom Generally Accepted Accounting Principles ('UK GAAP') have been followed, subject to any material departures disclosed and explained in the accounts; and,
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

REAPPOINTMENT OF AUDITORS

The auditors, Mazars LLP, will be proposed for reappointment in accordance with the Isle of Man Companies Act 2006.

By order of the board

Santanu Nandy

Director
Santanu Nandy

23 October 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARROWPOINT TECHNOLOGIES PLC

We have audited the financial statements of Arrowpoint Technologies plc for the year ended 31 March 2009 which comprise the Consolidated Profit and Loss Account, the Company Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Company Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Isle of Man Companies Act 2006 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ARROWPOINT TECHNOLOGIES PLC
(CONTINUED)**

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's and the Group's affairs as at 31 March 2009 and of the Group's results for the year then ended;
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Act 2006; and
- the information given in the Directors' report is consistent with the financial statements.

Mazars LLP

Mazars LLP
Chartered Accountants
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: *23 October 2009*

The maintenance and integrity of the Arrowpoint Technologies plc website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were originally presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ARROWPOINT TECHNOLOGIES PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009

Continuing operations	Note	2009 \$'000	Pro forma 2008 \$'000	Incorporation to 31 March 2008 \$'000															
INCOME	4	15,163	9,030	5,644															
Other income		37	2	1															
Administrative expenses before depreciation and amortisation		(13,219)	(8,064)	(5,041)															
Earnings before interest, tax, depreciation and amortisation		1,981	968	604															
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Depreciation</td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">(491)</td> <td style="width: 15%; text-align: right;">(12)</td> <td style="width: 10%; text-align: right;">(7)</td> </tr> <tr> <td>Amortisation</td> <td></td> <td style="text-align: right;">(964)</td> <td style="text-align: right;">(518)</td> <td style="text-align: right;">(501)</td> </tr> </table>					Depreciation		(491)	(12)	(7)	Amortisation		(964)	(518)	(501)					
Depreciation		(491)	(12)	(7)															
Amortisation		(964)	(518)	(501)															
OPERATING PROFIT	5	526	438	96															
Interest receivable and similar income		-	16	10															
Interest payable and similar charges	7	(703)	(304)	(190)															
(LOSS)/ PROFIT BEFORE TAX		(177)	150	(74)															
Tax on (loss)/profit on ordinary activities	8	68	(54)	(34)															
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES AFTER TAX		(109)	96	(108)															
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">(Loss)/ earnings per ordinary share (\$)</td> <td style="width: 10%; text-align: center;">24</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Basic</td> <td></td> <td style="text-align: right;">(\$0.31)</td> <td style="text-align: right;">\$96,000</td> <td style="text-align: right;">(\$108,000)</td> </tr> <tr> <td>Diluted</td> <td></td> <td style="text-align: right;">(\$0.31)</td> <td style="text-align: right;">\$96,000</td> <td style="text-align: right;">(\$108,000)</td> </tr> </table>					(Loss)/ earnings per ordinary share (\$)	24				Basic		(\$0.31)	\$96,000	(\$108,000)	Diluted		(\$0.31)	\$96,000	(\$108,000)
(Loss)/ earnings per ordinary share (\$)	24																		
Basic		(\$0.31)	\$96,000	(\$108,000)															
Diluted		(\$0.31)	\$96,000	(\$108,000)															

There is no material difference between the result as disclosed above in the profit and loss account and the result on an unmodified historical cost basis.

The notes on pages 15 to 29 form part of these financial statements.

**ARROWPOINT TECHNOLOGIES PLC
 COMPANY PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 \$'000	2008 \$'000
Continuing operations			
INCOME		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses		(33)	(16)
OPERATING LOSS		(33)	(16)
Interest receivable and similar income		-	7
Interest payable and similar charges	7	(89)	-
LOSS BEFORE TAX		(122)	(9)
Tax on loss on ordinary activities		-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAX		(122)	(9)

There is no material difference between the result as disclosed above in the profit and loss account and the result on an unmodified historical cost basis.

The notes on pages 15 to 29 form part of these financial statements.

ARROWPOINT TECHNOLOGIES PLC
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	\$'000	\$'000
(Loss)/ profit for the financial year	(109)	96
Foreign exchange difference on brought forward reserves	8	(25)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>(101)</u>	<u>71</u>

COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	\$'000	\$'000
Loss for the financial year	(122)	(9)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>(122)</u>	<u>(9)</u>

The notes on pages 15 to 29 form part of these financial statements.

**ARROWPOINT TECHNOLOGIES PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

	Note	2009 \$'000	2008 \$'000
Fixed assets			
Intangible assets	9	18,019	16,972
Tangible assets	10	319	211
		<u>18,338</u>	<u>17,183</u>
Current assets			
Stock	12	-	79
Debtors	13	2,046	2,468
Cash at bank and in hand		337	776
		<u>2,383</u>	<u>3,323</u>
Creditors: amounts falling due within one year			
Trade and other payables		(457)	(464)
Deferred consideration		(8,000)	(3,500)
Bank loan		(1,539)	-
Bank overdraft		(185)	(260)
Other payables		(129)	(356)
Accruals and deferred income		(729)	(454)
	14	<u>(11,039)</u>	<u>(5,034)</u>
Net current liabilities			
		(8,656)	(1,711)
Creditors: amounts falling due after more than one year			
Bank loans		(4,261)	(5,800)
Amounts owed to ultimate parent company		(2,596)	(3,380)
Deferred consideration		(1,000)	(6,000)
	15	<u>(7,857)</u>	<u>(15,180)</u>
NET ASSETS			
		<u>1,825</u>	<u>292</u>
Called up share capital			
Called up share capital	16	-	-
Shares to be issued	16	2,107	473
Merger reserve	17	(275)	(275)
Profit and loss reserve		(7)	94
		<u>1,825</u>	<u>292</u>
EQUITY AND RESERVES			

Approved and authorised on behalf of the Board of Directors

Santanu Nandy
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Director – Santanu Nandy

23rd October 2009 Date

The notes on pages 15 to 29 form part of these financial statements.

ARROWPOINT TECHNOLOGIES PLC
COMPANY BALANCE SHEET
AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Fixed assets			
Investments	11	278	278
		<u>278</u>	<u>278</u>
Current assets			
Debtors: amounts falling due after more than one year	13	4,796	3,140
Cash at bank and in hand		8	16
		<u>4,804</u>	<u>3,156</u>
Creditors: amounts falling due within one year			
Creditors	14	(94)	(67)
		<u>4,710</u>	<u>3,089</u>
Net current assets			
Creditors: amounts falling due after more than one year	15	(3,012)	(2,903)
		<u>1,976</u>	<u>464</u>
NET ASSETS			
Called up share capital	16	-	-
Shares to be issued	16	2,107	473
Profit and loss reserve	17	(131)	(9)
		<u>1,976</u>	<u>464</u>
EQUITY AND RESERVES			

Approved and authorised on behalf of the Board of Directors

Santanu Nandy

Director - Santanu Nandy

23rd October 2009 Date

The notes on pages 15 to 29 form part of these financial statements.

ARROWPOINT TECHNOLOGIES PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	2009 \$'000	Pro forma 2008 \$'000	Incorporation to 31 March 2008 \$'000
Operating profit	526	438	96
Amortisation charges	964	518	501
Depreciation charges	491	12	7
Profit on disposal of fixed assets	3	-	-
Investments written-off	75	-	-
Foreign exchange movements	7	(21)	(13)
Decrease in stock	79	113	(79)
Decrease/(increase) in debtors	430	(846)	(1,156)
(Decrease)/increase in creditors	(92)	498	867
Net cash generated from operating activities	<u>2,483</u>	<u>712</u>	<u>223</u>
Returns on investments and servicing of finance			
Interest received	-	16	10
Interest paid	(478)	(304)	(190)
Net return on investments and servicing of finance	<u>(478)</u>	<u>(288)</u>	<u>(180)</u>
Taxation	(31)	56	34
Capital expenditure and financial investment			
Capitalised expenditure on software development	(1,803)	(842)	(526)
Purchase of intangible software applications	(190)	(373)	(233)
Purchase of tangible fixed assets	(602)	(20)	(13)
Sale of tangible fixed assets	-	31	19
Net capital expenditure and financial investments	<u>(2,595)</u>	<u>(1,204)</u>	<u>(753)</u>
Acquisitions and disposals			
Purchase of trade and assets	(509)	(4,378)	(4,378)
Purchase of subsidiaries	(85)	(3,453)	(3,453)
Net cash acquired with subsidiaries	-	280	280
Net acquisitions and disposals	<u>(594)</u>	<u>(7,551)</u>	<u>(7,551)</u>
Management of liquid resources	-	-	-
Financing			
Loans from ultimate parent company	851	2,943	2,943
Bank loans	-	5,800	5,800
	<u>851</u>	<u>8,743</u>	<u>8,743</u>
Net (decrease)/ increase in cash and cash equivalents	(364)	468	516
At the beginning of the year/ period	516	48	-
At the end of the year/ period	<u>152</u>	<u>516</u>	<u>516</u>

The notes on pages 15 to 29 form part of these financial statements.

**ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Isle of Man.

The address of the registered office is International 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB.

2. GOING CONCERN

The financial statements have been prepared on the going concern basis.

3. ACCOUNTING POLICIES

Basis of presentation

The financial statements has been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice. The principal accounting policies adopted are set out below.

Basis of consolidation

The financial statements consolidates the accounts of the Company and its wholly owned subsidiary, Lynchval Systems Worldwide Inc, together with the results from the trade and assets of KeyTech LLC since their acquisitions on 25 June 2007 and 22 June 2007 respectively.

On 13 July 2007, a capital reorganisation was undertaken whereby the Company was incorporated as a new parent company for both Arrowpoint Technologies Pvt Ltd and Arrowpoint Technologies Inc. This reorganisation has been accounted for using merger accounting principles in accordance with Financial Reporting Standard 6 Acquisitions and Mergers. Therefore, the financial information in respect of each of the years ended 31 March 2009 and 31 March 2008 has been provided on the basis as if the Company, Arrowpoint Technologies Pvt Ltd and Arrowpoint Technologies Inc had been in existence for all periods presented. Therefore, the comparative information has been provided on a proforma basis, as if the Group had been in existence throughout the year ended 31 March 2008.

Reporting currency

The financial information is presented in United States Dollars and rounded to the nearest thousand except when otherwise indicated.

Turnover

Turnover represents amounts invoiced, excluding sales tax, in respect of the sale of goods and services to customers.

Stock

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

3. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation (continued)

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Goodwill

Goodwill represents the excess of cost of acquisition over fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of 20 years.

Intangible assets – purchased software

Intangible assets comprise purchased software applications which are recorded at cost. Purchased software is amortised through the profit and loss account in equal instalments over a period of between one and three years, being the estimated useful lives of the purchased software applications.

Intangible assets – software development

Research expenditure on new software applications is written off as incurred. Software development expenditure is written off as incurred, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period during which the Group is expected to benefit, this period being 10 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or revalued amount, less estimated residual value, over their expected useful lives, as follows:

Leasehold buildings	39 years straight line
Computer equipment	5 years straight line
Furniture and fittings	Between 5 and 7 years straight line
Office equipment	Between 7 and 15 years straight line
Motor vehicles	5 years straight line

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into United States Dollars at rates of exchange ruling on the date on which transactions occur, except for:

- Monetary assets and liabilities which are translated at the rate ruling at the balance sheet date; and
- Transactions to be settled at a contract rate and trading transactions covered by a related or matching forward contract which are settled at those contracted rates. Differences arising on the translation of such items are dealt with in the profit and loss account.

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

4. REVENUE

	2009 \$'000	Pro forma 2008 \$'000
The Group's revenue relates to the provision of software solution services and integration consulting:		
Financial services	15,163	9,030

5. OPERATING PROFIT

	2009 \$'000	Pro forma 2008 \$'000
Consolidated operating profit is stated after charging:		
Wages and salaries	12,878	7,117
Amortisation of intangible fixed assets	964	518
Depreciation of tangible fixed assets	491	12
Operating leases – land and buildings	146	41
Operating leases – other	4	5
Foreign exchange loss	25	59
Auditor's remuneration – audit fees	22	-
Auditor's remuneration – non - audit fees	5	-

6. STAFF COSTS

GROUP	2009 \$'000	Pro forma 2008 \$'000
Wages and salaries	11,557	6,422
Social security costs	528	133
Pensions costs	176	28
Other	617	534
	<u>12,878</u>	<u>7,117</u>

The Company does not employ any staff other than the directors.

7. FINANCE COST

	GROUP		COMPANY	
	2009 \$'000	Pro forma 2008 \$'000	2009 \$'000	2008 \$'000
Bank interest payable	478	304	51	-
Deferred consideration interest payable	225	-	-	-
Other interest payable	-	-	38	-
	<u>703</u>	<u>304</u>	<u>89</u>	<u>-</u>

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

8. TAXATION

	2009 \$'000	Pro forma 2008 \$'000
Current tax credit/(charge) - foreign	<u>68</u>	<u>(54)</u>

No taxation charge arises in the Company in the year ended 31 March 2009 (2008: \$Nil).

9. INTANGIBLE ASSETS

GROUP	Goodwill \$'000	Purchased Software \$'000	Software Development \$'000	Total \$'000
COST				
At 1 April 2008	16,198	457	844	17,499
Additions	88	190	1,802	2,080
At 31 March 2009	<u>16,286</u>	<u>647</u>	<u>2,646</u>	<u>19,579</u>
AMORTISATION				
At 1 April 2008	(473)	(54)	-	(527)
Impairment Charge for the year	(70)	-	-	(70)
	<u>(811)</u>	<u>(152)</u>	<u>-</u>	<u>(963)</u>
At 31 March 2009	<u>(1,354)</u>	<u>(206)</u>	<u>-</u>	<u>(1,560)</u>
NET BOOK VALUE				
As at 31 March 2009	<u>14,932</u>	<u>441</u>	<u>2,646</u>	<u>18,019</u>
As at 31 March 2008	<u>15,725</u>	<u>403</u>	<u>844</u>	<u>16,972</u>

Software development additions represent salary costs associated with the development of new software applications to be utilised by the Group in its trade in subsequent years. Development commenced on the software in April 2007 and remained ongoing as at 31 March 2009. The directors expect to complete the development process by the end of October 2009.

Upon completion of the software development and its subsequent utilisation by the Group, the software development costs will be amortised over the period during which the Group is expected to benefit, this period being 10 years.

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

10. TANGIBLE FIXED ASSETS

GROUP	Buildings Improvements \$'000	Computer Equipment \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Total \$'000
COST					
At 1 April 2008	75	65	67	28	235
Additions	7	371	204	20	602
Disposals	-	(3)	-	-	(3)
At 31 March 2009	82	433	271	48	834
DEPRECIATION					
At 1 April 2008	(1)	(11)	(10)	(2)	(24)
Charge for the year	(7)	(304)	(182)	-	(493)
Disposals	-	1	-	1	2
At 31 March 2009	(8)	(314)	(192)	(1)	(515)
CARRYING AMOUNT					
As at 31 March 2009	74	119	79	47	319
As at 31 March 2008	74	54	57	26	211

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

11. FIXED ASSET INVESTMENTS

At 31 March 2009 the Company has investments in the following subsidiaries which principally affected the profits or net assets of the Group.

Name	Country of Incorporation	Principal Activity	Holding of Ordinary Shares
Arrowpoint Technologies Inc *	United States of America	Consulting and integration services	100%
Arrowpoint Technologies Pvt Ltd	India	Software development, training and consulting	100%
Lynchval Systems Worldwide Inc	United States of America	Retirement industry products and solutions	100%

*Lynchval Systems Worldwide Inc is a 100% owned subsidiary of Arrowpoint Technologies Inc.

	Investments in subsidiaries \$'000
Cost	
At 1 April 2008	278
Acquisitions	-
At 31 March 2009	<u>278</u>
Carrying amount	
At 31 March 2009 and 31 March 2008	<u>278</u>

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in preference shares of subsidiary undertakings included in the Group.

12. STOCK

	2009 \$'000	2008 \$'000
Work in progress	-	79
	<u>-</u>	<u>79</u>

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

13. DEBTORS

	GROUP		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Due within one year				
Trade debtors	1,424	1,582	-	-
Other debtors	371	832	-	-
Prepayments and accrued income	251	54	-	-
	-	-	-	-
Due in more than one year				
Intercompany	-	-	4,796	3,140
	2,046	2,468	4,796	3,140

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Bank overdrafts	185	260	-	-
Bank loans - Secured	1,539	-	-	-
Trade creditors	457	464	-	-
Deferred consideration	8,000	3,500	27	-
Accruals and deferred income	729	454	-	-
Other creditors	129	356	-	-
Intercompany	-	-	67	67
	11,039	5,034	94	67

Details of the deferred consideration and secured bank loans are provided in note 15 below.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Bank loans - Secured	4,261	5,800	800	800
Amounts owed to ultimate parent company	2,596	3,380	2,212	2,103
Deferred consideration	1,000	6,000	-	-
	7,857	15,180	3,012	2,903

The bank loans advanced by Export-Import Bank of India ("EXIM") are secured on the assets of the Group and bear interest at 8.0% and 3.5% above US Dollar LIBOR (6 months) on loans of \$800,000 and \$5,000,000 respectively.

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

The following are held as security over the EXIM loan:

- Exclusive charge on the fixed and current assets of Lynchval Systems Worldwide Ltd and Keytech LLC;
- Exclusive charge on and Escrow of receivables of Lynchval Systems Worldwide Ltd, Keytech LLC and Arrowpoint Technologies Inc ("ATP");
- Mandate assigning all receivables due to Arrowpoint Technologies Pvt Ltd ("ATPL"), Arrowpoint Technologies plc ("ATP") and Turnkey Software People India Private Limited ("Turnkey"), including inter alia dividends, interest and any other monies;
- Assignment of benefits of all contracts in the name of ATI, Lynchval Systems Worldwide Ltd and Keytech LLC and receivables from sale of rights. All insurance policies to be endorsed in favour of EXIM bank;
- Pledge of all shares of ATI held by ATP, all shares of ATPL held by ATP and all shares of ATP held by Turnkey;
- Pledge of all shares of Lynchval Systems Worldwide Ltd and Keytech LLC held by ATI;
- Corporate guarantee of Nitin Castings Limited for an amount covering at least 60% of the loan amount, backed by (a) first pari-passu charge on its fixed assets, both movable and immovable, excluding specific assets exclusively charged to ICICI bank and (b) pledge of its shareholding in ATP held directly or through Kirti Investments Limited/ Turnkey. EXIM bank may consider review of the Corporate Guarantee stipulation in the event of ATI's EBITDA to Total Term Debt ratio being greater than or equal to 1:3, to be calculated on audited annual results.
- Personal Guarantee of Mr. Nirmal Kedia, Director of ATPL/ ATP;
- Personal Guarantee of Mr. Santanu Nandy, Managing Director of ATPL/ ATP, backed by pledge of his entire shareholding in ATP held through Turnkey; and
- Exclusive charge on the entire immoveable properties and moveable assets, including receivables of ATPL/ ATP.

The loans advanced by the Company's ultimate parent company, Turnkey Software People India Private Limited ("Turnkey"), are interest free, unsecured and without a fixed repayment term. Turnkey has stated that it will not seek repayment of the loans before 31 December 2010.

The deferred consideration relates to the purchase by the Company through its wholly owned subsidiary, Arrowpoint Technologies Inc, of the issued share capital of Lynchval Systems Worldwide Inc. and the trade and assets of KeyTech LLC in the year ended 31 March 2008. Of the \$9,000,000 outstanding as at 31 March 2009, \$7,000,000 will be settled through the issue of ordinary share capital of the Company upon the admission of the Company's share capital to a recognised stock exchange. The number of shares to be issued at settlement will be dependent on the issue price of the Company's shares upon admission. The remaining \$2,000,000 deferred consideration is payable in cash. Of this amount, \$1,000,000 was payable on 27 September 2008 and \$1,000,000 was payable on or before 4 September 2009. Please refer to note 22 for details of payments made post year end.

On request of the Seller of Keytech LLC, ATP must provide a Corporate Guarantee up to \$4,500,000 of ATP as security for fulfilment of its obligations for the deferred consideration disclosed above.

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

16. SHARE CAPITAL

	2009 \$'000	2008 \$'000
Authorised: Ordinary shares of £1 each	<u>250,000</u>	<u>473</u>
Shares in issue: 1 Ordinary share of £1 each	<u>-</u>	<u>-</u>
To be issued: 1,443,444 Ordinary shares of £1 each (2008: 323,630 Ordinary shares of £1 each)	<u>2,107</u>	<u>473</u>

As at 31 March 2009, there were 1,443,444 Ordinary shares of £1 each that are presented as "Shares to be issued" within "Capital and Reserves" at that date with a carrying value of \$2,107,000. These shares were issued at par on 20 April 2009.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP

	Share capital \$'000	Shares to be issued \$'000	Merger reserve \$'000	Profit and loss account \$'000	Total \$'000
As at 1 April 2008	-	473	(275)	94	292
Shares to be issued	-	1,634	-	-	1,634
Currency translation	-	-	-	8	8
Loss for the year	-	-	-	(109)	(109)
As at 31 March 2009	<u>-</u>	<u>2,107</u>	<u>(275)</u>	<u>(7)</u>	<u>1,825</u>

Shares to be issued relate to the fully paid shares arising on the capitalisation of \$1,634,000 of the parent company loan on 31 March 2009. The Ordinary shares were issued on 20 April 2009.

The merger reserve arises on the presentation of the financial information of the Company, Arrowpoint Technologies Inc and Arrowpoint Technologies Pvt Ltd.

COMPANY

	Share capital \$'000	Shares to be issued \$'000	Profit and loss account \$'000	Total \$'000
As at 1 April 2008	-	473	(9)	464
Shares to be issued	-	1,634	-	1,634
Loss for the year	-	-	(122)	(122)
As at 31 March 2009	<u>-</u>	<u>2,107</u>	<u>(131)</u>	<u>1,976</u>

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

18. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	GROUP	
	2009	2008
	\$'000	\$'000
(Decrease)/increase in cash during the year	(364)	468
Cash outflow from financing	(851)	(9,022)
Capitalisation of ultimate parent company loan	1,634	473
	<hr/>	<hr/>
Movement in net funds/(debt) for the year	419	(8,081)
Net debt brought forward	(8,664)	(583)
	<hr/>	<hr/>
Net debt carried forward	(8,245)	(8,664)

Analysis of net debt

GROUP	Cash at bank \$'000	Bank overdrafts \$'000	Bank loans \$'000	Ultimate parent company \$'000	Net debt \$'000
As at 1 April 2008	776	(260)	(5,800)	(3,380)	(8,664)
Cash flow	(439)	75	-	(851)	(1,215)
Other non cash changes	-	-	-	1,634	1,634
As at 31 March 2009	<hr/> 337	<hr/> (185)	<hr/> (5,800)	<hr/> (2,597)	<hr/> (8,245)

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

19. ACQUISITIONS

Purchase of trade and assets – KeyTech LLC and Recruiting Strategist Inc

On 4 September 2007, the trade and assets of KeyTech LLC were acquired for \$7,500,000, of which \$5,500,000 was payable in cash and \$2,000,000 by the issue of shares in the Company. The acquisition has been accounted for by the acquisition method of accounting. The consideration payable for the trade and assets approximates to their fair value as at the date of acquisition.

On 1 May 2008, the trade and assets of Recruiting Strategist Inc were acquired for \$75,000 in cash. The acquisition has been accounted for by the acquisition method of accounting. The consideration payable for the trade and assets approximates to their fair value as at the date of acquisition.

During the year ended 31 March 2009 addition acquisition costs were incurred amounting to \$8,000 (2008: \$378,000).

	2009 \$'000	2008 \$'000
Net assets acquired		
Intangible fixed assets	5	4
Tangible fixed assets	-	25
	5	29
Goodwill	78	7,849
	83	7,878
Satisfied by		
Cash	83	5,878
Shares	-	2,000
	83	7,878

Purchase of subsidiary undertakings – Lynchval Systems Worldwide Inc

On 25 June 2007, 100% of the issued share capital of Lynchval Systems Worldwide Inc was acquired for \$9,000,000, of which \$4,000,000 was payable in cash and \$5,000,000 by the issue of shares in the Company. The acquisition has been accounted for by the acquisition method of accounting. The consideration payable for the trade and assets approximates to their fair value as at the date of acquisition.

During the year, addition acquisition costs were incurred amounting to \$10,000 (2008: \$453,000).

	2009 \$'000	2008 \$'000
Net assets acquired		
Intangible fixed assets	-	4
Tangible fixed assets	-	113
Debtors	-	1,114
Cash at bank and in hand	-	280
Creditors	-	(407)
	-	1,104
Goodwill	10	8,349
	10	9,453
Satisfied by		
Cash	10	4,453
Shares	-	5,000
	10	9,453

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

19. ACQUISITIONS (CONTINUED)

Summarised profit and loss account of Lynchval Systems Worldwide Inc for the year ended 31 March 2008:

	2008
	\$'000
Turnover	6,182
Administration expenses	<u>(4,683)</u>
Profit on ordinary activities before interest and tax	1,499
Interest receivable and similar income	14
Interest payable and similar charges	<u>(4)</u>
Profit on ordinary activities before tax	1,509
Tax	<u>(50)</u>
Profit for the year	<u>1,459</u>

Group reorganisation

The Group reorganisation during the year was carried out under merger accounting rules.

20. COMMITMENTS UNDER OPERATING LEASES

During the periods under review, the Group had annual commitments under non-cancellable operating lease as follows:

	2009	2008
	\$'000	\$'000
Land and buildings		
Expiring in less than one year	-	-
Expiring within one to two years	-	-
Expiring within two to five years	105	-
Expiring in more than five years	<u>41</u>	<u>41</u>
	<u>146</u>	<u>41</u>
Other		
Expiring in less than one year	<u>4</u>	<u>5</u>
	<u>4</u>	<u>5</u>

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

21. RELATED PARTIES

At the year end, the Group had the following balances with related parties:

	2009 \$'000	2008 \$'000
Amounts owed to related parties		
Turnkey Software People (India) Pvt. Ltd, ultimate parent company	2,596	3,380
Mr C R Chandrasekar	36	35
	<u>2,632</u>	<u>3,415</u>

Included in creditors due in more than one year is an amount of \$2,819,211 (2008: \$3,379,588) payable to Turnkey Software People (India) Pvt. Ltd, the ultimate parent company. This is partly offset by an amount of \$222,846 in relation to acquisition costs for Keytech LLC and Lynchval Systems Worldwide Inc which have been transferred to Turnkey Software People (India) Pvt. Ltd.

Included in creditors is an amount of \$35,890 (2008: \$34,985) payable to C R Chandrasekar, a previous director of Arrowpoint Technologies Pvt Ltd.

During the year creditors amounting to \$67,000 (2008: \$67,000) payable to C R Chandrasekar, a previous director of the Company, have been transferred from Arrowpoint Technologies Plc to Arrowpoint Technologies Pvt. Ltd, a subsidiary of the Company.

22. POST BALANCE SHEET EVENTS

On 14 April 2009, deferred consideration of \$1,000,000 in respect of the acquisition of Lynchval Systems Worldwide Inc was settled with a cash payment.

On 20 April 2009, the Company changed its name from Arrowpoint Technologies Limited to Arrowpoint Technologies Plc.

On 20 April 2009, the Company issued 323,630 Ordinary shares at par for \$472,500 to Turnkey Software People (India) Pvt. Ltd.

On 20 April 2009, the Company issued 1,119,814 Ordinary shares at par to cancel £1,443,445 of the loan with Turnkey Software People (I) Pvt. Ltd.

On 20 April 2009, the Company's issued and to be issued share capital was sub-divided from 1,443,445 Ordinary shares of £1 each into 144,344,500 (143,750,373 shares after change of valuation) Ordinary shares of 1p each.

On 24 April 2009, the Company issued 971,429 (2,615,385 shares after change of valuation) Ordinary shares of 1p each at 13p per share to Geodesic Holdings Limited for cash.

On 27 April 2009, the Company issued 30,000,000 (14,986,638 shares after change of valuation) Ordinary shares of 1p each at par to Mr. Santanu Nandy, a director of the Company, in return for services provided to the Company.

On 27 April 2009, the Company issued 10,000,000 (3,000,000 shares after change of valuation) Ordinary shares of 1p each at par to Mr. Nirmal Kedia, a director of the Company, in return for services provided to the Company.

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

22. POST BALANCE SHEET EVENTS (CONTINUED)

On 27 April 2009, deferred consideration of \$5,000,000 in respect of the acquisition of the issued share capital of Lynchval Systems Worldwide Inc was settled through the issue of 9,784,736 (24,342,746 shares after change of valuation) new Ordinary shares of 1p each at 13p per share (or £3,424,657.60 at an exchange rate of \$1.47 to £1).

On 27 April 2009, deferred consideration of \$2,000,000 in respect of the acquisition of the trade and assets of KeyTech LLC was settled through the issue of 4,305,285 (10,710,808 shares after change of valuation and including extra shares given to Ronald Diviniere and Steve Massucci) new Ordinary shares of 1p each at 13p per share (or £1,506,849.75 at an exchange rate of \$1.47 to £1).

On 18 September 2009, Arrowpoint Technologies plc issued a claim against a former employee and a vendor of Lynchval Systems Worldwide Inc for the following:

- Breach of purchase agreement - \$3.25 million
- Overpayment of legal expenses - \$20,000
- Miscellaneous advices - \$200,000
- Overpayment of rent - this has not been quantified

The claim states that the vendor is claiming interest payments due to the fact that the IPO of Arrowpoint Technologies plc has not yet taken place. This interest is accrued for in the financial information arising until the balance sheet date of 31 March 2009. It is unclear at present what will be the result of this claim. The former employee no longer considers himself to be associated or affiliated with Lynchval Systems Worldwide Inc.

23. PARENT UNDERTAKINGS AND ULTIMATE CONTROLLING PARTY

As at 31 March 2009, the ultimate parent company of the Company was Turnkey Software People (India) Pvt. Ltd, a company registered in India.

As at 31 March 2009, the ultimate controlling party was Kirti Investments Limited.

24. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

	2009 \$'000	2008 \$'000
(Loss)/profit attributable to equity holders of the Group	(\$109)	\$96
	<u>Number of shares</u>	<u>Number of shares</u>
Weighted average number of ordinary shares in issue	355,919	1
Basic and diluted (loss)/earnings per share based on the issued share capital as at 31 March	(\$0.31)	\$96,000

ARROWPOINT TECHNOLOGIES PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2009

25. CONTINGENT LIABILITY

On 22 June 2007, Arrowpoint Technologies plc acquired Keytech LLC. The acquisition consideration included the issue of shares worth \$2,000,000 to the vendors, upon Arrowpoint Technologies plc undertaking an Initial Public Offering ("IPO"). The acquisition agreement states that if the IPO does not take place within 18 months of the acquisition, then the vendor will have the option to either:

- wait for the issue of the same value of shares and Arrowpoint Technologies plc pay the vendor interest on \$2,000,000 of value during the waiting period at the rate of the prime rate of interest as set forth in the Wall Street Journal plus two points for any period of delay including the payments; or
- the seller may waive its right to such shares and elect to secure payment and have Arrowpoint Technologies plc pay within 30 days \$2,000,000 plus the aforementioned interest.

The vendors stated that they would waive these clauses assuming that the IPO would take place by 1 October 2009. If the IPO had not taken place by that date, the effect on the financial statements would be the introduction of an interest charge \$70,000. Since that date, the Keytech vendors have not claimed the \$2,000,000 and in the view of the directors they are unlikely to claim and are expected to wait for their shares to be allocated after trading starts on PLUS. However, should they claim the \$2,000,000 then undertakings have been provided by Turnkey Software People (India) Pvt. Ltd and Kirti Investments Limited, that they will meet the liability of paying the \$2m on behalf of Arrowpoint Technologies plc.

Lynchval Systems Worldwide Inc ("Lynchval"), a subsidiary company, is negotiating with Lawrence Bell to have certain interests in intellectual property transferred to it. There can be no assurance that an agreement will be reached between the parties in relation to the arrangement. If the relevant intellectual property is not transferred to Lynchval then it is possible that the Lynchval business may not be able to be conducted as is currently the case. If an agreement is reached then it may involve financial or other consideration having to be paid by Lynchval to Mr Bell, the quantum of which may be material. It is possible that new health and life annuity scheme legislation that is currently being debated in the US may require the acquisition of additional intellectual property by the Group. However, until the scope and final form of the legislation is confirmed, it is not possible to determine whether such additional rights will need to be acquired.