

Subsidiary Financial for the year 2017



ACCELERATING
DIGITAL
TRANSFORMATION

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems (Singapore) Pte Ltd, Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of R SYSTEMS (SINGAPORE) PTE LTD, SINGAPORE ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

R Systems (Singapore) Pte Ltd, Singapore
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	276,320,866	259,590,866.00
Reserves and surplus	4	86,214,337	73,086,280.00
Non-Current liabilities	5	-	43,999,488.00
Current liabilities			
Trade payables	6	3,864,652	2,733,256.00
Other current liabilities	6	75,204,267	38,784,783.00
Short-term provisions	7	1,154,392	796,118.00
Total		442,758,514	418,990,791.00
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	219,528	230,896.00
Intangible assets	9	-	349,012.00
Non-current investments	10	324,827,666	325,704,809.00
Other non-current assets	12.2	956,260	3,760,640.00
Current assets			
Trade receivables	12.1	53,540,838	61,820,235.00
Cash and bank balances	13	55,979,887	20,394,119.00
Short-term loans and advances	11	5,898,201	6,596,788.00
Other Current assets	12.2	1,336,134	134,292.00
Total		442,758,514	418,990,791.00

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



Place : New Delhi

Date : February 09, 2018

**For and on behalf of the Board of Directors of
 R Systems (Singapore) Pte. Ltd.**

[Signature]

Chan Kum Ming
 [Director]

Place : Singapore

Date : February 09, 2018

[Signature]

Joydeep Sen Chaudhuri
 [Director]

Place : Singapore

Date : February 09, 2018

R Systems (Singapore) Pte Ltd, Singapore
Statement of Profit and Loss for the year ended December 31, 2017

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	14	363,811,631	358,208,003
Other income	15	1,958,996	4,450,891
Total revenue		365,770,627	362,658,894
Expenses			
Employee benefits expense	16	262,989,948	315,424,630
Operational and other expense	17	94,305,897	29,503,112
Depreciation and amortisation expense	18	459,183	477,905
Finance costs	19	148,513	88,657
Total expenses		357,903,541	345,494,304
Profit / (loss) before tax		7,867,086	17,164,590
Tax expense			
Current tax		539,533	448,645
Total tax expense		539,533	448,645
Profit / (loss) for the year		7,327,553	16,715,945

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149


Place : New Delhi
 Date : February 09, 2018



**For and on behalf of the Board of Directors of
 R Systems (Singapore) Pte. Ltd.**


 Chan Kurn Ming
 [Director]

Place : Singapore
 Date : February 09, 2018


 Joydeep Sen Chaudhuri
 [Director]

Place : Singapore
 Date : February 09, 2018

R Systems (Singapore) Pte Ltd, Singapore
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	7,867,086	17,164,590
Adjustments for:		
Depreciation and amortisation expense	459,183	477,905
Provision for doubtful debts and advances written back (net)	-	(1,556,963)
Unrealised foreign exchange loss / (gain)	818,739	(311,935)
Interest income	(42,952)	(18,533)
Operating profit before working capital changes	9,102,056	15,755,064
Movements in working capital :		
(Increase) / Decrease In trade receivables	12,402,958	(12,400,214)
(Increase) / Decrease in other current assets	(1,183,561)	(139,080)
Decrease / (Increase) in intra-group balances	18,419,020	4,689,681
Increase / (Decrease) in short-term and long-term provision	287,409	(1,377,943)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(1,017,316)	1,340,381
Cash generated from operations	38,010,566	7,867,889
Direct taxes paid, net of refunds	(486,903)	(180,958)
Net cash used in operating activities (A)	37,523,663	7,686,931
B. Cash flows used in investing activities		
Purchase of fixed assets	(93,807)	(99,802)
Investment in subsidiary company	-	(7,302,600)
Deferred compensation paid to the erstwhile shareholders of subsidiary	(18,398,640)	(37,104,511)
Interest received	42,952	18,533
Net cash used in investing activities (B)	(18,449,495)	(44,488,380)
C. Cash flows used in financing activities		
Proceeds from issuance of share capital	16,511,600	46,736,640
Net cash from financing activities (C)	16,511,600	46,736,640
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	35,585,768	9,935,191
Cash and cash equivalents at the beginning of the year	20,394,119	10,458,928
Cash and cash equivalents at the end of the year	55,979,887	20,394,119

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.K. Relan & Co**
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



For and on behalf of the Board of Directors of
R Systems (Singapore) Pte. Ltd.


 Chan Kum Ming
 [Director]

Place : Singapore
 Date : February 09, 2018


 Joydeep Sen Chaudhuri
 [Director]

Place : Singapore
 Date : February 09, 2018

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

1. Company Overview

R Systems (Singapore) Pte Ltd (the "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company was incorporated under the laws of the Singapore in 1997 and became the subsidiary of R Systems International Limited since September 19, 2000 and having its registered office at 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore 159416.

The Company provides software development and rendering consultancy services primarily in Singapore.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

(j) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Singapore Dollar (SGD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were SGD 1= Rs. 47.18. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 47.81.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were SGD 1= Rs. 48.68. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 47.01.

(k) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leaves is recognised for services rendered by the employees up to the end of the reporting period.

(l) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

(m) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(n) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(o) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(p) Segment reporting

The Company operates one business segment, providing software development and rendering consultancy services in Singapore.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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R Systems (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares		
5,780,768 (Previous year 5,570,925) Ordinary Shares of no Par Value	-	-
Issued, subscribed and paid up capital		
5,780,768 (Previous year 5,570,925) Ordinary Shares of no Par Value	276,320,866	259,590,866
Total	276,320,866	259,590,866

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	5,570,925	259,590,866	5,122,125	211,435,730
Add: Shares issued during the year	209,843	16,730,000	448,800	48,155,136
Shares outstanding at the end of the year	5,780,768	276,320,866	5,570,925	259,590,866

4. Reserves and surplus

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Statement of Profit and Loss		
Balance as per last financial statement	9,501,493	(7,214,452)
Add: Profit / (loss) for the current year	7,327,553	16,715,945
Net deficit in the statement of profit and loss	16,829,046	9,501,493
Foreign currency translation reserve		
Balance as per last financial statement	63,584,787	66,131,125
Add: Current year translation differences	5,800,504	(2,546,338)
Closing balance	69,385,291	63,584,787
Total	86,214,337	73,086,280

5. Non Current Liability

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Deferred payment compensation to the erstwhile shareholders of IBIZ Consulting Pte. Ltd. Singapore (formerly known as IBIZCS Group Pte. Ltd., Singapore) (refer note 22)	-	43,999,488
Total	-	43,999,488

R Systems (Singapore) Pte Ltd, Singapore**Notes to Financial Statements for the year ended December 31, 2017****6. Other current liabilities**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	3,864,652	2,733,256
Sub total (A)	3,864,652	2,733,256
Other liabilities		
Payables to related parties ECnet Ltd., Singapore	25,982,791	7,665,277
GST payable	3,751,313	5,735,186
Deferred payment compensation to the erstwhile shareholders of IBIZ Consulting Pte. Ltd. Singapore (formerly known as IBIZCS Group Pte. Ltd., Singapore) (refer note 22)	45,470,163	25,384,320
Sub total (B)	75,204,267	38,784,783
Total (A+B)	79,068,919	41,518,039

7. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	588,817	292,518
Sub total (A)	588,817	292,518
Other provision		
Income tax	565,575	503,600
Sub total (B)	565,575	503,600
Total (A+B)	1,154,392	796,118

R Systems (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

8. Tangible Assets

Particulars	Gross block				Depreciation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Up to	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Computer hardware	577,009	93,807	-	11,147	681,963	458,543	75,902	-	8,879	543,324	138,639	118,466
Office equipment	164,528	-	-	2,818	167,346	52,098	33,021	-	1,338	86,457	80,889	112,430
Total	741,537	93,807	-	13,965	849,309	510,641	108,923	-	10,217	629,781	219,528	230,896
Previous year	600,517	99,802	-	41,218	741,537	354,503	116,456	-	39,682	510,641	230,896	246,014

9. Intangible Assets

Particulars	Gross block				Amortisation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Up to	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Computer Software	1,047,023	-	-	17,930	1,064,953	698,011	350,260	-	16,682	1,064,953	-	349,012
Total	1,047,023	-	-	17,930	1,064,953	698,011	350,260	-	16,682	1,064,953	-	349,012
Previous year	1,085,090	-	-	(38,067)	1,047,023	389,790	361,449	-	(53,228)	698,011	349,012	695,300

R Systems (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

10. Non Current Investment

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Investment In Associate: Other than Trade, unquoted		
ECnet Limited, Singapore (27,979,435 (Previous year 27,979,435) ordinary equity shares of No Par Value)	132,707,850	130,473,524
Investment In wholly owned Subsidiary: Other than Trade, unquoted		
IBIZ Consulting Pte. Ltd. Singapore (formerly known as IBIZCS Group Pte. Ltd., Singapore) (refer note 22) (1,151,000 (Previous year 1,151,000) ordinary equity shares of No Par Value)	192,119,816	195,231,285
Total	324,827,666	325,704,809

11. Short term loans and advances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	3,636,657	3,899,933
Sub Total (A)	3,636,657	3,899,933
Advance Recoverable from related party		
Advance recoverable from R Systems International Limited	2,261,544	2,696,855
Sub Total (B)	2,261,544	2,696,855
Total (A+B)	5,898,201	6,596,788

R Systems (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

12.1 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	53,540,838	61,820,235
Sub Total (B)	53,540,838	61,820,235
Total (A+B)	53,540,838	61,820,235

12.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 13)	956,260	3,760,640	-	-
Unbilled revenue	-	-	1,336,134	134,292
Total	956,260	3,760,640	1,336,134	134,292

13. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents				
Cash on hand			4,459	61,440
Balances with others banks				
On current accounts			55,975,428	20,332,679
			55,979,887	20,394,119
Other bank balances				
Margin money deposit (refer detail below)	956,260	3,760,640		
Amount disclosed under non-current assets (refer note 12.2)	(956,260)	(3,760,640)		
Total	-	-	55,979,887	20,394,119

Detail of margin money deposit

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Margin moneys deposit to Government departments	-	3,760,640
Margin moneys deposit against performance quarantees given to customers	956,260	-
Total	956,260	3,760,640

R Systems (Singapore) Pte Ltd, Singapore**Notes to Financial Statements for the year ended December 31, 2017****14. Revenue from operations**

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	363,811,631	358,208,003
Total	363,811,631	358,208,003

15. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest Income	42,952	18,533
Foreign exchange fluctuation (net)	-	2,552
Provision for doubtful debts and advances written back (net)	-	1,556,963
Miscellaneous Income	1,916,044	2,872,843
Total	1,958,996	4,450,891

16. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	251,365,649	305,825,382
Contribution to employee's benefits fund	11,141,780	9,348,500
Staff welfare	482,519	250,748
Total	262,989,948	315,424,630

17. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	2,585,229	1,184,310
Travelling and conveyance	492,517	699,666
Insurance	3,293,859	3,305,078
Repair and maintenance	257,014	238,837
Membership & Subscription Fees	93,911	81,878
Rent - premises	270,321	200,918
Communication costs	484,161	447,170
Printing and stationery	81,480	120,353
Advertising and sales promotion	257,220	321,335
Legal and professional expenses	66,016,889	7,528,913
Management fees	20,380,032	15,306,250
Foreign exchange fluctuation (net)	44,664	-
Miscellaneous expenses	48,600	68,404
Total	94,305,897	29,503,112

R Systems (Singapore) Pte Ltd, Singapore**Notes to Financial Statements for the year ended December 31, 2017****18. Depreciation and amortisation expense**

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	108,923	116,456
Amortisation on intangible assets	350,260	361,449
Total	459,183	477,905

19. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	148,513	88,657
Total	148,513	88,657

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

20. Related Party Disclosures

Holding Company R Systems International Limited., India

Fellow Subsidiaries **Following are the subsidiaries of R Systems International Limited, India**

R Systems, Inc., USA

ECnet Ltd, Singapore (also an associate company, the Company holds 30.38% equity interest)

Computaris International Limited, U.K.

RSYS Technologies Limited, Canada

R Systems Technologies Limited, USA

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan
- ECnet (M) Sdn Bhd, Malaysia

Following are the subsidiaries of Computaris International Limited

- Computaris Romania Srl, Romania
- Computaris Polska sp z o.o., Poland
- ICS Computaris International Srl, Moldova
- Computaris Malaysia Sdn. Bhd., Malaysia
- Computaris USA, Inc., USA
- Computaris Philippines Pte. Ltd. Inc., Phillippines (incorporated on May 23, 2016)

Wholly Owned Subsidiaries IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd)

Following are the subsidiaries of IBIZ Consulting Pte. Ltd., Singapore:

- IBIZ Consulting Services Pte Ltd., Singapore
- IBIZ Consulting Services Sdn. Bhd., Malaysia
- PT. IBIZCS Indonesia, Indonesia
- IBIZ Consultancy Services India Private Limited, India
- IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
 - IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China (wholly owned subsidiary of IBIZ HK)

Key management personnel Satinder Singh Rekhi, Director
 Harpreet Rekhi, Director
 Chan Kum Ming, Director
 Joydeep Sen Chaudhuri, Director

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016 and outstanding balances as at the year-end:

Particulars	(Amount in Rs.)	
	December 31, 2017	December 31, 2016
<u>Holding Company - R Systems International Ltd</u>		
- Issue of share capital	16,730,000	48,155,136
- Amount receivable	2,261,544	2,696,855
<u>Fellow Subsidiary - ECnet Ltd</u>		
- Sub-contracting expenses	65,258,466	5,609,375
- Management fees paid	20,380,032	15,306,250
- Amount payable	25,982,791	7,665,277
<u>Subsidiary - IBIZ Consulting Pte. Ltd.</u>		
- Loan given	4,717,600	-
- Loan repaid	4,717,600	-
- Interest income	16,158	-

Details of loan given to IBIZ Consulting Pte. Ltd.:

- The outstanding amount of loan is Rs. Nil (previous year Rs. Nil) as at December 31, 2017 and 2016, respectively.
- The maximum loan amount recoverable was Rs. 4,717,600 (equivalent to SGD 100,000) during the year 2017.
- The loan was non-trade, repayable on demand and interest was charged on loan amount at LIBOR plus 1%.

Payment to key management personnel for year ended December 31, 2017 and December 31, 2016:

Name of Key Management Personnel	(Amount in Rs)	
	For the year ended December 31, 2017	For the year ended December 31, 2016
Joydeep Sen Chaudhuri - Remuneration	8,963,865	8,168,980
Joydeep Sen Chaudhuri - Amount payable	339,472	-

21. Operating Lease - Company as a lessee

The Company has entered into vehicle lease mainly for staff transportation purpose. The initial period of leases is up to 3 years with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	Rs.	Rs.
Not later than one year	7,339,630	7,724,684
Later than one year but not later than five years	980,167	4,903,263

- 22.** On April 30, 2015, the Company has acquired 100% share of IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Ltd, Singapore) (IBIZ), for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. IBIZ is Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hong Kong and China.

Basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof, the management had assessed the investment value at Rs. 157,710,347 which represents the consideration assessed as probable to be paid over the period.

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2017

As at December 31, 2016, the management had re-assessed the investment value at Rs. 141,172,075 which represented the consideration assessed as probable to be paid over the period.

During the year ended December 31, 2017, the management, basis the conditions specified in the Share Purchase Agreement and subsequent amendments thereof, has re-assessed the aforesaid investment value at Rs. 137,134,856 which represents the consideration assessed as probable to be paid over the period.

As at December 31, 2017, amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 45,470,163.

- 23.** Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
R Systems (Singapore) Pte Ltd., Singapore**

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

J.S. Chaudhuri

Joydeep Sen Chaudhuri
[Director]

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of R SYSTEMS, INC., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

R SYSTEMS, INC., USA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	85,616,606	85,616,606
Reserves and surplus	4	468,933,088	467,978,288
Current liabilities			
Trade payables	6	56,893,096	90,219,920
Other current liabilities	6	12,273,342	13,186,437
Short-term provisions	5	33,553,254	26,205,892
Total		657,269,386	683,207,143
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	12,921,693	17,180,318
Intangible assets	8	319,524	850,438
Long-term loans and advances	9	204,251	433,287
Other non-current assets	10.2	189,964,250	-
Current assets			
Trade receivables	10.1	206,543,530	248,254,535
Cash and bank balances	11	171,017,024	355,930,715
Short-term loans and advances	9	70,434,263	51,225,642
Other current assets	10.2	5,864,851	9,332,208
Total		657,269,386	683,207,143

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



**For and on behalf of the Board of Directors of
 R Systems, Inc.**

Satinder Singh Rekhi
Harpreet Rekhi

Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date: February 09, 2018

Harpreet Rekhi
 [Director]

Place : Singapore
 Date: February 09, 2018

R SYSTEMS, INC., USA**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	12	1,354,547,145	1,458,616,508
Other income	13	22,467,312	2,788,455
Total revenue		1,377,014,457	1,461,404,963
Expenses			
Employee benefits expense	14	845,429,512	832,459,650
Operational and other expenses	15	487,883,066	556,165,436
Depreciation and amortisation expense	16	7,979,310	6,980,431
Finance costs	17	1,019,323	1,017,796
Total expenses		1,342,311,211	1,396,623,313
Profit before tax		34,703,246	64,781,650
Tax expense			
Current tax expense		79,106	3,414,612
Total tax expense		79,106	3,414,612
Profit for the year		34,624,140	61,367,038

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 09, 2018

**For and on behalf of the Board of Directors of
R Systems, Inc.**

Satinder Singh Rekhi
Harpreet Rekhi

Satinder Singh Rekhi
[Director]

Place : Singapore
Date: February 09, 2018

Harpreet Rekhi
[Director]

Place : Singapore
Date: February 09, 2018

R SYSTEMS, INC., USA**Cash Flow Statement for the year ended December 31, 2017**

	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
A. Cash flow from operating activities		
Net Profit before taxation	34,703,246	64,781,650
Adjustments for:		
Depreciation and amortisation expense	7,979,310	6,980,431
Bad Debt	-	-
Provision for doubtful debts and advances (net)	(4,469,713)	5,279,234
Unrealised foreign exchange loss	(18,034,242)	8,690,688
Interest income	(299,894)	(1,357,873)
Operating profit/(loss) before working capital changes	19,878,707	84,374,130
Movements in working capital :		
(Increase) / Decrease in trade receivables	3,942,226	5,966,613
(Increase) / Decrease in loans and advances and other current assets	664,544	5,218,486
Decrease / (Increase) in intra-group balances	8,007,687	(12,749,696)
Increase / (Decrease) in short-term and long-term provision	11,821,575	965,694
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(28,554,741)	(25,581,899)
Cash generated from operations	15,759,998	58,193,328
Direct taxes paid, net of refunds	(2,817,280)	(4,966,171)
Net cash flow from operating activities (A)	12,942,718	53,227,157
B. Cash flows used in investing activities		
Purchase of fixed assets	(4,192,502)	(8,004,893)
Investment in fixed deposit in banks	(193,963,801)	-
Interest received	299,894	1,357,873
Net cash used in investing activities (B)	(197,856,409)	(6,647,020)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(184,913,691)	46,580,137
Cash and cash equivalents at the beginning of the year	355,930,715	309,350,578
Cash and cash equivalents at the end of the year	171,017,024	355,930,715

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S.K. Relan & Co**
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 09, 2018



For and on behalf of the Board of Directors of
R Systems, Inc.

Satinder Singh Rekhi
Satinder Singh Rekhi
[Director]

Harpreet Rekhi
Harpreet Rekhi
[Director]

Place : Singapore
Date: February 09, 2018

Place : Singapore
Date: February 09, 2018

1. Company Overview

R Systems, Inc. (The "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company provides information technology services for customers primarily in the United States of America. The Company was incorporated under the laws of the State of California on March 9, 1993 and having its registered office at 5000, Windplay Drive, Suite 5, EL Dorado Hills, CA 95762, U.S.A.

2. Statement of significant accounting policies**(a) Basis of preparation**

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold improvements	Lower of lease period or useful life
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

(e) Intangible assets

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

(iv) Foreign currency translation

The functional currency of the Company is United States Dollar (US \$) but the financial statements has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were US \$ 1 = Rs. 65.12. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 63.88.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were US \$ 1 = Rs. 67.19. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 67.93.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company operates one business segment i.e. providing information technology services in the United States of America.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

----- *This space has been intentionally left blank* -----

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****3. Share capital**

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares		
5,000 (Previous year 5000) Common Stock, no par value	-	-
Issued, subscribed and paid up capital		
2,150 (Previous year 2,150) Common Stock, no par value	85,616,606	85,616,606
Total	85,616,606	85,616,606

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	2,150	85,616,606	2,150	85,616,606
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,150	85,616,606	2,150	85,616,606

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	382,912,877	321,545,839
Add: Profit for the current year	34,624,140	61,367,038
Net surplus in the statement of profit and loss	417,537,017	382,912,877
Foreign currency translation reserve		
Balance as per last financial statement	85,065,411	71,585,953
Add: Current year translation differences	(33,669,340)	13,479,458
Closing balance	51,396,071	85,065,411
Total	468,933,088	467,978,288

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****5. Short-term provisions**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	32,976,044	22,735,922
Sub Total (A)	32,976,044	22,735,922
Other provision		
Income tax	577,210	3,469,970
Sub Total (B)	577,210	3,469,970
Total (A+B)	33,553,254	26,205,892

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	56,893,096	90,219,920
Sub total (A)	56,893,096	90,219,920
Other liabilities		
Payable to Related parties		
R Systems Internataional Limited, India	3,787,660	3,195,192
R Systems Technologies Ltd., USA	5,628,227	7,529,251
ECnet Limited., Singapore	1,614,547	1,597,978
RSYS Technologies Limited, Canada	492,157	-
Other liabilities	750,751	864,016
Sub total (B)	12,273,342	13,186,437
Total (A+B)	69,166,438	103,406,357

R SYSTEMS, INC., USA
Notes to Financial Statements for the year ended December 31, 2017

7. Tangible Assets

Particulars	Gross block				Depreciation				Net block			
	As at	Addition	Deletion	Adjustment	Total	Upto	For the year	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Leasehold Improvements	8,224,627	-	-	(490,390)	7,734,237	7,937,717	194,476	-	(476,998)	7,655,195	79,042	286,910
Computer hardware	63,525,834	529,153	34,594,266	24,046,753	53,507,474	56,318,141	2,895,607	34,594,266	(2,752,400)	21,867,082	31,640,392	7,207,693
Furniture & fixtures	12,829,989	-	2,244,464	(722,106)	9,863,419	9,822,486	967,282	2,244,464	(561,245)	7,983,759	1,879,660	3,007,803
Office & electrical equipments	31,282,317	3,663,349	2,509,996	(29,070,917)	3,364,753	24,831,580	3,214,596	2,509,996	(1,494,026)	24,042,154	(20,677,401)	6,450,737
Vehicles	19,851,579	-	4,494,368	(1,097,783)	14,259,428	19,624,404	217,790	4,494,368	(1,088,398)	14,259,428	-	227,175
Total	135,714,346	4,192,502	43,843,094	(7,334,443)	88,729,311	118,534,028	7,489,751	43,843,094	(6,373,067)	75,807,618	12,921,693	17,180,318
Previous year	124,296,443	8,004,893	-	3,413,011	135,714,347	109,334,229	6,206,704	-	2,993,095	118,534,028	17,180,319	14,962,214

8. Intangible Assets

Particulars	Gross block				Depreciation				Net block			
	As at	Addition	Deletion	Adjustment	Total	Upto	For the year	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Computer Software	22,735,230	-	3,034,393	(1,297,611)	18,403,226	21,884,792	489,559	3,034,393	(1,256,256)	18,083,702	319,524	850,438
Total	22,735,230	-	3,034,393	(1,297,611)	18,403,226	21,884,792	489,559	3,034,393	(1,256,256)	18,083,702	319,524	850,438
Previous year	22,142,763	-	-	592,467	22,735,230	20,552,734	773,727	-	558,331	21,884,792	850,438	1,590,029

R SYSTEMS, INC., USA

Notes to Financial Statements for the year ended December 31, 2017

9. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	112,974	349,807	17,711,969	15,903,781
Unsecured, considered doubtful	-	-	-	3,198,724
Provision for doubtful advances	112,974	349,807	17,711,969	19,102,505
Total (A)	112,974	349,807	17,711,969	15,903,781
Advance recoverable from:				
R Systems International Limited, India			25,408	7,235,077
Computaris USA, Inc			1,693,710	309,534
RSYS Technologies Ltd., Canada			29,034,008	-
Loan recoverable from				
R Systems Technologies Ltd., USA			21,969,168	27,777,250
Total (B)	-	-	52,722,294	35,321,861
Security deposit				
Unsecured, considered good	91,277	83,480	-	-
Total (C)	91,277	83,480	-	-
Total (A+B+C)	204,251	433,287	70,434,263	51,225,642

R SYSTEMS, INC., USA
Notes to Financial Statements for the year ended December 31, 2017
10. Trade receivables and other assets
10.1 Trade receivables

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,122,217	-
Unsecured, considered doubtful	2,709,426	31,092,570
	10,831,643	31,092,570
Provision for doubtful receivables	2,709,426	31,092,570
Sub Total (A)	8,122,217	-
Other receivables		
Unsecured, considered good	198,421,313	248,254,535
Unsecured, considered doubtful	-	2,038,346
	198,421,313	250,292,881
Provision for doubtful receivables	-	2,038,346
Sub Total (B)	198,421,313	248,254,535
Total (A+B)	206,543,530	248,254,535

Trade receivable include:

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Dues from companies under the same management		
Computaris USA Inc.	25,037,574	35,719,516
RSYS Technologies Limited, Canada	-	20,070,874

10.2 Other current assets

Particulars	Non-Current		Current	
	As at	As at	As at	As at
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Rs.	Rs.	Rs.	Rs.
Non-current bank balances	189,964,250	-	-	-
Interest accrued	-	-	294,165	-
Unbilled revenue	-	-	5,570,686	9,332,208
Total	189,964,250	-	5,864,851	9,332,208

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017**

11. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	171,017,024	355,930,715
Total	171,017,024	355,930,715

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****12. Revenue from operations**

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
Sale of services	1,354,547,145	1,458,616,508
Total	1,354,547,145	1,458,616,508

13. Other income

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
Interest income	1,545,719	1,357,873
Miscellaneous income	16,451,880	1,430,582
Provision for doubtful debts and advances written back [net of Bad debts Rs. 27,596,946 (previous year Rs. Nil)]	4,469,713	-
Total	22,467,312	2,788,455

14. Employee benefits expense

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
Salaries, wages and bonus	791,890,791	779,333,272
Contribution to employee's benefits fund	53,538,721	53,126,378
Total	845,429,512	832,459,650

15. Operational and other expenses

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
Recruitment and training expenses	7,449,242	7,147,127
Travelling and conveyance	42,651,860	40,640,112
Insurance	4,211,658	4,168,258
Repair and maintenance	8,319,633	8,315,872
Provision for doubtful debts and advances (net)	-	5,279,234
Membership and subscription fees	5,452,738	2,632,383
Rent - premises	10,669,850	1,436,396
Rent - equipment	486,441	537,797
Power and fuel	380,240	386,593
Communication costs	3,574,534	2,962,520
Printing and stationery	207,043	328,948
Advertising and sales promotion	10,376,438	708,293
Legal and professional expenses	391,514,396	479,853,972
Foreign exchange fluctuation (net)	310,184	106,185
Rates and taxes	2,158,768	1,651,341
Miscellaneous expenses	120,041	10,405
Total	487,883,066	556,165,436

16. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
Depreciation on tangible assets	7,489,751	6,206,704
Amortisation on intangible assets	489,559	773,727
Total	7,979,310	6,980,431

17. Finance cost

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
Bank charges	1,019,323	1,017,796
Total	1,019,323	1,017,796

R SYSTEMS, INC., USA

Notes to Financial Statements for the year ended December 31, 2017

18. Related Party Disclosures

Holding Company R Systems International Limited, India

Fellow Subsidiaries **Following are the subsidiaries of R Systems International Limited, India**

R Systems (Singapore) Pte Ltd, Singapore
R Systems Technologies Limited, USA
ECnet Ltd, Singapore
Computaris International Limited, U.K.
RSYS Technologies Limited, Canada

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited, U.K.

- Computaris Romania Srl, Romania
- Computaris Polska sp z o.o., Poland
- ICS Computaris International Srl, Moldova
- Computaris Malaysia Sdn. Bhd., Malaysia
- Computaris USA, Inc., USA
- Computaris Philippines Pte. Ltd. Inc., Phillippines (incorporated on May 23, 2016)

Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore

- IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd)
Step down subsidiaries of IBIZ Consulting Pte. Ltd., Singapore:
 - IBIZ Consulting Services Pte Ltd, Singapore
 - IBIZ Consulting Services Sdn. Bhd., Malaysia
 - PT. IBIZCS Indonesia., Indonesia
 - IBIZ Consultancy Services India Private Limited, India
 - IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
 - IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China
(wholly owned subsidiary of IBIZ HK)

Key management
personnel
(directors) and
their relatives

Satinder Singh Rekhi, Director
Harpreet Rekhi, Director
Vinay Narjit Singh Behl, Director
Sartaj Singh Rekhi, Director (related to Satinder Singh Rekhi)
Ramneet Singh Rekhi (related to Satinder Singh Rekhi), Vice President

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017**

Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

Particulars	For the year ended	
	December 31, 2017	December 31, 2016
Holding Company		
Services received	40,911,402	51,605,376
Amount payable	3,787,660	3,195,192
Amount receivable	25,408	7,235,077
R Systems Technologies Limited, USA		
Services received	105,965,983	101,881,322
Interest received	1,245,825	1,357,873
Amount payable	5,628,227	7,529,251
Loan outstanding	21,969,168	27,777,250
ECnet Ltd, Singapore		
Amount payable	1,614,547	1,597,978
Computaris USA, Inc., USA		
Services rendered	110,485,922	123,280,367
Amount receivable	26,731,283	36,029,050
RSYS Technologies Limited, Canada		
Services received	2,861,309	732,651
Amount receivable	29,034,008	20,070,874
Amount payable	492,157	-

Remuneration to key management personnel and their relatives		
Sartaj Singh Rekhi	10,341,510	9,547,113
Ramneet Singh Rekhi	5,038,784	5,715,847
Vinay Narjit Singh Behl	8,183,179	8,377,844
Rent		
Satinder Singh Rekhi	5,157,425	5,321,527

Details of Loan given to R Systems Technologies Ltd, USA, a fellow subsidiary:

- The outstanding amount due is Rs. 21,969,168 (equivalent to \$ 343,940) and Rs. 27,777,250 (equivalent to \$ 408,940), as at December 31, 2017 and 2016, respectively.
- The maximum amount due is Rs. 27,344,705 (equivalent to \$ 419,919) during the year 2017.
- The amount due are non-trade, interest is charged at 5% per annum and are due on demand.

19. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Lease payments for the year	10,126,981	10,024,897
Non-cancellable operating lease obligation		
Not later than one year	7,039,408	8,673,873
Later than one year but not later than five years	9,536,154	20,240,506
None of the operating lease arrangements have price escalation clause.		

- 20.** The Company has a policy of recognizing deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2017 and 2016, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

R SYSTEMS, INC., USA

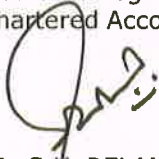
Notes to Financial Statements for the year ended December 31, 2017

21. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N
Chartered Accountants



CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
R Systems, Inc., USA**



Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems Technologies Limited, USA

Report on the Financial Statements

We have audited the accompanying financial statements of R SYSTEMS TECHNOLOGIES LIMITED, USA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

R Systems Technologies Limited, USA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,785,738	10,785,738
Reserves and surplus	4	(24,775,287)	(27,136,475)
Current liabilities			
Short-term Borrowings	5	21,969,168	27,777,250
Trade payables	6	371,053	114,780
Short-term provisions	7	18,347	-
Total		8,369,019	11,541,293
ASSETS			
Current assets			
Trade receivables	8	5,628,227	7,529,251
Cash and bank balances	9	2,708,853	3,978,079
Short-term loans and advances	10	31,939	33,963
Total		8,369,019	11,541,293

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

For and on behalf of the Board of Directors of
R Systems Technologies Limited

Salinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Harpreet Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

R Systems Technologies Limited, USA**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	11	105,965,983	101,881,322
Total revenue		105,965,983	101,881,322
Expenses			
Employee benefits expense	12	100,918,750	95,760,697
Operational and other expenses	13	2,336,032	2,219,971
Finance costs	14	1,245,825	1,357,873
Total expenses		104,500,607	99,338,541
Profit before tax		1,465,376	2,542,781
Tax expense			
Current tax / (credit)		52,095	(875,935)
Total tax expense / (credit)		52,095	(875,935)
Profit / Loss) for the year		1,413,281	3,418,716

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
R Systems Technologies Limited**

Satinder Singh Rekhi
Harpreet Rekhi

Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

R Systems Technologies Limited, USA
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	1,465,376	2,542,781
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(217,092)	59,023
Interest on loans	1,245,825	1,357,873
Operating profit before working capital changes	2,494,109	3,959,677
Movements in working capital :		
Decrease / (Increase) in intra-group balances	(2,752,359)	2,445,490
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	268,240	(2,057,601)
Cash generated from operations	9,990	4,347,566
Direct taxes paid (net of refunds)	(33,391)	(35,678)
Net cash flow from operating activities (A)	(23,401)	4,311,888
B. Cash flows used in investing activities		
Net cash from investing activities (B)	-	-
C. Cash flows used in financing activities		
Interest paid	(1,245,825)	(1,357,873)
Net cash used in financing activities (C)	(1,245,825)	(1,357,873)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(1,269,226)	2,954,015
Cash and cash equivalents at the beginning of the year	3,978,079	1,024,064
Cash and cash equivalents at the end of the year	2,708,853	3,978,079

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants



CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018

For and on behalf of the Board of Directors of
R Systems Technologies Limited




Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

R Systems Technologies Limited, USA
Notes to Financial Statements for the year ended December 31, 2017

1. Company Overview

R Systems Technologies Limited (the "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company provides information technology services, which includes professional IT staffing and consulting services, primarily to R Systems Inc., an affiliate, wholly-owned by R Systems International Limited. The Company was incorporated under the laws of the State of Delaware on November 6, 1996 and having its registered office at 5000, Windplay Drive, Suite 5, EL Dorado Hills, CA 95762, U.S.A.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(d) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

(f) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the

R Systems Technologies Limited, USA
Notes to Financial Statements for the year ended December 31, 2017

foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) **Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) **Foreign currency translation**

The Functional currency of the Company is United States Dollar (US \$) but the financial statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were US \$ 1= Rs. 65.12. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.88.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were US \$ 1= Rs. 67.19. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 67.93.

(g) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(h) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(i) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

R Systems Technologies Limited, USA
Notes to Financial Statements for the year ended December 31, 2017

(j) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

(k) Segment reporting

The Company operates one business segment i.e. providing information technology services in the United States of America.

(l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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R Systems Technologies Limited, USA
Notes to Financial Statements for the year ended December 31, 2017
3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital 250,000 (Previous year 250,000) Common Stock of no par value	-	-
Issued, subscribed and paid up capital 243,750 (Previous year 243,750) Common Stock of no par value	10,785,738	10,785,738
Total	10,785,738	10,785,738

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	243,750	10,785,738	243,750	10,785,738
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	243,750	10,785,738	243,750	10,785,738

4. Reserves and surplus

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(20,512,236)	(23,930,952)
Add: Profit / (Loss) for the current year	1,413,281	3,418,716
Net deficit in the statement of profit and loss	(19,098,955)	(20,512,236)
Foreign currency translation reserve		
Balance as per last financial statement	(6,624,239)	(6,145,457)
Add: Current year translation differences	947,907	(478,782)
Closing balance	(5,676,332)	(6,624,239)
Total	(24,775,287)	(27,136,475)

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2017****5. Short-term borrowings**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unsecured Loan		
Loans from related party repayable on demand (Refer note 15) R Systems Inc., USA	21,969,168	27,777,250
Total	21,969,168	27,777,250

6. Trade Payables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	371,053	114,780
Total	371,053	114,780

7. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other provision		
Income tax	18,347	-
Total	18,347	-

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2017****8. Trade receivables**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	-	582,797
	-	582,797
Provision for doubtful receivables	-	582,797
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	5,628,227	7,529,251
Sub Total (B)	5,628,227	7,529,251
Total (A+B)	5,628,227	7,529,251

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management (Refer note 15)		
R Systems Inc., USA	5,628,227	7,529,251

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2017****9. Cash and bank balances**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	2,708,853	3,978,079
Total	2,708,853	3,978,079

10. loans and advances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	31,939	33,963
Total	31,939	33,963

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2017****11. Revenue from operations**

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	105,965,983	101,881,322
Total	105,965,983	101,881,322

12. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	93,389,795	88,716,134
Contribution to employee's benefits fund	7,528,955	7,044,563
Total	100,918,750	95,760,697

13. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Travelling and conveyance	1,209	-
Provision for doubtful debts and advances [net of bad debts Rs. 558,721 (previous year Rs. Nil)]	-	-
Legal and professional expenses	2,302,263	2,219,971
Miscellaneous expenses	32,560	-
Total	2,336,032	2,219,971

14. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest on loans	1,245,825	1,357,873
Total	1,245,825	1,357,873

R Systems Technologies Limited, USA
Notes to Financial Statements for the year ended December 31, 2017

15. Related party disclosures

(i) List of related parties

Holding Company R Systems International Limited, India

Fellow Subsidiaries **Following are the subsidiaries of R Systems International Limited, India**

- R Systems (Singapore) Pte Ltd, Singapore
- R Systems, Inc., USA
- ECnet Ltd, Singapore
- Computaris International Limited, U.K.
- RSYS Technologies Limited, Canada

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

- Computaris Romania Srl, Romania
- Computaris Polska sp z o.o., Poland
- ICS Computaris International Srl, Moldova
- Computaris Malaysia Sdn. Bhd., Malaysia
- Computaris USA, Inc., USA
- Computaris Philippines Pte. Ltd. Inc., Phillipines (incorporated on May 23, 2016)

Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore

- IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd)
Step down subsidiaries of IBIZ Consulting Pte. Ltd., Singapore:
 - IBIZ Consulting Services Pte Ltd, Singapore
 - IBIZ Consulting Services Sdn. Bhd., Malaysia
 - PT. IBIZCS Indonesia., Indonesia
 - IBIZ Consultancy Services India Private Limited, India
 - IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
 - IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China
(wholly owned subsidiary of IBIZ HK)

Key management personnel Satinder Singh Rekhi, Director
Harpreet Rekhi, Director
Sartaj Singh Rekhi, Director

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2017****(ii) Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:**

Particulars	(Amount in Rs.)	
	December 31, 2017	2016
R Systems, Inc.		
Services rendered	105,965,983	101,881,322
Interest paid *	1,245,825	1,357,873
Trade receivable	5,628,227	7,529,251
Loan payable	21,969,168	27,777,250

Details of Loan taken from R Systems Inc., a fellow subsidiary:

- The outstanding amount due is Rs. 21,969,168 (equivalent to \$ 343,940) and Rs. 27,777,250 (equivalent to \$ 408,940), as at December 31, 2017 and 2016, respectively.
- The maximum amount due is Rs. 27,344,705 (equivalent to \$ 419,919) during the year 2017.
- The amount due are non-trade, interest is charged at 5% per annum and are due on demand.

- 16.** The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2017 and 2016, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

- 17.** The Company recorded a net profit of Rs. 1,413,281 during the financial year ended December 31, 2017, and as at that date Company's total liabilities exceeded its total assets by Rs. 13,989,550. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

- 18.** Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classifications.

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

For and on behalf of the Board of Directors of R Systems Technologies Limited, USA

[Signature]
[Signature]

Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Limited, Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of ECNET LIMITED, SINGAPORE ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

ECNET LIMITED, SINGAPORE
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,438,892,001	2,438,892,001
Reserves and surplus	4	(2,343,135,487)	(2,373,408,512)
Non-current liabilities			
Other long term liabilities	5	55,862	57,257
Current liabilities			
Trade payables	7	12,480,759	9,580,112
Short-term provisions	6	3,685,032	3,734,448
Other current liabilities	7	54,973,369	34,539,695
Total		166,951,536	113,395,001
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	785,125	986,161
Intangible assets	9	285,512	555,201
Non-current investments	10	19	19
Long-term loans and advances	11	1,785,949	2,485,595
Current assets			
Trade receivables	12.1	29,441,769	29,717,971
Cash and bank balances	13	46,487,835	12,242,183
Short-term loans and advances	11	81,163,388	59,268,675
Other current assets	12.2	7,001,939	8,139,196
Total		166,951,536	113,395,001
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



For and on behalf of the Board of Directors of
 ECnet Limited, Singapore


 Chan Kum Ming
 [Director]


 Teo Lye Choon
 [Director]

Place : New Delhi
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

ECNET LIMITED, SINGAPORE
Statement of Profit and Loss for the year ended December 31, 2017

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	14	272,751,179	183,302,356
Other income	15	79,868,764	79,411,327
Total revenue		352,619,943	262,713,683
Expenses			
Employee benefits expense	16	188,324,798	142,281,890
Operational and other expense	17	134,287,685	125,121,140
Depreciation and amortisation expense	18	995,669	1,458,238
Finance costs	19	248,534	200,326
Total expenses		323,856,686	269,061,594
Profit/ (Loss) before tax and exceptional items		28,763,257	(6,347,911)
Exceptional items	20	-	-
Profit/ (Loss) before tax		28,763,257	(6,347,911)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		28,763,257	(6,347,911)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants



CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018

For and on behalf of the Board of Directors of
 ECnet Limited, Singapore


 Chan Kum Ming
 [Director]

Place : Singapore
 Date : February 09, 2018


 Teo Lye Choon
 [Director]

Place : Singapore
 Date : February 09, 2018

ECNET LIMITED, SINGAPORE
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net Profit/(loss) before taxation	28,763,257	(6,347,911)
Adjustments for:		
Depreciation and amortisation expense	995,669	1,458,238
Provision for diminishing in the value of Investment	-	4,381,560
Unrealised foreign exchange gain / (loss)	1,496,816	271,305
Interest income	(3,636)	(3,269)
Operating loss before working capital changes	31,252,106	(240,077)
Movements in working capital :		
(Increase) / decrease in trade receivables	276,202	(18,592,907)
(Increase) / decrease in other current assets	1,137,257	(4,522,966)
(Increase) / decrease in loans and advances	(21,195,067)	(2,385,534)
Increase / (decrease) in trade payables, other current liabilities and other long-term liabilities	23,283,510	9,342,170
Cash generated from operations	34,754,008	(16,399,314)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	34,754,008	(16,399,314)
B. Cash flows used in investing activities		
Purchase of fixed assets	(511,992)	(765,032)
Interest received	3,636	3,269
Net cash used in investing activities (B)	(508,356)	(761,763)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	34,245,652	(17,161,077)
Cash and cash equivalents at the beginning of the year	12,242,183	29,403,260
Cash and cash equivalents at the end of the year	46,487,835	12,242,183

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of
ECnet Limited, Singapore


Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018


Teo Lye Choon
[Director]

Place : Singapore
Date : February 09, 2018

1. Company Overview

ECnet Limited (the "Company") is a subsidiary of R Systems International Limited, a company incorporated in India. The company was incorporated under the laws of the Singapore in 1996 and R Systems International Limited acquired the majority share on January 8, 2004. The registered office of the Company is located at 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore 159416.

The Company provides collaborative Internet-based supply chain solutions and management services, customers technical and administrative support services and information technology consultancy services.

2. Statement of significant accounting policies**(a) Basis of preparation**

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible Fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold improvements	Lower of lease period or useful life
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Electrical Installations	10 years

(e) Intangibles assets

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

The estimated useful lives of the intangible fixed assets followed by the Company in preparing the financial

statements are described as below:-

<u>Category of Intangible fixed assets</u>	<u>Estimated useful life</u>
Computer Software	Lower of license period or 3 years
Non-compete fee	Non-compete period of 5 years
Goodwill on business acquisition	5 years

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Singapore Dollar (SGD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2017, the rates used were SGD 1 = Rs. 47.18. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 47.81.

For translating income and expense during the year ended December 31, 2016, the rates used were SGD 1 = Rs. 48.68. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 47.01

(k) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(m) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(n) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(o) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(p) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares 92,103,530 Ordinary Shares (Previous Year 92,103,530) of No Par Value	-	-
Issued, subscribed and paid up capital 92,103,530 Ordinary Shares (Previous Year 92,103,530) of No Par Value	2,438,892,001	2,438,892,001
Total	2,438,892,001	2,438,892,001

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	92,103,530	2,438,892,001	92,103,530	2,438,892,001
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	92,103,530	2,438,892,001	92,103,530	2,438,892,001

B. Details of shareholders holding more than 5% shares in the Company

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No. of Shares	%	No. of Shares	%
R Systems International Limited (Holding Company)	63,891,260	69.37	63,891,260	69.37
R Systems (Singapore) Pte Limited, (Fellow Subsidiary)	27,979,435	30.38	27,979,435	30.38

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financials statement	(2,321,590,645)	(2,315,242,734)
Add: Profit/(loss) for the current year	28,763,257	(6,347,911)
Net deficit in the statement of profit and loss	(2,292,827,388)	(2,321,590,645)
Foreign currency translation reserve		
Balance as per last financials statement	(51,817,867)	(52,315,187)
Add: Current year translation differences	1,509,768	497,320
Closing balance	(50,308,099)	(51,817,867)
Total	(2,343,135,487)	(2,373,408,512)

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2017

5. Other long-term liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Deferred Grant From Government	55,862	57,257
Total	55,862	57,257

6. Short term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	3,685,032	3,734,448
Total	3,685,032	3,734,448

7. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	12,480,759	9,580,112
Sub total (A)	12,480,759	9,580,112
Other liabilities		
Payable to related parties		
R Systems International Limited	10,025,143	14,964,306
ECnet (Hong Kong) Ltd.	6,232,554	6,883,106
Advance from customers	500,495	284,572
Deferred Grant From Government	194,105	292,298
Unearned Revenue	33,475,111	9,723,564
GST payable	4,545,961	2,391,849
Sub total (B)	54,973,369	34,539,695
Total (A+B)	67,454,128	44,119,807

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2017

8. Tangible assets

(Amount in Rs.)

Particulars	Leasehold Improvements	Computer Hardware	Furniture & Fixtures	Office & Electrical Equipments	Total
Gross block					
As at January 1, 2016	381,436	19,859,120	935,768	730,616	21,906,940
Additions	-	406,864	-	-	406,864
Deletions	-	2,798,967	-	207,023	3,005,990
Foreign currency translation	1,491	77,613	(38,451)	44,963	85,616
At December 31, 2016	382,927	17,544,630	897,317	568,556	19,393,430
Additions	-	430,758	-	-	430,758
Deletions	-	-	-	-	-
Foreign currency translation	6,558	300,447	15,367	9,736	332,108
At December 31, 2017	389,485	18,275,835	912,684	578,292	20,156,296
Amortisation					
As at January 1, 2016	165,484	19,086,778	573,991	643,159	20,469,412
Charge for the year	63,544	540,282	218,985	71,837	894,648
Deletions	-	2,798,967	-	207,023	3,005,990
Foreign currency translation	(1,541)	55,995	(5,296)	41	49,199
At December 31, 2016	227,487	16,884,088	787,680	508,014	18,407,269
Charge for the year	61,576	425,307	110,029	43,128	640,040
Deletions	-	-	-	-	-
Foreign currency translation	4,727	294,878	14,975	9,282	323,862
At December 31, 2017	293,790	17,604,273	912,684	560,424	19,371,171
Net block					
At December 31, 2016	155,440	660,542	109,637	60,542	986,161
At December 31, 2017	95,695	671,562	-	17,868	785,125

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2017

9. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Customer contract	Non compete fee	Goodwill on business acquisition	Total
Gross block					
As at January 1, 2016	20,178,038	7,961,936	8,055,444	19,283,144	55,478,562
Additions	358,168	-	-	-	358,168
Deletions	-	7,961,936	8,055,444	19,283,144	35,300,524
Foreign currency translation	78,860	-	-	-	78,860
At December 31, 2016	20,615,066	-	-	-	20,615,066
Additions	81,234	-	-	-	81,234
Foreign currency translation	353,028	-	-	-	353,028
At December 31, 2017	21,049,328	-	-	-	21,049,328
Amortisation					
As at January 1, 2016	19,439,703	7,961,936	8,055,444	19,283,144	54,740,227
Charge for the year	563,590	-	-	-	563,590
Deletions	-	7,961,936	8,055,444	19,283,144	35,300,524
Foreign currency translation	56,572	-	-	-	56,572
At December 31, 2016	20,059,865	-	-	-	20,059,865
Charge for the year	355,629	-	-	-	355,629
Foreign currency translation	348,322	-	-	-	348,322
At December 31, 2017	20,763,816	-	-	-	20,763,816
Net block					
At December 31, 2016	555,201	-	-	-	555,201
At December 31, 2017	285,512	-	-	-	285,512

10. Non current Investment

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
In wholly subsidiary companies (companies under the same management):		
Other than Trade, unquoted		
(i) ECnet (M) Sdn BHD (500,000 (Previous year 500,000) ordinary shares of RM 1 each) Less: Provision for diminution in the value of investment	9,919,285 <u>9,919,285</u> -	9,752,695 <u>9,752,695</u> -
(ii) ECnet Systems (Thailand) Co Ltd (400,000 (Previous year 400,000) ordinary shares of 5 THB each) Less: Provision for diminution in the value of investment	4,303,170 <u>4,303,170</u> -	4,230,720 <u>4,230,720</u> -
(iii) ECnet (Shanghai) Co. Ltd (97,220 (Previous year 97,220) shares of no par value) Less: Provision for diminution in the value of investment	17,136,896 <u>17,136,896</u> -	16,849,089 <u>16,849,089</u> -
(iv) ECnet (Hong Kong) (2 (Previous year 2) ordinary shares of HK \$1 each)	19	19
(v) ECnet Inc (1,000 (Previous year 1,000) shares of US\$ 2 each) Less: Provision for diminution in the value of investment	163,520 <u>163,520</u> -	160,774 <u>160,774</u> -
(vi) ECnet Kabushi Kaisha (200 (Previous year 200) shares of 50,000 Yen each) Less: Provision for diminution in the value of investment	7,678,768 <u>7,678,768</u> -	7,549,806 <u>7,549,806</u> -
Total	19	19
Aggregate amount of unquoted investments (net of provision)	19	19
Aggregate amount of quoted investments	-	-
Aggregate provision for diminution in the value of investments	39,201,639	38,543,084

11. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	2,235,038	2,238,929
Sub Total (A)	-	-	2,235,038	2,238,929
Advance receivables from (net of provision)				
R Systems International Limited			263,538	85,800
R Systems Inc.			1,615,353	1,599,452
IBIZ Consulting Services Pte Ltd			563,531	774,598
R Systems Singapore Ltd			25,982,791	7,665,277
ECnet (M) Sdn Bhd.			20,549,033	18,446,794
ECnet Systems (Thailand) Co. Ltd.			16,887,717	13,542,031
ECnet Kabushiki Kaisha.			484,785	896,008
ECnet, Inc.			145,388	154,672
ECnet (Shanghai) Co. Ltd.			12,436,214	13,865,114
Sub Total (B)	-	-	78,928,350	57,029,746
Security deposit				
Unsecured, considered good	1,785,949	2,485,595	-	-
Sub Total (C)	1,785,949	2,485,595	-	-
Total (A+B+C)	1,785,949	2,485,595	81,163,388	59,268,675

12. Trade receivables and other assets**12.1 Trade receivables**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Secured , considered good	-	-
Unsecured, considered good	-	-
Unsecured, considered doubtful	913,346	1,321,822
	913,346	1,321,822
Provision for doubtful receivables	913,346	1,321,822
Sub Total (A)	-	-
Other receivables		
Secured , considered good	-	-
Unsecured, considered good	29,441,769	29,717,971
Unsecured, considered doubtful	623,409	2,256,265
	30,065,178	31,974,236
Provision for doubtful receivables	623,409	2,256,265
Sub Total (B)	29,441,769	29,717,971
Total (A+B)	29,441,769	29,717,971

12.2 Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 13)	1,437,285	1,412,359
Unbilled revenue	5,564,654	6,726,837
Total	7,001,939	8,139,196

13. Cash and bank balances

Particulars	Non-Current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents				
Cash in hand			9,821	48,440
Balances with other banks				
On current accounts			46,478,014	12,193,743
	-	-	46,487,835	12,242,183
Other bank balances				
Deposits with original maturity for more than 12 months	1,437,285	1,412,359	-	-
	1,437,285	1,412,359	-	-
Amount disclosed under non-current assets (refer note 12.2)	(1,437,285)	(1,412,359)		
Total	-	-	46,487,835	12,242,183

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2017

14. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	272,751,179	183,302,356
Total	272,751,179	183,302,356

15. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest income	3,636	3,269
Excess Provision written back	107,621	-
Foreign exchange fluctuation (net)	-	478,266
Provision for doubtful debts and advances (net)	-	13,998,204
Management Fees	79,757,507	64,931,588
Total	79,868,764	79,411,327

16. Employee benefit expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	177,785,861	130,812,708
Contribution to employee's benefits fund	8,491,680	8,953,864
Staff welfare expenses	2,047,257	2,515,318
Total	188,324,798	142,281,890

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2017

17. Operational and other expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Travelling and conveyance	10,466,693	10,780,794
Insurance	183,035	181,632
Bad Debt	-	16,387,222
Repair and maintenance	1,323,432	1,931,899
Provision for finishing in the value of Investment	-	4,381,560
Rent - premises	10,723,294	10,175,384
Rent - equipment	441,567	665,997
Power and fuel	1,005,606	1,132,197
Communication costs	1,814,698	2,010,093
Printing and stationery	302,969	298,489
Advertising and sales promotion	-	498,684
Legal and professional expenses	74,048,563	70,285,014
Foreign exchange fluctuation (net)	1,012,118	-
Provision for doubtful debts and advances (net)	28,728,293	-
Membership and subscription	476,228	522,924
Rates & taxes	400,625	2,137,354
Miscellaneous expenses	3,360,564	3,731,897
Total	134,287,685	125,121,140

18. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	640,040	894,648
Amortisation on intangible assets	355,629	563,590
Total	995,669	1,458,238

19. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	248,534	200,326
Total	248,534	200,326

20. Related Party Disclosures

Holding company	R Systems International Limited
Wholly owned subsidiaries	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan

Fellow subsidiaries	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada Computaris International Limited, U.K.
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Following are the subsidiaries of Computaris International Limited

Computaris Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc, USA
Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)

Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	IBIZ Consulting Pte. Ltd., Singapore
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Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

IBIZ Consulting Services Pte Ltd, Singapore
IBIZ Consulting Services Sdn. Bhd., Malaysia
PT. IBIZCS Indonesia., Indonesia
IBIZ Consultancy Services India Private Limited, India
IBIZ Consulting Services Limited, Hong Kong
IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key management personnel	Chan Kum Ming, Director Teo Lye Choon, Director. Sartaj Singh Rekhi, Director
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(a) Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

Transaction	(Amount in Rs.)	
	For the year ended December, 31 2017	2016
<u>R System International Limited</u>		
a). Consultancy fees paid	32,983,572	46,287,165
<u>R Systems (Singapore) Pte Ltd</u>		
a). Management fee received	20,380,032	15,306,250
b). Services rendered	65,258,466	5,609,375
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
a). Management fee received	1,813,351	2,343,648
b). Services rendered	1,132,224	973,680

ECNET LIMITED, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2017

Transaction	(Amount in Rs.)	
	For the year ended December, 31	
	2017	2016
<u>IBIZ Consulting Services Sdn. Bhd., Malaysia</u>		
a). Services rendered	-	212,506
<u>ECnet (M) Sdn Bhd., Malaysia</u>		
a). Services rendered	10,378,578	7,669,469
b). Management fee received	11,050,133	11,609,101
<u>ECnet (Shanghai) Co. Ltd.</u>		
a). Services rendered	2,845,232	272,630
b). Management fee received	9,426,726	8,237,279
<u>ECnet (Hong Kong) Ltd.</u>		
a). Services rendered	142	13,495
b). Management fee received	5,620,530	4,380,114
<u>ECnet Kabushiki Kaisha.</u>		
a). Services rendered	3,126	3,676
b). Management fee received	668,214	924,291
<u>ECnet Systems (Thailand) Co. Ltd.,</u>		
a). Services rendered	7,579,155	4,569,321
b). Management fee received	8,396,940	7,215,119

(b) Inter-companies balances as at December 31, 2017 and December 31, 2016:

Outstanding balances	(Amount in Rs.)	
	As at December, 31	
	2017	2016
<u>R System International Limited</u>		
Amount receivable	263,538	85,800
Amount payable	10,025,143	14,964,306
<u>R Systems, Inc.</u>		
Amount receivable	1,615,353	1,599,452
<u>IBIZ Consulting Services Pte Ltd</u>		
Amount receivable	563,531	774,598
<u>ECnet (M) Sdn Bhd.</u>		
Amount receivable (Net of provision of Rs. 60,143,744 and Rs. 43,756,413 in 2017 and 2016, respectively)	20,549,033	18,446,794
<u>ECnet Systems (Thailand) Co. Ltd.,</u>		
Amount receivable (Net of provision of Rs. 7,383,960 and Rs. 6,290,381 in 2017 and 2016 respectively)	16,887,717	13,542,031
<u>ECnet Kabushiki Kaisha</u>		
Amount receivable (Net of provision of Rs. 28,376,803 and Rs. 27,899,039 in 2017 and 2016, respectively)	484,785	896,008

ECNET LIMITED, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2017

Outstanding balances	(Amount in Rs.)	
	As at December, 31	
	2017	2016
<u>ECnet (Shanghai) Co. Ltd.</u>		
Amount receivable (Net of provision of Rs. 44,095,459 and Rs. 30,703,864 in 2017 and 2016, respectively)	12,436,214	13,865,114
<u>ECnet (Hong Kong) Ltd.</u>		
Amount payable	6,232,554	6,883,106
<u>ECnet, Inc.</u>		
Amount receivable (Net of provision of Rs. 215,657,859 in 2017 and Rs. 212,026,952 in 2016, respectively)	145,388	154,672
<u>R Systems (Singapore) Pte Ltd</u>		
Non trade receivable	25,982,791	7,665,277

Payment to key management personnel for year ended December 31, 2017 and December 31, 2016:

Name of Key Management Personnel	(Amount in Rs)	
	For the year ended December 31,	
	2017	2016
Chan Kum Ming	9,035,767	9,308,354
Teo Lye Choon	6,803,959	6,927,607
Total	15,839,726	16,235,961

21. Operating Lease- Company as lessee

The Company has operating leases mainly on equipment, networking, and office premise and furniture rental. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	Rs.	Rs.
Lease payments for the year	10,723,294	17,017,044
Non-cancellable operating lease obligation		
Not later than one year	9,860,800	6,052,073
Later than one year but not later than five years	5,752,133	-
Later than five years	-	-

These leases have an average life of between 1 and 3 years with no renewal option or escalation clause included in the contracts

- 22.** The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.
During the year ended December 31 2017 and 2016, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

23. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

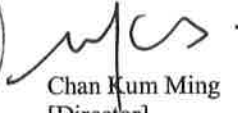
As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants


CA. S.K. RELAN
Membership No. 12149



**For and on behalf of the Board of Directors of
ECnet Limited, Singapore**


Chan Kum Ming
[Director]


Teo Lye Choon
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECNET (M) SDN. BHD., Malaysia

Report on the Financial Statements

We have audited the accompanying financial statements of ECNET (M) SDN. BHD., MALAYSIA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

ECNET (M) SDN. BHD., MALAYSIA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	7,353,080	7,353,080
Reserves and surplus	4	(48,424,825)	(46,447,221)
Current liabilities			
Trade payables	6	2,940,409	2,879,884
Other current liabilities	6	83,296,437	63,027,663
Short-term provisions	5	462,211	-
Total		45,627,312	26,813,406
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	1,160,570	177,532
Intangible assets	8	4,632	16,578
Long-term loans and advances	9	1,692,265	1,566,975
Current assets			
Trade receivables	10	11,615,862	10,031,616
Cash and bank balances	12	20,531,338	10,241,321
Short-term loans and advances	9	1,388,241	495,112
Other current assets	11	9,234,404	4,284,272
Total		45,627,312	26,813,406
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



For and behalf of the Board of Directors of
ECnet (M) Sdn. Bhd., Malaysia

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

Vincent Tey Chyng Siang
[Director]

Place : Malaysia
Date : February 09, 2018

ECNET (M) SDN. BHD., MALAYSIA**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	13	100,878,336	74,941,511
Other income	14	5,484,936	-
Total revenue		106,363,272	74,941,511
Expenses			
Employee benefits expense	15	68,585,571	48,714,427
Operational and other expenses	16	38,038,550	43,032,038
Depreciation and amortisation expense	17	88,758	312,026
Finance costs	18	5,642	13,785
Total expenses		106,718,521	92,072,276
Profit / (Loss) before tax		(355,249)	(17,130,765)
Tax expense			
Current tax		-	7,285
Total tax expense		-	7,285
Profit / (Loss) for the year		(355,249)	(17,138,050)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

For and on behalf of the Board of Directors of
ECnet (M) Sdn. Bhd., Malaysia

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

Vincent Tey Chyng Siang
[Director]

Place : Malaysia
Date : February 09, 2018

ECNET (M) SDN. BHD., MALAYSIA
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before taxation	(355,249)	(17,130,765)
Adjustments for:		
Depreciation and amortisation expense	88,758	312,026
Provision for doubtful debts and advances (net)	-	6,209,725
Bad debts	-	576,141
Unrealised foreign exchange (loss) / gain	(1,626,687)	1,611,048
Operating profit before working capital changes	(1,893,178)	(8,421,825)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(1,584,245)	(2,967,410)
(Increase) / Decrease in other current assets	(4,950,132)	(1,201,305)
(Increase) / Decrease in loans and advances	(1,018,419)	(179,800)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	20,791,510	8,986,973
Cash generated from operations	11,345,536	(3,783,367)
Direct taxes paid, net of refunds	-	(7,285)
Net cash flow from operating activities (A)	11,345,536	(3,790,652)
B. Cash flows used in investing activities		
Purchase of fixed assets	(1,055,519)	(123,429)
Net cash used in investing activities (B)	(1,055,519)	(123,429)
C. Cash flows from / (used in) financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	10,290,017	(3,914,081)
Cash and cash equivalents at the beginning of the year	10,241,321	14,155,402
Cash and cash equivalents at the end of the year	20,531,338	10,241,321

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of
ECnet (M) Sdn. Bhd., Malaysia

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

Vincent Tey Chyng Siang
[Director]

Place : Malaysia
Date : February 09, 2018

1. Company Overview

ECnet (M) SDN. BHD (The "Company") is a wholly owned subsidiary of ECnet Limited, a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The registered office of the company is located at Level 12, Suite 12.05 Menara Summit, Persiaran Kewajipan, USJ1, 47600 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.

The Company provides Internet-based supply chain management solutions and management services

2. Statement of significant accounting policies**(a) Basis of preparation**

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold improvements	Lower of lease period or useful life
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones	3 years
Furniture and fittings	10 years

(e) Intangible assets

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) **Foreign currency translation**

The functional currency of the Company is Malaysian Ringgit (MYR) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2017, the rates used were MYR 1= Rs. 15.15 For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 15.77.

For translating income and expense during the year ended December 31, 2016, the rates used were MYR 1= Rs. 16.24. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 15.15

(j) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) **Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) **Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) **Segment reporting**

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services.

(o) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital		
500,000 Ordinary Shares of RM 1 Each	RM 500,000	RM 500,000
Issued, subscribed and paid up capital		
500,000 (Previous year 500,000) Ordinary Shares of RM 1 Each	7,353,080	7,353,080
Total	7,353,080	7,353,080

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	500,000	7,353,080	500,000	7,353,080
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	500,000	7,353,080	500,000	7,353,080

4. Reserves & surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(49,116,409)	(31,978,359)
Add: Profit / (loss) for the current year	(355,249)	(17,138,050)
Net deficit in the statement of profit and loss	(49,471,658)	(49,116,409)
Foreign currency translation reserve		
Balance as per last financial statement	2,669,188	1,044,520
Add: Current year translation differences	(1,622,355)	1,624,668
Closing balance	1,046,833	2,669,188
Total	(48,424,825)	(46,447,221)

5. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Long term compensated absences	462,203	-
Total (A)	462,203	-
Other provision		
Income tax	8	-
Total (B)	8	-
Total (A+B)	462,211	-

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	2,940,409	2,879,884
Sub total (A)	2,940,409	2,879,884
Other liabilities		
Payable to related parties		
ECnet Limited, Singapore	80,941,662	62,270,220
Advance from customers	927,427	101,892
Other payables	1,427,348	655,551
Sub total (B)	83,296,437	63,027,663
Total (A+B)	86,236,846	65,907,547

7. Tangible Assets

Particulars	Gross block			Depreciation			Net block	
	As on	Addition	Deletion	Up to	Addition	Deletion	As at	As at
	1.1.2017		During the year	1.1.2017		During the year	31.12.2017	31.12.2016
Leasehold Improvements	820,568	1,055,519	-	765,113	29,443	-	827,234	1,082,607
Computer Hardware	2,186,393	-	-	2,141,766	19,493	-	2,250,146	26,162
Furniture & Fixtures	1,140,015	-	-	1,116,030	7,151	-	1,169,373	17,525
Office Equipments	979,478	-	-	926,013	20,543	-	985,483	34,276
Total	5,126,454	1,055,519	-	4,948,922	76,630	-	5,232,236	1,160,570
Previous Year	5,105,074	123,429	-	4,775,799	287,968	-	4,948,922	177,532

8. Intangible Assets

Particulars	Gross block			Depreciation			Net block	
	As on	Addition	Deletion	Up to	Addition	Deletion	As at	As at
	1.1.2017		During the year	1.1.2017		During the year	31.12.2017	31.12.2016
Computer Software	2,562,340	-	-	2,545,762	12,128	-	2,663,083	4,632
Total	2,562,340	-	-	2,545,762	12,128	-	2,663,083	4,632
Previous Year	2,614,605	-	-	2,574,793	24,058	-	2,545,762	16,578

(Amount in Rs.)

9. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	765,547	495,112
Sub Total (A)	-	-	765,547	495,112
Loans & advances to related parties				
Unsecured, considered good				
IBIZ Consulting Services Sdn. Bhd., Malaysia			622,694	
Sub Total (B)	-	-	622,694	-
Security deposit				
Unsecured, considered good	1,692,265	982,322	-	-
Sub Total (B)	1,692,265	982,322	-	-
Other loans and advances				
Advance income taxes	-	584,653		
Sub Total (C)	-	584,653	-	-
Total (A+B+C)	1,692,265	1,566,975	1,388,241	495,112

10. Trade receivables

Particulars	Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	815,432
Unsecured, considered doubtful	7,190,125	10,607,228
	7,190,125	11,422,660
Provision for doubtful receivables	7,190,125	10,607,228
Sub Total (A)	-	815,432
Other receivables		
Unsecured, considered good	11,615,862	9,216,184
Unsecured, considered doubtful	14,239	-
	11,630,101	9,216,184
Provision for doubtful receivables	14,239	-
Sub Total (B)	11,615,862	9,216,184
Total (A+B)	11,615,862	10,031,616

11. Other current assets

Particulars	Non Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	9,234,404	4,284,272
Total	9,234,404	4,284,272

12. Cash and bank balances

Particulars	Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash on hand	32,506	34,402
Balances with other banks		
On current accounts	20,498,832	10,206,919
Total	20,531,338	10,241,321

13. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	100,878,336	74,941,511
Total	100,878,336	74,941,511

14. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Provision for doubtful debts and advances (net)	3,687,397	-
Foreign exchange fluctuation (net)	1,797,539	-
Total	5,484,936	-

15. Employee benefit expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	65,886,612	46,174,318
Contribution to employee's benefit plan	2,378,625	2,232,220
Staff welfare expenses	320,334	307,889
Total	68,585,571	48,714,427

16. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	2,443,949	460,639
Travelling and conveyance	2,515,657	2,603,919
Repair and maintenance	206,042	250,450
Provision for doubtful debts and advances (net)	-	6,209,725
Brokerage & Commission	22,723	-
Rent - premises	2,554,994	2,592,483
Power and fuel	181,907	191,355
Communication costs	1,047,412	1,451,618
Printing and stationery	174,555	309,948
Legal and professional expenses	17,044,416	14,820,694
Foreign exchange fluctuation (net)	-	1,468,981
Bad debts	-	576,141
Advertising and sales promotion	519,908	361,975
Membership and subscription	-	10,557
Rates & taxes	232,151	65,328
Seminar expenses	39,886	-
Management fees	11,036,450	11,643,470
Miscellaneous expenses	18,500	14,755
Total	38,038,550	43,032,038

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	76,630	287,968
Amortisation on intangible assets	12,128	24,058
Total	88,758	312,026

18. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	5,642	13,785
Total	5,642	13,785

19. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Other Related companies	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada Computaris International Limited, U.K.

Following are the subsidiaries of Computaris International Limited

Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc, USA
Computaris Philippines Pte. Ltd. Inc., Phillipines (incorporated on May 23, 2016)

Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	IBIZ Consulting Pte. Ltd., Singapore
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Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

IBIZ Consulting Services Pte Ltd, Singapore
IBIZ Consulting Services Sdn. Bhd., Malaysia
PT. IBIZCS Indonesia., Indonesia
IBIZ Consultancy Services India Private Limited, India
IBIZ Consulting Services Limited, Hong Kong
IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key Management Personnel	Chan kum Ming, Director Vincent Tey Chyng Siang , Director
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Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

(Amount in Rs.)

TRANSACTIONS	For the year ended December, 31	
	2017	2016
ECnet Limited, Singapore		
Sub-contracting expenses	10,386,131	7,537,483
Management fees paid	11,036,567	11,643,470

Inter-companies balances as at December 31, 2017 and December 31, 2016:

OUTSTANDING BALANCES	(Amount in Rs.)	
	As at December, 31	
	2017	2016
ECnet Limited, Singapore		
Amount payable	80,941,662	62,270,220
IBIZ Consulting Services Sdn. Bhd., Malaysia		
Amount receivable	622,694	-

Payment to key management personnel for year ended December 31, 2017 and December 31, 2016:

Name of Key Management Personnel	(Amount in Rs)	
	For the year ended December 31,	
	2017	2016
Vincent Tey Chyng Siang	2,980,456	2,808,224

20. Operating Lease- Company as lessee

The Company has operating leases mainly on equipment, networking, and office premise and furniture rental. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	Rs.	Rs.
Lease payments for the year	2,554,994	2,582,218
Non-cancellable operating lease obligation		
Not later than one year	2,678,180	1,038,191
Later than one year but not later than five years	5,356,360	-
Later than five years	-	-

These leases have an average life of between 1 and 3 years with no renewal option or escalation clause included in the contract.

21. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31, 2017 and December 31, 2016, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

22. The Company incurred a net loss of Rs. 355,249 during the financial year ended 31 December, 2017, and as at that date Company's total liabilities exceeded its total assets by Rs. 41,071,745. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

23. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.


As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants


CA. S.K. RELAN
Membership No. 12149



**For and on behalf of the Board of Directors of
ECnet (M) Sdn. Bhd., Malaysia**


Chan Kum Ming
[Director]


Vincent Tey Chyng Siang
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

Place : Malaysia
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of ECNET, INC., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA, S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

ECNET, INC., USA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	91,110	91,110
Reserves and surplus	4	(202,736,091)	(215,559,428)
Current liabilities			
Trade payables	5	311,868	331,641
Other current liabilities	5	203,781,590	216,702,376
Total		1,448,477	1,565,699
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	4	4
Current assets			
Trade receivables	8	-	-
Cash and bank balances	9	1,044,390	1,135,991
Short-term loans and advances	7	404,083	429,704
Total		1,448,477	1,565,699
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



Place : New Delhi
 Date : February 09, 2018

For and on behalf of the Board of Directors of

ECnet, Inc., USA

'Chan Kum Ming
 [Director]

Place : Singapore
 Date : February 09, 2018

Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018

ECNET, INC., USA**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Other income	10	42	48
Total revenue		42	48
Expenses			
Finance costs	11	24,379	29,192
Total expenses		24,379	29,192
Loss before tax		(24,337)	(29,144)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Loss after tax for the year		(24,337)	(29,144)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
ECnet, Inc., USA**

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

ECNET, INC., USA

Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net loss before taxation	(24,337)	(29,144)
Adjustments for:		
Interest income	(42)	(48)
Operating profit before working capital changes	(24,379)	(29,192)
Movements in working capital :		
(Increase) / Decrease in loans and advances	25,621	(11,197)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(92,885)	11,478
Cash generated from / (used in) operations	(91,643)	(28,911)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(91,643)	(28,911)
B. Cash flows used in investing activities		
Interest received	42	48
Net cash used in investing activities (B)	42	48
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(91,601)	(28,863)
Cash and cash equivalents at the beginning of the year	1,135,991	1,164,854
Cash and cash equivalents at the end of the year	1,044,390	1,135,991

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of
ECnet, Inc., USA

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

1. Company Overview

ECnet, Inc. (the 'Company') is a wholly owned subsidiary of ECnet Ltd. a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office is 5000, Windplay Drive, Suite # 5, EI Dorado Hills, CA 95762, U.S.A.

The main object of the Company is to provide services of Supply Chain Management through Internet. There is no revenue during the year ended on December 31, 2017.

2. Statement of significant accounting policies**(a) Basis of preparation**

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Office Equipment (other than end user devices)	5 Years
End-user devices such as desktop, laptop, mobile phones etc.	3 Years

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Foreign currency translation**(i) Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is United States Dollar (US \$) but the financial statements has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2017, the rates used were US \$ 1= Rs. 65.12 For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.88

For translating income and expense during the year ended December 31, 2016, the rates used were US \$ 1= Rs. 67.19. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 67.93.

(h) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and

accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

(i) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(j) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(k) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in United States of America.

(l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Authorised Share Capital 10,000 Shares (Previous year 10,000 shares) of USD 2 Each	USD 20,000	USD 20,000
Issued, subscribed and paid up capital 1,000 Shares (Previous year 1,000 shares) of USD 2 Each	91,110	91,110
Total	91,110	91,110

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1,000	91,110	1,000	91,110
Additional Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1,000	91,110	1,000	91,110

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(138,839,162)	(138,810,018)
Add: Loss for the current year	(24,337)	(29,144)
Net deficit in the statement of profit and loss	(138,863,499)	(138,839,162)
Foreign currency translation reserve		
Balance as per last financial statement	(76,720,266)	(71,106,008)
Add: Current year translation differences	12,847,674	(5,614,258)
Closing balance	(63,872,592)	(76,720,266)
Total	(202,736,091)	(215,559,428)

5. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	311,868	331,641
Sub total (A)	311,868	331,641
Other liabilities		
Payables to Related Parties		
ECnet Limited, Singapore	203,781,590	216,702,376
Sub total (B)	203,781,590	216,702,376
Total (A+B)	204,093,458	217,034,017

ECNET, INC., USA
Notes to Financial Statements for the year ended December 31, 2017

6. Fixed assets

PARTICULARS	Gross block			Depreciation			Net block				
	As on 1.1.2017	Addition	Deletion During the year	Total 31.12.2017	Up to 1.1.2017	Addition	Deletion During the year	Adjustment	Total 31.12.2017	As at 31.12.2017	As at 31.12.2016
Office Equipments	52,299	-	-	49,181	52,295	-	-	(3,118)	49,177	4	4
Total	52,299	-	-	49,181	52,295	-	-	(3,118)	49,177	4	4
Previous Year	50,936	-	-	52,299	50,932	-	-	1,363	52,295	4	4

7. Short term loans and advances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	76,432	81,278
Sub Total (A)	76,432	81,278
Loans & advances to related parties		
Unsecured, considered good		
Advance recoverable from:		
ECnet (Hong Kong) Limited	327,651	348,426
Sub Total (B)	327,651	348,426
Total (A+B)	404,083	429,704

8. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	1,150,069	1,222,990
	1,150,069	1,222,990
Provision for doubtful receivables	1,150,069	1,222,990
Total	-	-

9. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	1,044,390	1,135,991
Total	1,044,390	1,135,991

10. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest income	42	48
Total	42	48

11. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	24,379	29,192
Total	24,379	29,192

12. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet (M) Sdn Bhd, Malaysia ECnet Kabushiki Kaisha, Japan
Other Related companies	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada Computaris International Limited, U.K.

Following are the subsidiaries of Computaris International Limited

Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc, USA
Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)

Wholly Owned Subsidiary of
R Systems (Singapore) Pte
Limited, Singapore

IBIZ Consulting Pte. Ltd., Singapore

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

IBIZ Consulting Services Pte Ltd, Singapore
IBIZ Consulting Services Sdn. Bhd., Malaysia
PT. IBIZCS Indonesia., Indonesia
IBIZ Consultancy Services India Private Limited, India
IBIZ Consulting Services Limited, Hong Kong
IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key Management Personnel

Satinder Singh Rekhi, Director
Chan Kum Ming, Director

Inter-companies balances as at December 31, 2017 and December 31, 2016:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2017	2016
<u>ECnet Limited, Singapore</u>		
Amount payable	203,781,590	216,702,376
<u>ECnet Hong Kong</u>		
Amount receivable	327,651	348,426

13. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. During the year ended December 31, 2017 and December 31, 2016, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

14. No Staff Cost was incurred during the year. None of the directors have received any fees or emoluments in respect of their services rendered to the Company during the year.

15. The Company incurred a net loss of Rs. 24,337 during the financial year ended 31 December, 2017, and as at that date Company's total liabilities exceeded its total assets by Rs. 202,644,981. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company's support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

16. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the Current year classification.

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

For and on behalf of the Board of Directors of
ECnet, Inc., USA

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet (Hong Kong) Limited, Hong Kong

Report on the Financial Statements

We have audited the accompanying financial statements of ECNET (HONG KONG) LIMITED, HONG KONG ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

ECNET (HONG KONG) LIMITED, HONG KONG
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	12	12
Reserves and surplus	4	13,144,098	12,324,260
Current liabilities			
Trade payables	5	348,674	479,807
Other current liabilities	5	497,092	520,223
Short-term provisions	6	-	429,579
Total		13,989,876	13,753,881
ASSETS			
Non-current assets			
Long-term loans and advances	7	271,050	-
Current assets			
Trade receivables	8	247,514	391,258
Cash and bank balances	9	7,015,547	6,417,681
Short-term loans and advances	7	6,455,765	6,944,942
Total		13,989,876	13,753,881
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



For and behalf of the Board of Directors of
 ECnet (Hong Kong) Limited, Hong Kong

Chan Kum Ming
 [Director]

Teo Lye Choon
 [Director]

Place : New Delhi
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

ECNET (HONG KONG) LIMITED, HONG KONG
Statement of Profit and Loss for the year ended December 31, 2017

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	10	7,108,726	8,548,475
Other income		545,972	-
Total revenue		7,654,698	8,548,475
Expenses			
Operational and other expenses	11	6,197,398	5,300,181
Finance costs	12	21,394	25,971
Total expenses		6,218,792	5,326,152
Profit before tax		1,435,906	3,222,323
Tax expense			
Current tax		73,462	451,082
Total tax expense		73,462	451,082
Profit for the year		1,362,444	2,771,241
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



For and on behalf of the Board of Directors of
 ECnet (Hong Kong) Limited, Hong Kong

Chan Kum Ming
 [Director]

Teo Lye Choon
 [Director]

Place : New Delhi
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

ECNET (HONG KONG) LIMITED, HONG KONG
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	1,435,906	3,222,323
Adjustments for:		
Provision for doubtful debts/advances	20,841	-
Unrealised foreign exchange loss / (gain)	(542,606)	244,480
Operating profit before working capital changes	914,141	3,466,803
Movements in working capital :		
(Increase) / Decrease in trade receivables	122,903	20,849
(Increase) / Decrease in loans and advances	218,127	(2,565,556)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(154,264)	167,637
Cash generated from operations	1,100,907	1,089,733
Direct taxes paid, net of refunds	(503,041)	(21,503)
Net cash flow from operating activities (A)	597,866	1,068,230
B. Cash flows used in investing activities		
Net cash used in investing activities (B)	-	-
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	597,866	1,068,230
Cash and cash equivalents at the beginning of the year	6,417,681	5,349,451
Cash and cash equivalents at the end of the year	7,015,547	6,417,681

The accompanying notes are an integral part of the financial Statements.

As per our report of even date

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



For and on behalf of the Board of Directors of
 ECnet (Hong Kong) Limited, Hong Kong


 Chan Kum Ming
 [Director]

Place : Singapore
 Date : February 09, 2018


 Teo Lye Choon
 [Director]

Place : Singapore
 Date : February 09, 2018

1. Company Overview

ECnet (Hong Kong) Limited, (The "Company") is a wholly owned subsidiary of ECnet Limited, a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The Company provides Internet-based supply chain management services. The registered office of the company is located at Room No.1903, 19/F, World-wide House, 19 Des Voeux Road, Central, Hong Kong.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year
All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(f) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Hong Kong Dollar (HKD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2017, the rates used were HKD 1= Rs. 8.17 For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.36

For translating income and expense during the year ended December 31, 2016, the rates used were HKD 1= Rs. 8.66. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.77.

(g) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(h) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(i) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(j) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Capital		
10,000 Ordinary Shares (Previous year 10,000 ordinary shares) of HKD 1 each	HKD 10,000	HKD 10,000
Issued, subscribed and paid up capital		
2 Ordinary Shares (Previous year 2 ordinary shares) of HKD 1 each	12	12
Total	12	12

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	2	12	2	12
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2	12	2	12

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	10,310,957	7,539,716
Add: Profit for the current year	1,362,444	2,771,241
Net surplus in the statement of profit and loss	11,673,401	10,310,957
Foreign currency translation reserve		
Balance as per last financial statement	2,013,303	1,768,823
Add: Current year translation differences	(542,606)	244,480
Closing balance	1,470,697	2,013,303
Total	13,144,098	12,324,260

5. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	348,674	479,807
Sub total (A)	348,674	479,807
Other liabilities		
Payables to Related Parties		
Ecnet Inc.,USA	334,379	350,693
Unearned Revenue	162,713	169,530
Sub total (B)	497,092	520,223
Total (A+B)	845,766	1,000,030

6. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Income tax	-	429,579
Total	-	429,579

7. Short term loans and advances

Particulars	Long-term		Short-term	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	81,327	63,400
Sub Total (A)	-	-	81,327	63,400
Loans & advances to related parties				
Advance recoverable from:		-		
Ecnet Singapore Limited			6,374,438	6,881,542
Sub Total (B)	-	-	6,374,438	6,881,542
Other loans and advances				
Advance income taxes	271,050			-
Sub Total (C)	271,050	-	-	-
Total (A+B+C)	271,050	-	6,455,765	6,944,942

8. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	81,634	102,813
Unsecured, considered doubtful	21,311	-
	102,945	102,813
Provision for doubtful receivables	21,311	-
Sub Total (A)	81,634	102,813
Other receivables		
Unsecured, considered good	165,880	288,445
Sub Total (B)	165,880	288,445
Total (A+B)	247,514	391,258

9. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks		
On current accounts	7,015,547	6,417,681
Total	7,015,547	6,417,681

10. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	7,108,726	8,548,475
Total	7,108,726	8,548,475

11. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Foreign exchange fluctuation (net)	545,972	-
Total	545,972	-

11. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Provision for doubtful debts and advances	20,841	-
Communication costs	26,244	26,409
Legal and professional expenses	630,223	681,903
Foreign exchange fluctuation (net)	-	232,386
Seminar expenses	-	1,671
Management fees	5,520,090	4,335,133
Miscellaneous expenses	-	22,679
Total	6,197,398	5,300,181

12. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	21,394	25,971
Total	21,394	25,971

13. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (M) SDN. BHD, Malaysia ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Other Related companies	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada Computaris International Limited, U.K.

Following are the subsidiaries of Computaris International Limited

Computairs Romania S.R.L., Romania
 Computaris Polska sp Zoo, Poland
 ICS Computairs International S.R.L., Moldova
 Computaris Malaysian SDN.BHD., Malaysia
 Computaris USA, Inc, USA
 Computaris Philippines Pte. Ltd. Inc., Phillippines (incorporated on May 23, 2016)

Wholly Owned Subsidiary
 of R Systems (Singapore)
 Pte Limited, Singapore

IBIZ Consulting Pte. Ltd., Singapore

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

IBIZ Consulting Services Pte Ltd, Singapore
 IBIZ Consulting Services Sdn. Bhd., Malaysia
 PT. IBIZCS Indonesia., Indonesia
 IBIZ Consultancy Services India Private Limited, India
 IBIZ Consulting Services Limited, Hong Kong
 IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key Management Personnel

Chan Kum Ming, Director
 Teo Lye Choon, Director

ECNET (HONG KONG) LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2017

(a) Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

Transactions		(Amount in Rs.) For the year ended December, 31	
		2017	2016
<u>ECnet Limited, Singapore</u>			
(i)	Sub-contracting expenses	150	13,325
(ii)	Management fees paid	5,644,385	4,335,133

(b) Inter-companies balances as at December 31, 2017 and December 31, 2016:

OUTSTANDING BALANCES		(Amount in Rs.) As at December, 31	
		2017	2016
<u>ECnet Limited, Singapore</u>			
(i)	Amount receivable	6,374,438	6,881,542
<u>ECnet Inc.</u>			
(ii)	Amount payable	334,379	350,693

14. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



For and on behalf of the Board of Directors of
ECnet (Hong Kong) Ltd., Hong Kong

Chan Kum Ming
[Director]

Teo Lye Choon
[Director]

Place : New Delhi
Date : February 09, 2018

Place: Singapore
Date : February 09, 2018

Place: Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Systems (Thailand) Company Ltd, Thailand

Report on the Financial Statements

We have audited the accompanying financial statements of ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND

Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,339,600	2,339,600
Reserves and surplus	4	(16,755,786)	(12,212,582)
Current liabilities			
Trade payables	6	526,892	636,302
Other current liabilities	6	25,156,649	20,444,665
Short-term provisions	5	639,794	-
Total		11,907,149	11,207,985
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	502,517	481,614
Long-term loans and advances	8	2,574,323	541,470
Current assets			
Trade receivables	9.1	4,395,653	1,566,913
Cash and bank balances	10	4,004,149	2,761,394
Short-term loans and advances	8	118,001	1,765,910
Other current assets	9.2	312,506	4,090,684
Total		11,907,149	11,207,985
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants


CA. S.K. RELAN
Membership No. 12149



For and on behalf of the Board of Directors of

ECnet Systems (Thailand) Company Limited, Thailand


Chan Kum Ming
[Director]


Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	11	37,839,473	30,319,428
Other income	12	330,753	793,887
Total revenue		38,170,226	31,113,315
Expenses			
Employee benefits expense	13	18,369,276	18,327,736
Operational and other expenses	14	23,610,421	21,084,712
Depreciation expense	15	263,501	251,042
Finance costs	16	45,772	50,014
Total expenses		42,288,970	39,713,504
Profit / (Loss) before tax		(4,118,744)	(8,600,189)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(4,118,744)	(8,600,189)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



For and on behalf of the Board of Directors of
ECnet Systems (Thailand) Company Limited, Thailand

Chan Kum Ming
[Director]

Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	(4,118,744)	(8,600,189)
Adjustments for:		
Depreciation expense	263,501	251,042
Debts and advances provided / written off (net)	71,329	-
Interest Income	(22,796)	(5,752)
Unrealised foreign exchange loss / (gain)	(435,490)	(16,860)
Operating profit / (loss) before working capital changes	(4,242,200)	(8,371,759)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(2,900,069)	1,100,918
(Increase) / Decrease in other current and non-current assets	3,778,178	(3,906,046)
(Increase) / Decrease in short and long term loans and advances	(384,944)	(216,030)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	5,242,368	9,497,644
Cash generated from operations	1,493,333	(1,895,273)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	1,493,333	(1,895,273)
B. Cash flows used in investing activities		
Purchase of fixed assets	(273,374)	(172,427)
Interest Income	22,796	5,752
Net cash used in investing activities (B)	(250,578)	(166,675)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	1,242,755	(2,061,948)
Cash and cash equivalents at the beginning of the year	2,761,394	4,823,342
Cash and cash equivalents at the end of the year	4,004,149	2,761,394

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



For and on behalf of the Board of Directors of
 ECnet Systems (Thailand) Company Limited, Thailand

Chan Kum Ming
 [Director]

Place : Singapore
 Date : February 09, 2018

Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018

1. Company Overview

ECnet Systems (Thailand) Company Limited (the "Company") is a wholly owned subsidiary of ECnet Limited, a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The Company provides services of Supply Chain Management through Internet. The registered office of the Company is located at 2/3 Moo 14, Bangan Tower - A, 2nd Floor, Room no. 205, Bangna-Trad Rd. K.M. 6.5, Bangkaew, Bangplee, Samutprakarn, Thailand - 10540.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgment, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold Improvements	Lower of lease period or useful life
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised

carrying amount over its remaining useful life.

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(h) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Thailand Bhat (THB) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2017, the rates used were THB 1= Rs. 1.92. For translating assets and liabilities at the year-end, the rates used were THB 1= Rs. 1.96.

For translating income and expense during the year ended December 31, 2016, the rates used were THB 1= Rs. 1.90. For translating assets and liabilities at the year-end, the rates used were THB 1= Rs. 1.90.

(i) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(j) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(k) **Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(l) **Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(m) **Segment reporting**

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(n) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital		
4,00,000 Ordinary Shares (Previous year 4,00,000 Ordinary shares) of 5 THB Each	THB 2,000,000	THB 2,000,000
Issued, subscribed and paid up capital		
4,00,000 Ordinary Shares (Previous year 4,00,000 Ordinary shares) of 5 THB Each	2,339,600	2,339,600
Total	2,339,600	2,339,600

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	400,000	2,339,600	400,000	2,339,600
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	400,000	2,339,600	400,000	2,339,600

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(17,842,078)	(9,241,889)
Add: Profit / (Loss) for the year	(4,118,744)	(8,600,189)
Net surplus/(deficit) in the statement of profit and loss	(21,960,822)	(17,842,078)
Foreign currency translation reserve		
Balance as per last financial statement	5,629,496	5,628,353
Add: Current year translation differences	(424,460)	1,143
Closing balance	5,205,036	5,629,496
Total	(16,755,786)	(12,212,582)

5. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	639,794	-
Total	639,794	-

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	526,892	636,302
Sub total (A)	526,892	636,302
Other liabilities		
Payables to related parties		
ECnet, Limited, Singapore	24,767,625	20,216,099
GST payable	192,003	161,254
Unearned revenue	197,021	67,312
Sub total (B)	25,156,649	20,444,665
Total (A+B)	25,683,541	21,080,967

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2016

Particulars	Gross block				Depreciation				Net block			
	As on	Addition	Deletion	Adjustment	Total	As on	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year	During the year	31.12.2017	1.1.2017		During the year	During the year	31.12.2017	31.12.2017	31.12.2016
Leasehold improvements	310,970	-	-	10,666	321,636	145,109	45,830	-	5,933	196,872	124,764	165,861
Computer hardware	1,355,784	269,729	-	46,504	1,672,017	1,096,216	180,379	-	41,357	1,317,952	354,065	259,568
Furniture and fixtures	515,518	-	-	17,683	533,201	500,772	8,960	-	17,363	527,095	6,106	14,746
Office equipments	854,308	3,645	-	29,303	887,256	812,869	28,332	-	28,473	869,674	17,582	41,439
Total	3,036,580	273,374	-	104,156	3,414,110	2,554,966	263,501	-	93,126	2,911,593	502,517	481,614
Previous year	2,778,001	172,427	-	86,152	3,036,580	2,235,775	251,042	-	68,149	2,554,966	481,614	542,276

(Amount in Rs.)

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2017

8. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
	Rs.	Rs.	Rs.	Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	118,001	1,765,910
Sub Total (A)	-	-	118,001	1,765,910
Security deposit				
Unsecured, considered good	560,043	541,470	-	-
Sub Total (B)	560,043	541,470	-	-
Other loans and advances				
Income tax receivable	2,014,280	-	-	-
Sub Total (C)	2,014,280	-	-	-
Total (A+B+C)	2,574,323	541,470	118,001	1,765,910

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2017

9. Trade receivables and other assets

9.1 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	72,815	-
	72,815	-
Provision for doubtful receivables	72,815	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	4,395,653	1,566,913
Sub Total (B)	4,395,653	1,566,913
Total (A+B)	4,395,653	1,566,913

9.2 Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	312,506	4,090,684
Total	312,506	4,090,684

10. Cash and bank balances

Particulars	Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Cash on hand	29,400	28,425
Balances with other banks		
On current accounts	3,974,749	2,732,969
Total	4,004,149	2,761,394

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2017

11. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	37,839,473	30,319,428
Total	37,839,473	30,319,428

12. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest Income	22,796	5,752
Foreign exchange fluctuation (net)	307,957	788,135
Total	330,753	793,887

13. Employee benefit expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	18,109,885	18,020,878
Contribution to employee's benefit funds	223,792	210,230
Staff welfare expenses	35,599	96,628
Total	18,369,276	18,327,736

14. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	661,241	-
Travelling and conveyance	2,322,296	3,829,026
Rent - premises	306,153	1,491,315
Rent - equipment	15,654	17,136
Communication costs	456,725	369,262
Printing and stationery	89,803	116,389
Advertising and sales promotion	28,625	133,604
Legal and professional expenses	9,899,175	7,878,047
Bad debts	71,329	-
Director's remuneration	501,120	-
Membership and subscription	10,752	-
Rates & taxes	524,174	12,482
Seminar expenses	-	47,398
Management fees	7,473,830	7,172,387
Miscellaneous expenses	1,249,544	17,666
Total	23,610,421	21,084,712

15. Depreciation expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	263,501	251,042
Total	263,501	251,042

16. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	45,772	50,014
Total	45,772	50,014

17. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet (M) Sdn Bhd, Malaysia ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Other Related Companies	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada Computaris International Limited, U.K.

Following are the subsidiaries of Computaris International Limited

Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc, USA
Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)

Wholly Owned Subsidiary of
R Systems (Singapore) Pte
Limited, Singapore

IBIZ Consulting Pte. Ltd., Singapore

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

IBIZ Consulting Services Pte Ltd, Singapore
IBIZ Consulting Services Sdn. Bhd., Malaysia
PT. IBIZCS Indonesia., Indonesia
IBIZ Consultancy Services India Private Limited, India
IBIZ Consulting Services Limited, Hong Kong
IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key Management Personnel

Satinder Singh Rekhi, Director
Chan Kum Ming, Director
Patcharanan Limpornchaicharoen (appointed in 2016)

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2017

to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

20. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2018 and December 31 2017, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

21. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.


As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants


CA. S.K. RELAN
Membership No. 12149



For and on behalf of the Board of Directors of
ECnet Systems (Thailand) Compnay Limited, Thailand


Chan Kum Ming
[Director]



Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Kabushiki Kaisha, Japan

Report on the Financial Statements

We have audited the accompanying financial statements of ECNET KABUSHIKI KAISHA, JAPAN ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

ECNET KABUSHIKI KAISHA, JAPAN
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,288,000	4,288,000
Reserves and surplus	4	(36,533,662)	(36,814,051)
Current liabilities			
Trade payables	5	21,803	22,303
Other current liabilities	5	32,884,913	33,461,830
Total		661,054	958,082
ASSETS			
Current assets			
Trade receivables	6	7,887	11,385
Cash and bank balances	7	653,167	946,697
Total		661,054	958,082
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants



CA. S.K. RELAN
Membership No. 12149



**For and on behalf of the Board of Directors of
ECnet Kabushiki Kaisha, Japan**



Chan Kum Ming
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

ECNET KABUSHIKI KAISHA, JAPAN**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	8	1,455,695	1,725,105
Other income	9	-	2,162,243
Total revenue		1,455,695	3,887,348
Expenses			
Operational and other expenses	10	1,851,696	1,507,842
Finance costs	11	61,627	64,817
Total expenses		1,913,323	1,572,659
Profit / (Loss) before tax		(457,628)	2,314,689
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(457,628)	2,314,689
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



For and on behalf of the Board of Directors of
ECnet Kabushiki Kaisha, Japan

Chan Kum Ming
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

ECNET KABUSHIKI KAISHA, JAPAN
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	(457,628)	2,314,689
Adjustments for:		
Unrealised foreign exchange loss / (gain)	738,017	(1,993,488)
Interest income	-	(122)
Operating profit/(loss) before working capital changes	280,389	321,079
Movements in working capital :		
(Increase) / Decrease in trade receivables	3,498	(11,385)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(577,417)	15,677
Cash generated from operations	(293,530)	325,371
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(293,530)	325,371
B. Cash flows used in investing activities		
Interest received	-	122
Net cash used in investing activities (B)	-	122
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(293,530)	325,493
Cash and cash equivalents at the beginning of the year	946,697	621,204
Cash and cash equivalents at the end of the year	653,167	946,697

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of
ECnet Kabushiki Kaisha, Japan

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

1. Company Overview

ECnet Kabushiki Kaisha (the "Company") is a wholly owned subsidiary of ECnet Ltd. a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office is 1-6-17 Godo Build. 6 F, Kaji-cho, Chiyoda-ku Tokyo, Japan 101-0044.

The main object of the Company is to provide services of Supply Chain Management through Internet.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangible assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(e) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Japanese yen (JPY) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2017, the rates used were JPY 1= Rs. 0.58 For translating assets and liabilities at the year-end, the rates used were JPY 1= Rs. 0.57

For translating income and expense during the year ended December 31, 2016, the rates used were JPY 1= Rs. 0.62. For translating assets and liabilities at the year-end, the rates used were JPY 1= Rs. 0.58.

(f) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(g) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(h) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(i) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares		
800 Shares (Previous year 800 shares) of Yen 50,000 each	YEN 40,000,000	YEN 40,000,000
Issued, subscribed and paid up capital		
200 Shares (Previous year 200 shares) of Yen 50,000 each	4,288,000	4,288,000
Total	4,288,000	4,288,000

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	200	4,288,000	200	4,288,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	200	4,288,000	200	4,288,000

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(30,277,302)	(32,591,991)
Add: Profit / (loss) for the current year	(457,628)	2,314,689
Net deficit in the statement of profit and loss	(30,734,930)	(30,277,302)
Foreign currency translation reserve		
Balance as per last financial statement	(6,536,749)	(4,543,261)
Add: Current year translation differences	738,017	(1,993,488)
Closing balance	(5,798,732)	(6,536,749)
Total	(36,533,662)	(36,814,051)

5. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	21,803	22,303
Sub total (A)	21,803	22,303
Other liabilities		
Payables to related parties		
ECnet Limited, Singapore	32,804,583	33,397,706
Advance from customers	-	22,616
Other payables	80,330	41,508
Sub total (B)	32,884,913	33,461,830
Total (A+B)	32,906,716	33,484,133

ECNET KABUSHIKI KAISHA, JAPAN

Notes to Financial Statements for the year ended December 31, 2017

6. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unsecured, considered good	7,887	11,385
Total	7,887	11,385

7. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash on hand	2,763	21,651
Balances with other banks		
On current accounts	650,404	925,046
Total	653,167	946,697

8. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	1,455,695	1,725,105
Total	1,455,695	1,725,105

9. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest Income	-	122
Foreign Exchange Fluctuations (net)	-	2,162,121
Total	-	2,162,243

10. Operational and other expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Communication costs	66,221	183,018
Legal and professional expense	417,072	354,009
Foreign exchange fluctuation (net)	572,529	-
Rates & taxes	40,650	43,292
Management fees	755,224	927,523
Total	1,851,696	1,507,842

11. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	61,627	64,817
Total	61,627	64,817

12. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet (M) Sdn Bhd, Malaysia ECnet INC., USA

Other Related companies	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada Computaris International Limited, U.K.
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Following are the subsidiaries of Computaris International Limited

Computaris Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc, USA
Computaris Philippines Pte. Ltd. Inc., Phillipines (incorporated on May 23, 2016)

Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	IBIZ Consulting Pte. Ltd., Singapore
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Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

IBIZ Consulting Services Pte Ltd, Singapore
IBIZ Consulting Services Sdn. Bhd., Malaysia
PT. IBIZCS Indonesia., Indonesia
IBIZ Consultancy Services India Private Limited, India
IBIZ Consulting Services Limited, Hong Kong
IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key Management Personnel	Chan Kum Ming, Director Vijay Ganpati Kale, Director
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ECNET KABUSHIKI KAISHA, JAPAN
Notes to Financial Statements for the year ended December 31, 2017

- (a) Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:
(Amount in Rs.)

TRANSACTIONS	For the year ended December, 31	
	2017	2016
<u>ECnet Limited, Singapore</u>		
(i) Sub-contracting expenses	3,110	3,705
(ii) Management fees paid	755,224	927,523

- (b) Inter-companies balances as at December 31, 2017 and December 31, 2016:
(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2017	2016
<u>ECnet Limited, Singapore</u>		
(i) Amount payable	32,804,583	33,397,706

13. The Company has a policy of recognizing deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.
During the year ended December 31 2017 and December 31 2016, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

14. No Staff Cost was incurred during the year. None of the directors have received any fees or emoluments in respect of their services rendered to the Company during the year.

15. The Company incurred a net loss of Rs. 457,628 during the financial year ended 31 December, 2017, and as at that date Company's total liabilities exceeded its current and total assets by Rs. 32,245,662. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

16. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For **S.K. RELAN & CO.**
ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of
ECnet Kabushiki Kaisha, Japan

Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet (Shanghai) Co. Ltd., Shanghai

Report on the Financial Statements

We have audited the accompanying financial statements of ECNET (SHANGHAI) CO. LTD., SHANGHAI ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	9,122,099	9,122,099
Reserves and surplus	4	(42,879,483)	(36,689,784)
Current liabilities			
Trade payables	6	192,933	132,167
Other current liabilities	6	57,579,903	46,943,744
Short-term provisions	5	338,538	-
Total		24,353,990	19,508,226
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	9,707	29,109
Long-term loans and advances	8	294,420	470,601
Current assets			
Trade receivables	9	3,251,029	917,385
Cash and bank balances	10	20,756,948	18,091,131
Short-term loans and advances	8	41,886	-
Total		24,353,990	19,508,226
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants



CA. S.K. RELAN
 Membership No. 12149



For and behalf of the Board of Directors of
 ECnet (Shanghai) Co. Ltd., Shanghai



Chan Kum Ming
 [Director]

Place : New Delhi
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Statement of Profit and Loss for the year ended December 31, 2017

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	11	26,965,190	33,643,872
Other income	12	675,907	1,077,031
Total revenue		27,641,097	34,720,903
Expenses			
Employee benefits expense	13	15,043,928	19,367,142
Operational and other expense	14	18,559,490	17,209,097
Depreciation expense	15	19,129	55,585
Finance costs	16	32,124	54,827
Total expenses		33,654,671	36,686,651
Profit / (Loss) before tax		(6,013,574)	(1,965,748)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profir / (Loss) for the year		(6,013,574)	(1,965,748)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



For and on behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai


Chan Kum Ming
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	(6,013,574)	(1,965,748)
Adjustments for:		
Depreciation expense	19,129	55,585
Loss on Sale of Assets	-	15,525
Bad debts	17,215	27,238
Unrealised foreign exchange loss / (gain)	(175,852)	1,235,313
Interest income	(154,875)	(155,941)
Operating profit before working capital changes	(6,307,957)	(788,028)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(2,350,859)	952,365
(Increase) / Decrease in loans and advances	134,295	(163,521)
Increase / (Decrease) in short-term and long-term provision	338,538	-
Increase / (Decrease) in trade payables, other current liabilities	10,696,925	(6,895,546)
Cash generated from operations	2,510,942	(6,894,730)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	2,510,942	(6,894,730)
B. Cash flows used in investing activities		
Interest received	154,875	155,941
Net cash used in investing activities (B)	154,875	155,941
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	2,665,817	(6,738,789)
Cash and cash equivalents at the beginning of the year	18,091,131	24,829,920
Cash and cash equivalents at the end of the year	20,756,948	18,091,131

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



For and on behalf of the Board of Directors of
 ECnet (Shanghai) Co. Ltd., Shanghai

Chan Kum Ming
 [Director]

Place : Singapore
 Date : February 09, 2018

1. Company Overview

ECnet (Shanghai) Co. Ltd. (the "Company") is a wholly owned subsidiary of ECnet Ltd. a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office is Rm H, 20th Floor, Foresight Mansion, No. 768, Xie Tu Rd, Shanghai 200 023, People's Republic of China.

The main object of the Company is to provide services of Supply Chain Management through Internet

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the company in preparing the financial statements are described as below:

<u>Category of tangible fixed asset</u>	<u>Estimated useful life</u>
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(h) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Chinese Yuan Renminbi (CNY) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2017, the rates used were CNY 1= Rs. 9.64. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 9.81.

For translating income and expense during the year ended December 31, 2016, the rates used were CNY 1= Rs. 10.12. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 9.79.

(i) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(j) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(k) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(l) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(m) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

ECNET (SHANGHAI) CO. LTD., SHANGHAI
 Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares		
97,220 shares (Previous year 97,220 shares) of No Par Value	-	-
Issued, subscribed and paid up capital		
97,220 shares (Previous year 97,220 shares) of No Par Value	9,122,099	9,122,099
Total	9,122,099	9,122,099

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	97,220	9,122,099	97,220	9,122,099
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	97,220	9,122,099	97,220	9,122,099

ECNET (SHANGHAI) CO. LTD., SHANGHAI

Notes to Financial Statements for the year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(27,625,349)	(25,659,601)
Add: Profit/ (Loss) for the current year	(6,013,574)	(1,965,748)
Net deficit in the statement of profit and loss	(33,638,923)	(27,625,349)
Foreign currency translation reserve		
Balance as per last financial statement	(9,064,435)	(10,297,599)
Add: Current year translation differences	(176,125)	1,233,164
Closing balance	(9,240,560)	(9,064,435)
Total	(42,879,483)	(36,689,784)

5. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Long term compensated absences	338,538	-
Total	338,538	-

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	192,933	132,167
Sub total (A)	192,933	132,167
Other liabilities		
Payables to related parties		
ECnet, Limited, Singapore	57,470,808	46,847,476
Income tax Payable	5,487	96,268
Other payables	103,608	-
Sub total (B)	57,579,903	46,943,744
Total (A+B)	57,772,836	47,075,911

7. Tangible Assets

Particulars	Gross block						Depreciation			Net block		
	As on	Addition	Deletion	Adjustment	Total	Up to	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Computer Hardware	396,982	-	-	973	397,955	376,668	12,633	-	1,151	390,452	7,503	20,314
Furniture & Fixtures	656,889	-	-	1,610	658,499	656,889	-	-	1,610	658,499	-	-
Office Equipments	211,655	-	-	519	212,174	202,860	6,496	-	614	209,970	2,204	8,795
Total	1,265,526	-	-	3,102	1,268,628	1,236,417	19,129	-	3,375	1,258,921	9,707	29,109
Previous Year	1,741,898	-	413,933	(62,439)	1,265,526	1,639,530	55,585	398,407	(60,291)	1,236,417	29,109	102,368

(Amount in Rs.)

8. Long-term Loans and advances

Particulars	Long term		Short term	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	41,886	-
Sub Total (A)	-	-	41,886	-
Security deposit				
Unsecured, considered good	294,420	293,700	-	-
Sub Total (B)	294,420	293,700	-	-
Other loans and advances				
GST receivable	-	176,901	-	-
Sub Total (C)	-	176,901	-	-
Total (A+B+C)	294,420	470,601	41,886	-

9. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other receivables		
Unsecured, considered good	3,251,029	917,385
Total	3,251,029	917,385

10. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Cash on hand	196,390	177,421
Balances with other banks		
On current accounts	20,560,558	17,913,710
Total	20,756,948	18,091,131

11. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	26,965,190	33,643,872
Total	26,965,190	33,643,872

12. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest Income	154,875	155,941
Miscellaneous income	-	921,090
Foreign exchange fluctuation (net)	521,032	-
Total	675,907	1,077,031

13. Employee benefit expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus (including staff welfare expenses)	11,705,411	14,553,817
Contribution to employee's benefit funds	3,338,517	4,813,325
Total	15,043,928	19,367,142

14. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	8,003	152,835
Travelling and conveyance	1,098,613	1,195,080
Repair and maintenance	52,056	54,643
Rent - premises	1,381,256	1,370,749
Power and fuel	47,931	53,614
Communication costs	278,910	299,239
Printing and stationery	286,010	259,172
Legal and professional expenses	15,241,277	10,888,274
Bad debts	17,215	27,238
Rates & taxes	148,219	164,799
Foreign exchange fluctuation (net)	-	2,727,929
Loss on sale of assets	-	15,525
Total	18,559,490	17,209,097

15. Depreciation expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation	19,129	55,585
Total	19,129	55,585

16. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	32,124	54,827
Total	32,124	54,827

17. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (M) Sdn Bhd, Malaysia ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Other Related companies	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada Computaris International Limited, U.K.

Following are the subsidiaries of Computaris International Limited

Computaris Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc, USA
Computaris Philippines Pte. Ltd. Inc., Phillipines (incorporated on May 23, 2016)

Wholly Owned
Subsidiary of R
Systems (Singapore)
Pte Limited, Singapore

IBIZ Consulting Pte. Ltd., Singapore

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

IBIZ Consulting Services Pte Ltd, Singapore
IBIZ Consulting Services Sdn. Bhd., Malaysia
PT. IBIZCS Indonesia., Indonesia
IBIZ Consultancy Services India Private Limited, India
IBIZ Consulting Services Limited, Hong Kong
IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key Management
Personnel

Chan Kum Ming, Director

Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

TRANSACTIONS	(Amount in Rs.)	
	For the year ended December, 31	
	2017	2016
ECnet Limited, Singapore		
Sub-Contracting Expenses	2,862,339	259,938
Management Fees Paid	9,433,582	8,235,698
ECnet Systems (Thailand) Co. Ltd. Thailand		
Sub-Contracting Expenses	56,781	-

Inter-companies balances as at December 31, 2017 and December 31, 2016:

OUTSTANDING BALANCES	(Amount in Rs.)	
	As at December, 31	
	2017	2016
ECnet Limited, Singapore		
Amount payable	57,470,808	46,847,476

18. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
	Rs.	Rs.
Lease payments for the year	1,381,256	1,370,749
Non-cancellable operating lease obligation		
Not later than one year	471,072	1,326,182
Later than one year but not later than five years	-	-
Later than five years	-	-

These leases have an average life of between 1 and 3 years with no renewal option or escalation clause included in the contract.

19. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2017 and December 31 2016, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

20. The Company incurred a net loss of Rs. 6,013,574 during the financial year ended 31 December, 2017, and as at that date Company's total liabilities exceeded its total assets by Rs. 33,757,384. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Notes to Financial Statements for the year ended December 31, 2017

21. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification

As per our report of even date.


For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants


CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai**


Chan Kum Ming
[Director]

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris International Limited, U.K.

Report on the Financial Statements

We have audited the accompanying financial statements of COMPUTARIS INTERNATIONAL LIMITED, U.K. ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149

Place : New Delhi
Dated: February 09, 2018



Computaris International Limited, U.K.
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	48,296	48,296
Reserves and surplus	4	225,372,853	257,271,712
Current liabilities			
Trade payables	5	11,969,658	13,863,745
Other current liabilities	5	87,332,472	165,182,869
Short-term provisions	6	-	3,762,762
Total		324,723,279	440,129,384
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	-	32,318
Intangible assets	8	8,497,490	19,937,119
Investments	9	15,758,640	14,756,389
Long-term loans and advances	10	3,416,841	-
Current assets			
Trade receivables	11.1	172,414,575	224,364,422
Cash and bank balances	12	80,008,495	152,659,702
Short-term loans and advances	10	25,102,114	4,762,964
Other current assets	11.2	19,525,124	23,616,470
Total		324,723,279	440,129,384

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris International Limited, U.K.**

Raluca Marina Rusu
[Director]

Place : Romania
Date : February 09, 2018

Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Computaris International Limited, U.K.**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Income			
Revenue from operations	13	632,079,928	828,497,133
Other income	14	30,227	71,012,340
Total revenue		632,110,155	899,509,473
Expenses			
Employee benefits expense	15	6,818,504	9,963,660
Operational and other expenses	16	663,215,646	792,640,972
Depreciation and amortisation expense	17	12,328,716	15,011,414
Finance costs	18	484,294	846,188
Total expenses		682,847,160	818,462,234
Profit / (loss) before tax		(50,737,005)	81,047,239
Tax expense/(credit)			
Current tax / (credit)		(3,283,784)	3,902,326
Total tax expense / (credit)		(3,283,784)	3,902,326
Profit / (loss) for the year		(47,453,221)	77,144,913

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018

**For and on behalf of the Board of Directors of
Computaris International Limited, U.K.**Raluca Marina Rusu
[Director]

Place : Romania

Date : February 09, 2018

Satinder Singh Rekhi
[Director]

Place : Singapore

Date : February 09, 2018

Computaris International Limited, U.K.
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(50,737,005)	81,047,239
Adjustments for:		
Depreciation and amortisation expense	12,328,716	15,011,414
Provision for doubtful debts and advances (net)	1,528,486	226,067
Unrealised foreign exchange (loss) / gain	13,695,342	(5,173,248)
Interest income	(22,578)	(12,344)
Dividend Income	-	(70,999,996)
Operating profit/(loss) before working capital changes	(23,207,039)	20,099,132
Movements in working capital :		
(Increase) / Decrease in trade receivables	50,421,361	(27,563,292)
(Increase) / Decrease in other non-current assets	-	15,967,139
(Increase) / Decrease in other current assets	4,091,346	22,004,741
Decrease / (Increase) in loans and advances	(20,339,150)	1,545,263
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(79,744,484)	(65,634,876)
Cash generated from operations	(68,777,966)	(33,581,893)
Direct taxes paid, net of refunds	3,895,819	4,964,362
Net cash flow from / (used in) operating activities (A)	(72,673,785)	(38,546,255)
B. Cash flows used in investing activities		
Investment in Subsidiary	-	(13,683,740)
Interest received	22,578	12,344
Net cash fro, / (used in) investing activities (B)	22,578	(13,671,396)
C. Cash flows used in financing activities		
Dividend Received	-	70,999,996
Net cash from / (used in) financing activities (C)	-	70,999,996
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(72,651,207)	18,782,345
Cash and cash equivalents at the beginning of the year	152,659,702	133,877,357
Cash and cash equivalents at the end of the year	80,008,495	152,659,702

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris International Limited, U.K.**

Raluca Marina Rusu
[Director]

Place : Romania
Date : February 09, 2018

Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

1. Company Overview

Computaris International Limited, (the "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company provides real time communication software solutions and associated services. The company is heavily committed to research and development activities in the field of real time communication software solutions. Computaris International Limited is having subsidiaries in Romania, Poland, Moldova, Malaysia, Philippines and USA. Computaris international Limited is a limited company incorporated and domiciled in England and wales on November 16, 2006 having its registered office at 11 Queens Road, Brentwood Essex, CM14 4HE, United Kingdom.

As at January 26, 2011, R Systems International Limited had acquired all the share capital of Computaris International Limited. Since then the Company became the wholly owned subsidiary of R Systems International Limited.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Euro (EUR) but the Financial Statements had been prepared in Indian Rupees (refer note 22). In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were EUR 1 = Rs. 73.55. For translating assets and liabilities at the year-end, the rates used were EUR 1 = Rs. 76.53.

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were EUR 1 = Rs. 74.36. For translating assets and liabilities at the year-end, the rates used were EUR 1 = Rs. 71.66.

(k) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(m) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(n) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(o) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Computaris International Limited, U.K.

Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares 106,500 Shares (Previous year 106,500 shares) of .011 EUR each	EUR 1196	EUR 1196
Issued, subscribed and paid up capital 66,500 Shares (Previous year 66,500 shares) of .011 EUR each	48,296	48,296
Total	48,296	48,296

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	66,500	48,296	66,500	48,296
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	66,500	48,296	66,500	48,296

4. Reserves and surplus

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Surplus in statement of profit and loss		
Balance as per last financial statement	229,256,442	152,111,529
Add: Profit for the current year	(47,453,221)	77,144,913
Net surplus in the statement of profit and loss	181,803,221	229,256,442
Foreign currency translation reserve		
Balance as per last financial statement	28,005,466	32,365,263
Add: Current year translation differences	15,554,362	(4,359,797)
Closing balance	43,559,828	28,005,466
Capital Reserve	9,804	9,804
Total	225,372,853	257,271,712

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2017****5. Other current liabilities**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	11,969,658	13,863,745
Sub total (A)	11,969,658	13,863,745
Other liabilities		
Payable to Related Parties		
R Systems International Limited, India	2,147,827	6,394,832
Computaris Romania srl, Romania	30,895,438	50,677,254
Computaris USA, Inc. USA	13,505,055	13,864,103
Computaris Polska sp zoo, Poland	-	30,941,136
ICS Computaris International SRL, Moldova	5,125,262	3,582,900
Unearned revenue	35,658,125	59,722,644
Other	765	-
Sub total (B)	87,332,472	165,182,869
Total (A+B)	99,302,130	179,046,614

6. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other provision		
Provision for Income tax	-	3,762,762
Total	-	3,762,762

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

Particulars	Gross block						Depreciation			Net block		
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	01.1.2017		During the year		31.12.2017	01.1.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Computer hardware	850,007	-	-	(57,733)	907,740	817,689	33,169	-	(56,882)	907,740	-	32,318
Total	850,007	-	-	(57,733)	907,740	817,689	33,169	-	(56,882)	907,740	-	32,318
Previous year	857,186	-	-	7,179	850,007	791,973	33,538	-	7,822	817,689	32,318	65,213

Particulars	Gross block						Amortisation			Net block		
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	01.1.2017		During the year		31.12.2017	01.1.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Customer contracts	16,785,887	-	-	(1,140,095)	17,925,982	12,763,150	-	-	(866,870)	13,630,020	4,295,962	4,022,737
Intellectual Property Rights	23,874,573	-	-	(1,624,353)	25,492,926	7,957,191	12,295,547	-	(1,038,660)	21,291,398	4,201,528	15,914,382
Total	40,657,460	-	-	(2,761,448)	43,418,908	20,720,341	12,295,547	-	(1,905,530)	34,921,418	8,497,490	19,937,119
Previous year	40,415,332	-	-	(242,127)	40,657,459	6,340,883	14,977,876	-	598,419	20,720,341	19,937,119	34,074,449

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2017****9. Non-current investments**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
In wholly owned subsidiary companies (companies under the same management):		
Computaris Polska sp zoo, Poland [100 (Previous year 100) shares of PLN 500 each]	1,060,024	992,607
ICS Computaris International SRL, Moldova [1 Share (Previous year 1 share) of no par value]	26,707	25,009
Computaris Romania srl, Romania [100 (Previous year 100) shares of RON 16 each]	32,982	30,885
Computaris Malaysia Sdn. Bhd. [1,000 (Previous year 1,000) ordinary shares of RM 1 each]	19,820	18,559
Computaris USA, LLC [100 (Previous year 100) shares of USD 1 each]	5,969	5,589
Computaris Philippines Pte. Ltd. Inc. [10,000,000 (Previous year 10,000,000) shares of PHP 1 each]	14,613,138	13,683,740
Total	15,758,640	14,756,389

Computaris International Limited, U.K.

Notes to Financial Statements for the year ended December 31, 2017

10. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	3,615,424	4,724,269
Sub total (A)	-	-	3,615,424	4,724,269
Loans and advances to related parties				
Unsecured, considered good				
Loans to related parties				
Loan receivables from Computaris Polska sp zoo, Poland	-	-	19,131,250	-
Advances to related parties				
Advances receivables from Computaris Polska sp zoo, Poland	-	-	1,519,940	-
Sub total (B)	-	-	20,651,190	-
Other loans & advances				
Other recoverable	-	-	835,500	38,695
Advance income tax	3,416,841	-	-	-
Sub total (B)	3,416,841	-	835,500	38,695
Total (A+B)	3,416,841	-	25,102,114	4,762,964

Computaris International Limited, U.K.

Notes to Financial Statements for the year ended December 31, 2017

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,878,003	2,694,962
Unsecured, considered doubtful	6,129,346	5,739,519
	9,007,349	8,434,481
Provision for doubtful receivables	6,129,346	5,739,519
Sub total (A)	2,878,003	2,694,962
Other receivables		
Unsecured, considered good	257,296,435	221,669,460
Sub total (B)	257,296,435	221,669,460
Total (A+B)	260,174,438	224,364,422

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management Computaris Philippines Pte. Ltd. Inc.	30,012,799	8,841,092

11.2 Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	19,525,124	23,616,470
Total	19,525,124	23,616,470

Unbilled revenue includes:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management Computaris Philippines Pte. Ltd. Inc.	10,738,600	8,744,426

Computaris International Limited, U.K.

Notes to Financial Statements for the year ended December 31, 2017

12. Cash & bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Balance with other banks:		
On current accounts	80,008,495	152,659,702
Total	80,008,495	152,659,702

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Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2017****13. Revenue from operations**

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	632,079,928	828,497,133
Total	632,079,928	828,497,133

14. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest income	22,578	12,344
Dividend income from subsidiary *	-	70,999,996
Miscellaneous income	7,649	-
Total	30,227	71,012,340

* Dividend received from the Computaris Polska, sp zo.o., Poland, Computaris Romania S.R.L., Romania, ICS Computaris International S.R.L., Moldova

15. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus including contribution to employee's benefits fund	6,818,504	9,963,660
Total	6,818,504	9,963,660

16. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	-	261,613
Travelling and conveyance	836,281	14,112,733
Insurance	439,064	706,384
Repair and maintenance	766,192	813,691
Provision for doubtful debts and advances (net)	1,528,486	226,067
Membership & Subscription Fees	100,830	208,963
Rent - premises	333,232	101,135
Rent - equipment	-	67,523
Communication costs	486,426	547,543
Printing and stationery	45,598	20,078
Advertising and sales promotion	693,162	1,914,947
Legal and professional expenses	647,050,602	772,840,506
Foreign exchange fluctuation (net)	10,599,084	326,532
Miscellaneous expenses	336,689	493,257
Total	663,215,646	792,640,972

17. Depreciation and amortization expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	33,169	33,538
Amortisation on intangible assets	12,295,547	14,977,876
Total	12,328,716	15,011,414

18. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	484,294	846,188
Total	484,294	846,188

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

19. Related Party Disclosure

(i) **Names of related parties where control exists irrespective of whether transactions have occurred or not:**

Holding Company	R Systems International Limited, India
Wholly Owned Subsidiaries	<ul style="list-style-type: none">• Computairs Romania S.R.L., Romania• Computaris Polska sp Zoo, Poland• ICS Computairs International S.R.L., Moldova• Computaris Malaysian SDN.BHD., Malaysia• Computaris USA Inc, USA• Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)

Fellow Subsidiaries	Following are the subsidiaries of R Systems International Limited, India
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- R Systems, Inc., USA
- ECnet Ltd, Singapore
- R Systems Technologies Limited, USA
- R Systems (Singapore) Pte Limited, Singapore.
- RSYS Technologies Limited, Canada

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	Following are the subsidiaries of R Systems (Singapore) Pte Limited, Singapore
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- IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, Singapore)

Following are the subsidiaries of IBIZ Consulting Pte. Ltd., Singapore

- IBIZ Consulting Services Pte Ltd., Singapore
- IBIZ Consulting Services Sdn. Bhd., Malaysia
- PT. IBIZCS Indonesia., Indonesia
- IBIZ Consultancy Services India Private Limited., India
- IBIZ Consulting Service Limited, Hong Kong (IBIZ HK)
 - IBIZ Consulting Services Shanghai Co. Ltd., People's Republic of China (wholly owned subsidiary of IBIZ HK)

Key management personnel	Satinder Singh Rekhi, Director Raluca Marina Rusu, Director
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Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

(ii) Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

Particulars	(Amount in Rs.)	
	December 31,	
	2017	2016
R Systems International Limited		
Services received	30,348,344	32,632,634
Amount payable	2,147,827	6,394,832
Computaris Romania S.R.L., Romania		
Services received	330,070,254	359,774,140
Amount Payable	30,895,438	50,677,254
Computaris USA Inc., USA		
Services received	98,786,600	107,774,332
Amount payable	13,505,055	13,864,103
Computaris Polska sp Zoo, Poland		
Services received	118,557,997	177,043,134
Interest income	22,578	-
Loan receivable	19,131,250	-
Amount receivable	1,519,940	-
Amount Payable	-	30,941,136
ICS Computairs International S.R.L., Moldova		
Services received	39,058,941	48,316,894
Amount payable	5,125,262	3,582,900
Computaris Malaysian Sdn. Bhd., Malaysia		
Services received	13,568,611	14,095,176
Computaris Philippines Pte. Ltd. Inc., Philippines		
Services rendered	40,642,438	18,248,703
Amount receivable	30,012,799	8,841,092
Unbilled revenue	10,738,600	8,744,426

Details of Loan given to subsidiary Computaris Polska sp Zoo, Poland:

- The Company has entered into a loan agreement under non-commercial terms with its subsidiary Computaris Polska sp Zoo, Poland for a maximum amount of EUR 450,000. The amount drawn-down by the year-end was EUR 250,000. The outstanding amount due as at December 31, 2017 is Rs. 19,131,250 (equivalent to EUR 250,000).
- The maximum amount due was Rs. 19,131,250 (equivalent to EUR 250,000) during the year 2017.
- The amount due is non-trade, interest is charged at a rate of 1.4% per annum and are due on demand.

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2017

20. Operating lease – company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	(Amount in Rs.)	
	December 31,	
	2017	2016
Lease payments for the year	333,232	101,135
Non-cancellable operating lease obligation		
Not later than one year	8,571	8,391
Later than one year but not later than five years	-	-
Later than five years	-	-

- 21.** The Company has no material deferred tax component as at December 31, 2017. Hence no deferred tax has been recorded in the books.
- 22.** Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N
 Chartered Accountants



CA. S.K. RELAN
 Membership No. 12149



Place : New Delhi
 Date : February 09, 2018

**For and on behalf of the Board of Directors of
 Computaris International Limited, UK**



Raluca Marina Rusu
 [Director]

Place : Romania
 Date : February 09, 2018



Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris Romania Srl, Romania

Report on the Financial Statements

We have audited the accompanying financial statements of COMPUTARIS ROMANIA SRL, ROMANIA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

Computaris Romania Srl, Romania
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	23,429	23,429
Reserves and surplus	4	121,633,862	85,675,435
Current liabilities			
Trade payables	5	8,459,107	7,560,506
Other current liabilities	5	16,182,763	7,689,634
Short-term provisions	6	7,530,497	6,856,649
Total		153,829,658	107,805,653
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	12,839,304	10,820,485
Intangible assets	8	2,676,909	3,804,249
Capital Work in progress		585,395	-
Deferred tax Asset	9	1,763,891	634,958
Other non-current assets	11.2	2,675,994	2,558,874
Current assets			
Trade receivables	11.1	40,102,260	65,422,596
Cash and bank balances	12	51,913,921	6,442,100
Short-term loans and advances	10	3,568,902	7,805,615
Other current assets	11.2	37,703,082	10,316,776
Total		153,829,658	107,805,653
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania**

Cristiana Iavorschi
[Director]

Place : Romania
Date : February 09, 2018

Computaris Romania Srl, Romania
Statement of Profit & Loss for the year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Income			
Revenue from operations	13	502,582,869	407,351,300
Other income	14	1,462,897	133,431
Total revenue		504,045,766	407,484,731
Expenses			
Employee benefits expense	15	389,305,669	314,863,524
Operating and other expense	16	60,957,439	50,947,936
Depreciation and amortisation expense	17	15,251,479	12,397,588
Finance costs	18	501,666	508,484
Total expense		466,016,253	378,717,532
Profit / (Loss) before tax		38,029,513	28,767,199
Tax expense			
Current tax		7,722,352	5,651,726
Deferred tax charge / (credit)		(1,077,509)	(263,186)
Total tax expense		6,644,843	5,388,540
Profit / (Loss) for the year		31,384,670	23,378,659
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania**

Cristiana Iavorschi

[Director]

Place : Romania

Date : February 09, 2018

Computaris Romania Srl, Romania
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	38,029,513	28,767,199
Adjustments for:		
Depreciation and amortisation expense	15,251,479	12,397,588
Unrealised foreign exchange (loss) / gain	4,169,476	(2,105,848)
Interest income	(23,916)	(29,780)
Profit on sale of Fixed Asset	(134,498)	(103,651)
Operating profit/(loss) before working capital changes	57,292,054	38,925,508
Movements in working capital :		
(Increase) / Decrease in trade receivables	25,320,336	6,552,460
(Increase) / Decrease in other current assets	(27,386,306)	(9,298,669)
(Increase) / Decrease in loans and advances	4,236,713	(3,050,826)
Increase / (Decrease) in short-term and long-term provision	1,639,541	996,521
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	9,391,730	5,991,455
Cash generated from operations	70,494,068	40,116,449
Direct taxes paid, net of refunds	(8,688,045)	(2,763,579)
Net cash flow from operating activities (A)	61,806,023	37,352,870
B. Cash flows used in investing activities		
Purchase of fixed assets	(16,543,900)	(13,701,404)
Proceeds from sale of fixed assets	302,902	103,651
Interest received	23,916	29,780
(Increase) / Decrease in non-current bank balances	(117,120)	49,520
Net cash used in investing activities (B)	(16,334,202)	(13,518,453)
C. Cash flows used in financing activities		
Dividend Paid	-	(29,835,663)
Net cash used in financing activities (C)	-	(29,835,663)
Net increase / (decrease) in cash and cash equivalents during the year	45,471,821	(6,001,246)
Cash and cash equivalents at the beginning of the year	6,442,100	12,443,346
Cash and cash equivalents at the end of the year	51,913,921	6,442,100

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



**For and on behalf of the Board of Directors of
 Computaris Romania Srl., Romania**

Cristiana Iavorschi
 [Director]

Place : Romania
 Date : February 09, 2018

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2017

1. Company Overview

Computaris Romania SRL, Romania (the "Company"), is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. The Company is a limited company incorporated and domiciled in Romania on November 06, 2001 having its registered office is Str. Gheorghe Manu, Nr. 5, Parter, Camera 2, Sector 1, Bucuresti, Cod. 010442, Romania.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold Improvement	Lower of lease period or useful life

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2017

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 Years
End-user devices such as desktop, laptop, mobile phone etc.	3 years
Furniture and fittings	10 years
Electrical Installations	10 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible fixed assets / intangibles asset are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2017

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Romanian New Lei (RON) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were RON 1 = Rs. 16.09. For translating assets and liabilities at the year-end, the rates used were RON 1 = Rs. 16.43.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were RON 1 = Rs. 16.56. For translating assets and liabilities at the year-end, the rates used were RON 1 = Rs. 15.71.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2017

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Computaris Romania Srl, Romania

Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital		
100 Shares (Previous year 100 shares) of RON 16 each	1,600 RON	1,600 RON
Issued, subscribed and paid up capital		
100 Shares (Previous year 100 shares) of RON 16 each	23,429	23,429
Total	23,429	23,429

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	100	23,429	100	23,429
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	100	23,429	100	23,429

Computaris Romania Srl, Romania**Notes to Financial Statements for the year ended December 31, 2017****4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	83,595,641	90,052,645
Add: Profit for the current year	31,384,670	23,378,659
Less: Dividend appropriation	-	29,835,663
Net surplus in the statement of profit and loss	114,980,311	83,595,641
Foreign currency translation reserve		
Balance as per last financial statement	(1,305,009)	139,000
Add: Current year translation differences	4,573,757	(1,444,009)
Closing balance	3,268,748	(1,305,009)
Capital Reserve	3,384,803	3,384,803
Total	121,633,862	85,675,435

Computaris Romania Srl, Romania
Notes to Financial Statements for the year ended December 31, 2017

5. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	8,459,107	7,560,506
Sub total (A)	8,459,107	7,560,506
Other liabilities		
Unearned revenue	6,856,817	7,006
Other payables	9,325,946	7,682,628
Sub total (B)	16,182,763	7,689,634
Total (A+B)	24,641,870	15,250,140

6. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	5,608,043	3,968,502
Sub total (A)	5,608,043	3,968,502
Other provision		
Income tax	1,922,454	2,888,147
Sub total (B)	1,922,454	2,888,147
Total	7,530,497	6,856,649

Computaris Romania Srl, Romania
Notes to Financial Statements for the year ended December 31, 2017

7. Tangible Assets

Particulars	Gross block				Depreciation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	1-Jan-17		During the year	31-Dec-17	31-Dec-17	1-Jan-17		During the year	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-16
Leasehold Improvement	1,776,688	873,510	-	(81,318)	2,731,516	1,531,376	178,965	-	(73,806)	1,784,147	947,369	245,312
Computer hardware	15,514,209	10,622,312	3,846,797	(710,084)	22,999,808	6,085,635	9,663,111	3,678,393	(479,093)	12,549,446	10,450,362	9,428,574
Furniture & fixtures	1,543,205	583,490	-	(70,632)	2,197,327	477,538	312,916	-	(28,334)	818,788	1,378,539	1,065,667
Office & electrical equipments	745,894	-	-	(34,140)	780,034	664,962	21,164	-	(30,874)	717,000	63,034	80,932
Total	19,579,996	12,079,312	3,846,797	(896,174)	28,708,685	8,759,511	10,176,156	3,678,393	(612,107)	15,869,381	12,839,304	10,820,485
Previous year	41,928,167	8,928,886	29,493,977	1,783,080	19,579,996	32,182,110	8,086,388	29,493,977	2,015,010	8,759,511	10,820,485	9,746,057

8. Intangible Assets

Particulars	Gross block				Amortisation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	1-Jan-17		During the year	31-Dec-17	31-Dec-17	1-Jan-17		During the year	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-16
Computer Software	15,962,999	3,879,193	-	(730,625)	20,572,817	12,158,750	5,075,323	-	(661,835)	17,895,908	2,676,909	3,804,249
Total	15,962,999	3,879,193	-	(730,625)	20,572,817	12,158,750	5,075,323	-	(661,835)	17,895,908	2,676,909	3,804,249
Previous year	15,614,500	4,785,040	4,140,107	296,434	15,962,999	12,446,232	4,311,200	4,140,107	458,575	12,158,750	3,804,249	3,168,268

Computaris Romania Srl, Romania**Notes to Financial Statements for the year ended December 31, 2017****9. Deferred tax Asset (net)**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Deferred tax assets		
Timing differences for deferred tax assets component	1,763,891	634,958
Deferred tax Asset	1,763,891	634,958

Computaris Romania Srl, Romania
Notes to Financial Statements for the year ended December 31, 2017

10. Trade receivables and other assets

10.1 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	40,102,260	65,422,596
Total (B)	40,102,260	65,422,596
Total (A+B)	40,102,260	65,422,596

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management		
Computaris International Limited	4,042,931	50,449,626
Computaris Polska sp z o.o., Poland	7,705,603	7,228,025

10.2 Other current assets

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 12)	2,675,994	2,558,874	-	-
Unbilled revenue	-	-	37,703,082	10,316,776
Total	2,675,994	2,558,874	37,703,082	10,316,776

Computaris Romania Srl, Romania**Notes to Financial Statements for the year ended December 31, 2017****11. Short term loans and advances**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	3,162,555	3,835,526
Unsecured, considered doubtful	-	97,144
	3,162,555	3,932,670
Provision for doubtful advances	-	97,144
Sub total (A)	3,162,555	3,835,526
Loans & advances to related parties		
Unsecured, considered good		
Advance recoverable from Computaris USA Inc.	11,286	23,721
Sub total (B)	11,286	23,721
Other loans and advances		
VAT receivable	395,061	3,946,368
Sub total (C)	395,061	3,946,368
Total (A+B+C)	3,568,902	7,805,615

Computaris Romania Srl, Romania

Notes to Financial Statements for the year ended December 31, 2017

12. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents				
Cash on hand			239,931	231,535
Balance with other banks				
On current accounts			37,503,415	2,656,533
On deposit accounts with original maturity of less than 3 months			14,170,575	3,554,032
			51,913,921	6,442,100
Other bank balances				
Margin money deposit (refer detail below)	2,675,994	2,558,874	-	-
Amount disclosed under non-current assets (refer note 11.2)	(2,675,994)	(2,558,874)	-	-
Total	-	-	51,913,921	6,442,100

Detail of margin money deposit

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Margin moneys deposit against performance	2,675,994	2,558,874
Total	2,675,994	2,558,874

Computaris Romania Srl, Romania
Notes to Financial Statements for the year ended December 31, 2017

13. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	502,582,869	407,351,300
Total	502,582,869	407,351,300

14. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest income	23,916	29,780
Profit on Sale of Assets	134,498	103,651
Foreign exchange fluctuation (net)	1,293,314	-
Miscellaneous income	11,169	-
Total	1,462,897	133,431

15. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	386,743,697	312,729,282
Staff welfare expenses	2,561,972	2,134,242
Total	389,305,669	314,863,524

16. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	3,977,600	4,247,648
Travelling and conveyance	5,207,680	5,025,745
Insurance	358,462	325,579
Repair and maintenance	3,323,346	2,584,706
Membership & Subscription Fees	6,212	12,273
Rent - premises	19,461,251	16,010,574
Power and fuel	724,970	512,906
Communication costs	3,276,481	3,252,161
Printing and stationery	2,516,908	3,236,493
Advertising and sales promotion	6,877,867	6,650,227
Legal and professional expenses	10,820,575	5,758,424
Foreign exchange fluctuation (net)	-	736,805
Security expenses	65,841	65,589
Miscellaneous expenses	4,340,246	2,528,806
Total	60,957,439	50,947,936

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	10,176,156	8,086,388
Amortisation on intangible assets	5,075,323	4,311,200
Total	15,251,479	12,397,588

18. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	501,666	508,484
Total	501,666	508,484

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2017

19. Related Party Disclosures

- (i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding company	Computaris International limited,UK (wholly owned subsidiary of R Systems International Limited, India)
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Ultimate holding company	R Systems International Limited, India
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Fellow subsidiaries	<ul style="list-style-type: none"> • Computaris Malaysian SDN.BHD., Malaysia • Computaris Polska sp Zoo, Poland • ICS Computairs International S.R.L., Moldova • Computaris USA, Inc., USA • Computaris Philippines Pte. Ltd. Inc., Philippines
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Other related parties	<p>Following are the subsidiaries of R Systems International Ltd., India</p> <ul style="list-style-type: none"> • R Systems, Inc., USA • R Systems Technologies Limited, USA • R Systems (Singapore) Pte Limited, Singapore. • RSYS Technologies Limited, Canada • ECnet Ltd, Singapore
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Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Wholly owned subsidiary of.	<p>Following are the subsidiaries of R Systems (Singapore) Pte Limited, Singapore</p>
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- IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, Singapore)

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

- IBIZ Consulting Services Pte Ltd., Singapore
- IBIZ Consulting Services Sdn. Bhd., Malaysia
- PT. IBIZCS Indonesia., Indonesia
- IBIZ Consultancy Services India Private Limited., India.
- IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong
 - IBIZ Consulting Service Shanghai Co., Ltd. (100% by IBIZ HK), People's Republic of China.

Key management personnel	Cristiana Iavorschi
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Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2017

- (ii) Details of transactions with related parties for year ended and outstanding balances as at December 31, 2017 and December 31, 2016

(Amount in Rs.)

Particulars	December 31,	
	2017	2016
Computaris International Limited		
Services rendered	315,513,439	358,880,575
Account Receivables	4,042,931	50,449,626
Computaris Polska sp z o.o., Poland		
Services rendered	35,331,963	11,034,585
Account Receivables	7,705,603	7,228,025
Computaris USA Inc.		
Services rendered	1,803	2,236
Account Receivables	11,286	23,721
ICS Computairs International S.R.L., Moldova		
Services rendered	3,943	-
Services received	6,032,160	-
Amount payable	2,184,300	-

- (iii) Payment to key management personnel for year ended December 31, 2017 and December 31, 2016:

(Amount in Rs.)

Particulars	December 31,	
	2017	2016
Name of key management personnel		
Cristiana Iavorschi	4,812,460	4,359,597

20. Operating Lease – Company as lessee

The Company has operating leases for office premises, vehicles etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

(Amount in Rs.)

Particulars	December 31,	
	2017	2016
Lease payments for the year	19,461,251	16,010,574
Non-cancellable operating lease obligation		
Not later than one year	15,288,165	6,604,861
Later than one year but not later than five years	26,900,068	5,772,768
Later than five years	1,322,607	2,645,193

These leases have an average life of between 1 and 5 years with no renewal option or escalation clause included in the contracts

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2017

21. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the Current year classification.

As per our report of even date.


For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants


CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania**


Cristiana Iavorschi
[Director]

Place : Romania
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris Polska sp z o.o., Poland

Report on the Financial Statements

We have audited the accompanying financial statements of COMPUTARIS POLSKA SP Z O.O., POLAND ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants



(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

Computaris Polska sp z o.o., Poland
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	804,450	804,450
Reserves and surplus	4	(92,157,271)	(1,949,996)
Current liabilities			
Short-term borrowings	5	19,167,932	-
Trade payables	6	104,242,037	72,305,412
Other current liabilities	6	28,989,539	28,057,559
Short-term provisions	7	7,317,598	3,632,151
Total		68,364,285	102,849,576
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8.1	3,544,158	3,244,268
Intangible assets	8.2	52,142	70,253
Deferred tax assets (net)	9	-	1,796,093
Long-term loans and advances	10	3,117,179	3,308,599
Current assets			
Trade receivables	11.1	14,620,179	38,644,716
Cash and bank balances	12	15,239,076	27,300,433
Short-term loans and advances	10	11,750,877	13,874,739
Other current assets	11.2	20,040,674	14,610,475
Total		68,364,285	102,849,576

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris polska, sp z.o.o., poland**

Piotr Walicki
[Director]

Place : Poland

Date : February 09, 2018

DYREKTOR GENERALNY

Piotr Walicki

Computaris Polska sp z o.o., Poland
Statement of Profit and Loss for the period ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Income			
Revenue from operations	13	214,437,493	234,767,714
Other income	14	84,958	1,898,834
Total revenue		214,522,451	236,666,548
Expenses			
Employee benefits expense	15	193,608,084	164,170,801
Operational and other expenses	16	97,850,322	67,232,678
Depreciation expense	17	2,017,362	2,043,597
Finance costs	18	816,038	230,250
Total expenses		294,291,806	233,677,326
Profit / (loss) before tax		(79,769,355)	2,989,222
Tax expense			
Current tax		3,077,717	1,760,825
Deferred tax charge (net)		1,918,423	(254,806)
Total tax expense		4,996,140	1,506,019
Profit / (loss) for the year		(84,765,495)	1,483,203

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



**For and on behalf of the Board of Directors of
 Computaris polska, sp z.o.o., poland**

Piotr Walicki
 [Director]

Place : Poland
 Date : February 09, 2018

DYREKTOR GENERALNY
Piotr Walicki

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Computaris Polska sp z o.o., Poland
Cash Flow Statement for the period ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	(79,769,355)	2,989,222
Adjustments for:		
Depreciation and amortisation expense	2,017,362	2,043,597
Profit on sale / discard of fixed assets (net)	(30,243)	-
Unrealised foreign exchange (loss) / gain	(5,884,832)	333,801
Interest income	(11,821)	-
Operating profit/(loss) before working capital changes	(83,678,889)	5,366,620
Movements in working capital :		
(Increase) / Decrease in trade receivables	24,024,537	33,918,543
(Increase) / Decrease in other current assets and non-current assets	(5,430,199)	(10,539,924)
(Increase) / Decrease in loans and advances	1,244,231	(7,601,990)
Increase / (Decrease) in short-term and long-term provision	218,675	(81,418)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	32,868,605	18,744,465
Cash generated from operations	(30,753,040)	39,806,296
Direct taxes paid, net of refunds	1,460,106	(1,415,673)
Net cash flow from operating activities (A)	(29,292,934)	38,390,623
B. Cash flows used in investing activities		
Investment in Private company		
Purchase of fixed assets	(1,999,698)	(2,230,542)
Proceeds from sale of fixed assets	51,522	99,345
Interest received	11,821	-
Net cash used in investing activities (B)	(1,936,355)	(2,131,197)
C. Cash flows used in financing activities		
Dividend paid	-	(29,423,246)
Short-term borrowings	19,167,932	-
Net cash used in financing activities (C)	19,167,932	(29,423,246)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(12,061,357)	6,836,180
Cash and cash equivalents at the beginning of the year	27,300,433	20,464,253
Cash and cash equivalents at the end of the year	15,239,076	27,300,433

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018



**For and on behalf of the Board of Directors
of Computaris polska, sp z.o.o., poland**

DYREKTOR GENERALNY

Piotr Walicki

Piotr Walicki

[Director]

Place : Poland

Date : February 09, 2018

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2017

1. Company Overview

Computaris Polska, sp z o.o., Poland, is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. Computaris Polska, sp zo.o., Poland is a company incorporated and domiciled in Poland on September 20, 2001 having its registered office at Al. Jana Pawla II 8000175 Warsaw, Poland.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2017

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of Fixed Assets</u>	<u>Estimated Useful Life</u>
Leasehold Improvement	Lower of lease period or useful life
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Electrical Installations	10 years

(e) Intangibles

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

The Company evaluates the carrying value of its goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired. Impairment is recognised in the year / period of such determination. Management also ascertains the future revenue and earnings of the acquired entities and analyses sustainability thereof to determine impairment. For ascertaining impairment, consideration is given to fair value of the acquired entities.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2017

ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Polish zloty (PLN) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were Polish zloty 1 = Rs. 17.28. For translating assets and liabilities at the year-end, the rates used were Polish zloty 1 = Rs. 18.36.

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2017

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were Polish zloty 1 = Rs. 17.05. For translating assets and liabilities at the year-end, the rates used were Polish zloty 1 = Rs. 16.18.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(o) Accounting for derivatives

The Company uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the Profit and Loss Account.

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2017

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the Profit and Loss Account. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Profit and Loss Account.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the Profit and Loss Account. Amounts taken to equity are transferred to the Profit and Loss Account when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Profit and Loss Account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Computaris Polska sp z o.o., Poland**Notes to Financial Statements for the year ended December 31, 2017****3. Share capital**

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital		
100 Shares (Previous year 100 shares) of 500 PLN each	50,000 PLN	50,000 PLN
Issued, subscribed and paid up capital		
100 Shares (Previous year 100 shares) of 500 PLN each	804,450	804,450
Total	804,450	804,450

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	100	804,450	100	804,450
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	100	804,450	100	804,450

Computaris Polska sp z o.o., Poland**Notes to Financial Statements for the year ended December 31, 2017****4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(19,884,244)	8,055,799
Add: Profit / (loss) for the current year	(84,765,495)	1,483,203
Less: Dividend appropriation	-	29,423,246
Total	(104,649,739)	(19,884,244)
Foreign currency translation reserve		
Balance as per last financial statement	1,664,874	1,466,684
Add: Current year translation differences	(5,441,780)	198,190
Closing balance	(3,776,906)	1,664,874
Capital Reserve	16,269,374	16,269,374
Total	(92,157,271)	(1,949,996)

Note:

During the year ended December 31, 2016, the Company had declared and paid dividend of Rs. 29,423,246 (PLN 1,725,400) to Computaris International Limited, U.K. from past reserves.

Computaris Polska sp z o.o., Poland

Notes to Financial Statements for the year ended December 31, 2017

5. Short-term borrowings

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Loans from related party (unsecured)		
Computaris International Limited, UK	19,167,932	-
Total	19,167,932	-

Notes:

Loan from Computaris International Limited, UK is payable upon expiry of the loan term and carries interest @ 1.4% per annum payable quarterly on the outstanding loan amount.

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	104,242,037	72,305,412
Sub total (A)	104,242,037	72,305,412
Other liabilities		
Payable to Related Parties		
Computaris Romania srl, Romania	10,126,274	7,252,766
Computaris International Limited, UK	1,520,997	3,271,903
Unearned revenue	5,251,951	5,229,586
Withholding tax payable	1,453,506	1,252,882
Others payables	10,636,811	11,050,422
Sub total (B)	28,989,539	28,057,559
Total (A+B)	133,231,576	100,362,971

7. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits	3,850,826	3,632,151
Sub total (A)	3,850,826	3,632,151
Other provision		
Provision for tax	3,466,772	-
Sub total (B)	3,466,772	-
Total (A+B)	7,317,598	3,632,151

Compartaris Polska sp z o.o., Poland
Notes to Financial Statements for the year ended December 31, 2017

8.1. Tangible Assets

Particulars	Gross block				Depreciation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017	During the year			31.12.2017	31.12.2017	31.12.2016
Building- leasehold	374,373	-	-	(50,422)	424,795	140,410	99,959	-	(25,153)	265,522	159,273	233,963
Computer hardware	12,064,164	1,965,530	1,140,688	(1,625,455)	14,514,461	9,201,873	1,797,570	1,119,409	(1,351,954)	11,231,988	3,282,473	2,862,291
Furniture & fixtures	970,347	-	-	(130,757)	1,101,104	891,405	24,091	-	(121,605)	1,037,101	64,003	78,942
Office & electrical equipments	998,807	-	-	(134,574)	1,133,381	929,735	37,623	-	(127,614)	1,094,972	38,409	69,072
Total	14,407,691	1,965,530	1,140,688	(1,941,208)	17,173,741	11,163,423	1,959,243	1,119,409	(1,626,326)	13,629,583	3,544,158	3,244,268
Previous year	13,141,643	2,141,795	266,921	608,826	14,407,691	9,857,663	2,024,106	167,576	560,770	11,163,423	3,244,268	3,273,980

8.2. Intangible Assets

PARTICULARS	Gross block				Amortisation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017	During the year	During the year		31.12.2017	31.12.2017	31.12.2016
Computer Software	952,031	34,168	-	(128,271)	1,114,470	881,778	58,119	-	(122,431)	1,062,328	52,142	70,253
Total	952,031	34,168	-	(128,271)	1,114,470	881,778	58,119	-	(122,431)	1,062,328	52,142	70,253
Previous year	950,306	88,747	-	87,022	952,031	950,306	19,491	-	88,019	881,778	70,253	-

9. Deferred tax assets (net)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Deferred tax assets		
Timing differences for deferred tax assets component	-	4,456,101
Gross deferred tax assets	-	4,456,101
Deferred tax liability		
Timing differences for deferred tax liability	-	2,660,008
Gross deferred tax liability	-	2,660,008
Deferred tax assets (net)	-	1,796,093

10. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	1,860,125	2,957,430
Sub total (A)	-	-	1,860,125	2,957,430
Security deposit				
Unsecured, considered good	3,117,179	2,237,548	-	-
Sub total (B)	3,117,179	2,237,548	-	-
Other loans & advances				
Advance Income Tax	-	1,071,051	-	-
VAT receivable	-	-	9,890,752	10,917,309
Sub total (C)	-	1,071,051	9,890,752	10,917,309
Total (A+B+C)	3,117,179	3,308,599	11,750,877	13,874,739

Computaris Polska sp z o.o., Poland
Notes to Financial Statements for the year ended December 31, 2017

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Sub total (A)	-	-
Other receivables		
Unsecured, considered good	14,620,179	38,644,716
Unsecured, considered doubtful	7,378,039	-
	21,998,218	38,644,716
Provision for doubtful receivables	7,378,039	-
Sub total (B)	14,620,179	38,644,716
Total (A+B)	14,620,179	38,644,716

Trade receivable includes:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management Computaris International Limited	-	30,907,586

11.2 Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	20,040,674	14,610,475
Total	20,040,674	14,610,475

12. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash on hand	8,850	29,561
Balances with others banks:		
On current Account	15,230,226	27,270,872
Total	15,239,076	27,300,433

Computaris Polska sp z o.o., Poland

Notes to Financial Statements for the year ended December 31, 2017

13. Revenue from operation

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	214,437,493	234,767,714
Total	214,437,493	234,767,714

14. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest income	11,821	-
Profit on sale of assets	30,243	-
Miscellaneous income	42,894	1,898,834
Total	84,958	1,898,834

15. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	191,993,945	162,814,678
Staff welfare expenses	1,614,139	1,356,123
Total	193,608,084	164,170,801

16. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	2,140,721	1,797,130
Travelling and conveyance	9,878,201	10,457,922
Insurance	296,870	288,127
Repair and maintenance	3,026,546	2,629,317
Provision for claim	6,944,841	-
Rent - premises	11,728,291	10,541,090
Rent - equipment	45,763	42,974
Power and fuel	542,897	632,104
Communication costs	2,153,959	1,872,146
Printing and stationery	796,009	1,011,550
Advertising and sales promotion	646,088	1,210,337
Legal and professional expenses (including contract cost)	58,067,260	34,394,877
Foreign exchange fluctuation (net)	837,676	1,758,386
Rates and taxes	544,193	188,708
Security expenses	180,960	188,623
Miscellaneous expenses	20,047	219,387
Total	97,850,322	67,232,678

Computaris Polska sp z o.o., Poland**Notes to Financial Statements for the year ended December 31, 2017****17. Depreciation expenses**

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	1,959,243	2,024,106
Amortisation on intangible assets	58,119	19,491
Total	2,017,362	2,043,597

18. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	816,038	230,250
Total	816,038	230,250

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2017

19. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Computaris International limited, UK (wholly owned subsidiary of R Systems International Limited, India)
Ultimate holding company	R Systems International Limited, India
Fellow Subsidiaries	<ul style="list-style-type: none">• Computairs Romania S.R.L., Romania• Computaris Malaysian SDN.BHD., Malaysia• ICS Computairs International S.R.L., Moldova• Computaris USA, Inc., USA• Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Other related parties	<p>Following are the subsidiaries of R Systems International Limited, India</p> <ul style="list-style-type: none">• R Systems, Inc., USA• R Systems Technologies Limited, USA• R Systems (Singapore) Pte Limited, Singapore• RSYS Technologies Ltd., Canada• ECnet Ltd, Singapore <p>Following are the subsidiaries of ECnet Ltd, Singapore</p> <ul style="list-style-type: none">• ECnet (M) Sdn Bhd, Malaysia• ECnet Systems (Thailand) Co. Ltd., Thailand• ECnet (Shanghai) Co. Ltd., People's Republic of China• ECnet (Hong Kong) Ltd., Hong Kong• ECnet, Inc., USA• ECnet Kabushiki Kaisha, Japan <p>Following are the subsidiaries of R Systems (Singapore) Pte Limited, Singapore</p> <ul style="list-style-type: none">• IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, Singapore) <p>Following are the subsidiaries of IBIZ Consulting Pte. Ltd.</p> <ul style="list-style-type: none">➤ IBIZ Consulting Services Pte Ltd., Singapore➤ IBIZ Consulting Services Sdn. Bhd., Malaysia➤ PT. IBIZCS Indonesia., Indonesia➤ IBIZ Consultancy Services India Private Limited., India➤ IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong<ul style="list-style-type: none">- IBIZ Consulting Service Shanghai Co., Ltd. (100% by IBIZ HK), People's Republic of China
Key management personnel	Dariusz Górczyński, Director (resigned w.e.f. September 12, 2017) Monika Borkowska , Director (resigned w.e.f. August 04, 2017) Piotr Walicki, Director (appointed from July 14, 2017)

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2017

(ii) Details of transactions with related parties for the period ended December 31, 2017 and December 31, 2016:

Particulars	(Amount in Rs.)	
	December 31,	
	2017	2016
Computaris International Limited		
Services rendered	118,351,007	177,209,302
Amount receivable	-	30,907,586
Amount payable	1,520,997	3,271,903
Loan payable	19,167,932	-
Computaris Romania S.R.L., Romania		
Services received	35,106,309	11,073,178
Amount payable	10,126,274	7,252,766
Remuneration to key management personnel		
Dariusz Górczyński	4,641,646	5,816,518
Monika Borkowska	1,538,639	2,957,953
Piotr Walicki (w.e.f. date of appointment July 14, 2017)	2,454,014	-
Total	11,228,485	8,774,471
Other Payments		
Monika Borkowska	-	6,480

Details of loan received from Computaris International Limited, UK:

- The Company has entered into a loan agreement under non-commercial terms with its holding company Computaris International Limited, UK for a maximum amount of EUR 450,000. The amount drawn-down by the year-end was EUR 250,000. The outstanding amount due as at December 31, 2017 is Rs. 19,167,932 (equivalent to EUR 250,000).
- The maximum amount due was Rs. 19,167,932 (equivalent to EUR 250,000) during the year 2017.
- The amount due is non-trade, interest is charged at a rate of 1.4% per annum and is repayable on demand.

20. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

Particulars	(Amount in Rs.)	
	December 31,	
	2017	2016
Lease payments for the year	11,118,386	10,069,404
Minimum Lease Payments:		
Not later than one year	8,481,727	6,411,602
Later than one year but not later than five years	15,543,981	11,877,314
Later than five years	-	-

The operating lease arrangements extend for a maximum of 3 year from their respective dates of inception. Most of the operating lease arrangements do not have price escalation clause.

Computaris Polska sp z o.o., Poland

Notes to Financial Statement for the year ended December 31, 2017

21. The Company has incurred loss of Rs. 84,765,495 during the year ended 31 December, 2017, and as at that date Company's total liabilities exceeded its total assets by Rs. 91,352,821. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

22. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the Current year classification.

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
Computaris Polska, Sp zo.o., Poland**

Piotr Walicki
[Director]

DYREKTOR GENERALNY
Piotr Walicki

A handwritten signature in blue ink, appearing to be "P. Walicki".

Place : Poland
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of R SYSTEMS, INC., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

R SYSTEMS, INC., USA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	85,616,606	85,616,606
Reserves and surplus	4	468,933,088	467,978,288
Current liabilities			
Trade payables	6	56,893,096	90,219,920
Other current liabilities	6	12,273,342	13,186,437
Short-term provisions	5	33,553,254	26,205,892
Total		657,269,386	683,207,143
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	12,921,693	17,180,318
Intangible assets	8	319,524	850,438
Long-term loans and advances	9	204,251	433,287
Other non-current assets	10.2	189,964,250	-
Current assets			
Trade receivables	10.1	206,543,530	248,254,535
Cash and bank balances	11	171,017,024	355,930,715
Short-term loans and advances	9	70,434,263	51,225,642
Other current assets	10.2	5,864,851	9,332,208
Total		657,269,386	683,207,143

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



**For and on behalf of the Board of Directors of
 R Systems, Inc.**

Satinder Singh Rekhi
Harpreet Rekhi

Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date: February 09, 2018

Harpreet Rekhi
 [Director]

Place : Singapore
 Date: February 09, 2018

R SYSTEMS, INC., USA**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the Year ended December 31, 2016 Rs.
Income			
Revenue from operations	12	1,354,547,145	1,458,616,508
Other income	13	22,467,312	2,788,455
Total revenue		1,377,014,457	1,461,404,963
Expenses			
Employee benefits expense	14	845,429,512	832,459,650
Operational and other expenses	15	487,883,066	556,165,436
Depreciation and amortisation expense	16	7,979,310	6,980,431
Finance costs	17	1,019,323	1,017,796
Total expenses		1,342,311,211	1,396,623,313
Profit before tax		34,703,246	64,781,650
Tax expense			
Current tax expense		79,106	3,414,612
Total tax expense		79,106	3,414,612
Profit for the year		34,624,140	61,367,038

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date: February 09, 2018

**For and on behalf of the Board of Directors of
R Systems, Inc.**

Satinder Singh Rekhi *Harpreet Rekhi*

Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore
Date: February 09, 2018

Place : Singapore
Date: February 09, 2018

R SYSTEMS, INC., USA

Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017	For the year ended December 31, 2016
	Rs.	Rs.
A. Cash flow from operating activities		
Net Profit before taxation	34,703,246	64,781,650
Adjustments for:		
Depreciation and amortisation expense	7,979,310	6,980,431
Bad Debt	-	-
Provision for doubtful debts and advances (net)	(4,469,713)	5,279,234
Unrealised foreign exchange loss	(18,034,242)	8,690,688
Interest income	(299,894)	(1,357,873)
Operating profit/(loss) before working capital changes	19,878,707	84,374,130
Movements in working capital :		
(Increase) / Decrease in trade receivables	3,942,226	5,966,613
(Increase) / Decrease in loans and advances and other current assets	664,544	5,218,486
Decrease / (Increase) in intra-group balances	8,007,687	(12,749,696)
Increase / (Decrease) in short-term and long-term provision	11,821,575	965,694
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(28,554,741)	(25,581,899)
Cash generated from operations	15,759,998	58,193,328
Direct taxes paid, net of refunds	(2,817,280)	(4,966,171)
Net cash flow from operating activities (A)	12,942,718	53,227,157
B. Cash flows used in investing activities		
Purchase of fixed assets	(4,192,502)	(8,004,893)
Investment in fixed deposit in banks	(193,963,801)	-
Interest received	299,894	1,357,873
Net cash used in investing activities (B)	(197,856,409)	(6,647,020)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(184,913,691)	46,580,137
Cash and cash equivalents at the beginning of the year	355,930,715	309,350,578
Cash and cash equivalents at the end of the year	171,017,024	355,930,715

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S.K. Relan & Co**
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 09, 2018



For and on behalf of the Board of Directors of
R Systems, Inc.

Satinder Singh Rekhi *Harpreet Rekhi*

Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore
Date: February 09, 2018

Place : Singapore
Date: February 09, 2018

R SYSTEMS, INC., USA
Notes to Financial Statements for the year ended December 31, 2017

1. Company Overview

R Systems, Inc. (The "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company provides information technology services for customers primarily in the United States of America. The Company was incorporated under the laws of the State of California on March 9, 1993 and having its registered office at 5000, Windplay Drive, Suite 5, EL Dorado Hills, CA 95762, U.S.A.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold improvements	Lower of lease period or useful life
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

(e) Intangible assets

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

(iv) Foreign currency translation

The functional currency of the Company is United States Dollar (US \$) but the financial statements has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were US \$ 1= Rs. 65.12. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.88.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were US \$ 1= Rs. 67.19. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 67.93.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

R SYSTEMS, INC., USA

Notes to Financial Statements for the year ended December 31, 2017

(n) Segment reporting

The Company operates one business segment i.e. providing information technology services in the United States of America.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

----- *This space has been intentionally left blank* -----

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****3. Share capital**

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares		
5,000 (Previous year 5000) Common Stock, no par value	-	-
Issued, subscribed and paid up capital		
2,150 (Previous year 2,150) Common Stock, no par value	85,616,606	85,616,606
Total	85,616,606	85,616,606

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	2,150	85,616,606	2,150	85,616,606
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,150	85,616,606	2,150	85,616,606

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	382,912,877	321,545,839
Add: Profit for the current year	34,624,140	61,367,038
Net surplus in the statement of profit and loss	417,537,017	382,912,877
Foreign currency translation reserve		
Balance as per last financial statement	85,065,411	71,585,953
Add: Current year translation differences	(33,669,340)	13,479,458
Closing balance	51,396,071	85,065,411
Total	468,933,088	467,978,288

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****5. Short-term provisions**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	32,976,044	22,735,922
Sub Total (A)	32,976,044	22,735,922
Other provision		
Income tax	577,210	3,469,970
Sub Total (B)	577,210	3,469,970
Total (A+B)	33,553,254	26,205,892

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	56,893,096	90,219,920
Sub total (A)	56,893,096	90,219,920
Other liabilities		
Payable to Related parties		
R Systems Internataional Limited, India	3,787,660	3,195,192
R Systems Technologies Ltd., USA	5,628,227	7,529,251
ECnet Limited., Singapore	1,614,547	1,597,978
RSYS Technologies Limited, Canada	492,157	-
Other liabilities	750,751	864,016
Sub total (B)	12,273,342	13,186,437
Total (A+B)	69,166,438	103,406,357

R SYSTEMS, INC., USA
Notes to Financial Statements for the year ended December 31, 2017

Particulars	(Amount in Rs.)											
	Gross block			Depreciation			Net block					
	As at 1.1.2017	Addition	Deletion During the year	Adjustment	Total 31.12.2017	Upto 1.1.2017	For the year	Deletion During the year	Adjustment	Total 31.12.2017	As at 31.12.2017	As at 31.12.2016
Leasehold Improvements	8,224,627	-	-	(490,390)	7,734,237	7,937,717	194,476	-	(476,998)	7,655,195	79,042	286,910
Computer hardware	63,525,834	529,153	34,594,266	24,046,753	53,507,474	56,318,141	2,895,607	34,594,266	(2,752,400)	21,867,082	31,640,392	7,207,693
Furniture & fixtures	12,829,989	-	2,244,464	(722,106)	9,863,419	9,822,186	967,282	2,244,464	(561,245)	7,983,759	1,879,660	3,007,803
Office & electrical equipments	31,282,317	3,663,349	2,509,996	(29,070,917)	3,364,753	24,831,580	3,214,596	2,509,996	(1,494,026)	24,042,154	(20,677,401)	6,450,737
Vehicles	19,851,579	-	4,494,368	(1,097,783)	14,259,428	19,624,404	217,790	4,494,368	(1,088,398)	14,259,428	-	227,175
Total	135,714,346	4,192,502	43,843,094	(7,334,443)	88,729,311	118,534,028	7,489,751	43,843,094	(6,373,067)	75,807,618	12,921,693	17,180,318
Previous Year	124,296,443	8,004,893	-	3,413,011	135,714,347	109,334,229	6,206,704	-	2,993,095	118,534,028	17,180,319	14,962,214

Particulars	(Amount in Rs.)											
	Gross block			Depreciation			Net block					
	As at 1.1.2017	Addition	Deletion During the year	Adjustment	Total 31.12.2017	Upto 1.1.2017	For the year	Deletion During the year	Adjustment	Total 31.12.2017	As at 31.12.2017	As at 31.12.2016
Computer Software	22,735,230	-	3,034,393	(1,297,611)	18,403,226	21,884,792	489,559	3,034,393	(1,256,256)	18,083,702	319,524	850,438
Total	22,735,230	-	3,034,393	(1,297,611)	18,403,226	21,884,792	489,559	3,034,393	(1,256,256)	18,083,702	319,524	850,438
Previous Year	22,142,763	-	-	592,467	22,735,230	20,552,734	773,727	-	558,331	21,884,792	850,438	1,590,029

R SYSTEMS, INC., USA
Notes to Financial Statements for the year ended December 31, 2017
9. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	112,974	349,807	17,711,969	15,903,781
Unsecured, considered doubtful	-	-	-	3,198,724
Provision for doubtful advances	112,974	349,807	17,711,969	19,102,505
Total (A)	112,974	349,807	17,711,969	15,903,781
Advance recoverable from:				
R Systems International Limited, India			25,408	7,235,077
Computaris USA, Inc			1,693,710	309,534
RSYS Technologies Ltd., Canada			29,034,008	-
Loan recoverable from				
R Systems Technologies Ltd., USA			21,969,168	27,777,250
Total (B)	-	-	52,722,294	35,321,861
Security deposit				
Unsecured, considered good	91,277	83,480	-	-
Total (C)	91,277	83,480	-	-
Total (A+B+C)	204,251	433,287	70,434,263	51,225,642

R SYSTEMS, INC., USA
Notes to Financial Statements for the year ended December 31, 2017
10. Trade receivables and other assets
10.1 Trade receivables

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,122,217	-
Unsecured, considered doubtful	2,709,426	31,092,570
	10,831,643	31,092,570
Provision for doubtful receivables	2,709,426	31,092,570
Sub Total (A)	8,122,217	-
Other receivables		
Unsecured, considered good	198,421,313	248,254,535
Unsecured, considered doubtful	-	2,038,346
	198,421,313	250,292,881
Provision for doubtful receivables	-	2,038,346
Sub Total (B)	198,421,313	248,254,535
Total (A+B)	206,543,530	248,254,535

Trade receivable include:

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Dues from companies under the same management		
Computaris USA Inc.	25,037,574	35,719,516
RSYS Technologies Limited, Canada	-	20,070,874

10.2 Other current assets

Particulars	Non-Current		Current	
	As at	As at	As at	As at
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Rs.	Rs.	Rs.	Rs.
Non-current bank balances	189,964,250	-	-	-
Interest accrued	-	-	294,165	-
Unbilled revenue	-	-	5,570,686	9,332,208
Total	189,964,250	-	5,864,851	9,332,208

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****11. Cash and bank balances**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	171,017,024	355,930,715
Total	171,017,024	355,930,715

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017****12. Revenue from operations**

Particulars	For the year ended	For the year ended
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Sale of services	1,354,547,145	1,458,616,508
Total	1,354,547,145	1,458,616,508

13. Other income

Particulars	For the year ended	For the year ended
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Interest income	1,545,719	1,357,873
Miscellaneous income	16,451,880	1,430,582
Provision for doubtful debts and advances written back [net of Bad debts Rs. 27,596,946 (previous year Rs. Nil)]	4,469,713	-
Total	22,467,312	2,788,455

14. Employee benefits expense

Particulars	For the year ended	For the year ended
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Salaries, wages and bonus	791,890,791	779,333,272
Contribution to employee's benefits fund	53,538,721	53,126,378
Total	845,429,512	832,459,650

15. Operational and other expenses

Particulars	For the year ended	For the year ended
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Recruitment and training expenses	7,449,242	7,147,127
Travelling and conveyance	42,651,860	40,640,112
Insurance	4,211,658	4,168,258
Repair and maintenance	8,319,633	8,315,872
Provision for doubtful debts and advances (net)	-	5,279,234
Membership and subscription fees	5,452,738	2,632,383
Rent - premises	10,669,850	1,436,396
Rent - equipment	486,441	537,797
Power and fuel	380,240	386,593
Communication costs	3,574,534	2,962,520
Printing and stationery	207,043	328,948
Advertising and sales promotion	10,376,438	708,293
Legal and professional expenses	391,514,396	479,853,972
Foreign exchange fluctuation (net)	310,184	106,185
Rates and taxes	2,158,768	1,651,341
Miscellaneous expenses	120,041	10,405
Total	487,883,066	556,165,436

16. Depreciation and amortisation expenses

Particulars	For the year ended	For the year ended
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Depreciation on tangible assets	7,489,751	6,206,704
Amortisation on intangible assets	489,559	773,727
Total	7,979,310	6,980,431

17. Finance cost

Particulars	For the year ended	For the year ended
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Bank charges	1,019,323	1,017,796
Total	1,019,323	1,017,796

R SYSTEMS, INC., USA

Notes to Financial Statements for the year ended December 31, 2017

18. Related Party Disclosures

Holding Company R Systems International Limited, India

Fellow Subsidiaries **Following are the subsidiaries of R Systems International Limited, India**

R Systems (Singapore) Pte Ltd, Singapore
R Systems Technologies Limited, USA
ECnet Ltd, Singapore
Computaris International Limited, U.K.
RSYS Technologies Limited, Canada

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited, U.K.

- Computaris Romania Srl, Romania
- Computaris Polska sp z o.o., Poland
- ICS Computaris International Srl, Moldova
- Computaris Malaysia Sdn. Bhd., Malaysia
- Computaris USA, Inc., USA
- Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)

Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore

- IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd)
Step down subsidiaries of IBIZ Consulting Pte. Ltd., Singapore:
 - IBIZ Consulting Services Pte Ltd, Singapore
 - IBIZ Consulting Services Sdn. Bhd., Malaysia
 - PT. IBIZCS Indonesia., Indonesia
 - IBIZ Consultancy Services India Private Limited, India
 - IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
 - IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China
(wholly owned subsidiary of IBIZ HK)

Key management
personnel
(directors) and
their relatives

Satinder Singh Rekhi, Director
Harpreet Rekhi, Director
Vinay Narjit Singh Behl, Director
Sartaj Singh Rekhi, Director (related to Satinder Singh Rekhi)
Ramneet Singh Rekhi (related to Satinder Singh Rekhi), Vice President

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2017**

Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

Particulars	For the year ended	
	December 31, 2017	December 31, 2016
Holding Company		
Services received	40,911,402	51,605,376
Amount payable	3,787,660	3,195,192
Amount receivable	25,408	7,235,077
R Systems Technologies Limited, USA		
Services received	105,965,983	101,881,322
Interest received	1,245,825	1,357,873
Amount payable	5,628,227	7,529,251
Loan outstanding	21,969,168	27,777,250
ECnet Ltd, Singapore		
Amount payable	1,614,547	1,597,978
Computaris USA, Inc., USA		
Services rendered	110,485,922	123,280,367
Amount receivable	26,731,283	36,029,050
RSYS Technologies Limited, Canada		
Services received	2,861,309	732,651
Amount receivable	29,034,008	20,070,874
Amount payable	492,157	-

Remuneration to key management personnel and their relatives		
Sartaj Singh Rekhi	10,341,510	9,547,113
Ramneet Singh Rekhi	5,038,784	5,715,847
Vinay Narjit Singh Behl	8,183,179	8,377,844
Rent		
Satinder Singh Rekhi	5,157,425	5,321,527

Details of Loan given to R Systems Technologies Ltd, USA, a fellow subsidiary:

- The outstanding amount due is Rs. 21,969,168 (equivalent to \$ 343,940) and Rs. 27,777,250 (equivalent to \$ 408,940), as at December 31, 2017 and 2016, respectively.
- The maximum amount due is Rs. 27,344,705 (equivalent to \$ 419,919) during the year 2017.
- The amount due are non-trade, interest is charged at 5% per annum and are due on demand.

19. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Lease payments for the year	10,126,981	10,024,897
Non-cancellable operating lease obligation		
Not later than one year	7,039,408	8,673,873
Later than one year but not later than five years	9,536,154	20,240,506

None of the operating lease arrangements have price escalation clause.

- 20.** The Company has a policy of recognizing deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2017 and 2016, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

R SYSTEMS, INC., USA

Notes to Financial Statements for the year ended December 31, 2017

21. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N
Chartered Accountants



CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
R Systems, Inc., USA**



Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018



Harpreet Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris Malaysia Sdn. Bhd., Malaysia

Report on the Financial Statements

We have audited the accompanying financial statements of COMPUTARIS MALAYSIA SDN. BHD., MALAYSIA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

Computaris Malaysia Sdn. Bhd., Malaysia
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,930	14,930
Reserves and surplus	4	2,355,175	1,740,428
Current liabilities			
Trade payables	5	744,423	231,780
Short-term provisions	6	136,775	223,812
Total		3,251,303	2,210,950
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	898,751	185,998
Intangible assets	8	-	-
Long-term loans and advances	9	525,965	165,730
Current assets			
Cash and bank balances	10	1,641,092	1,843,300
Short-term loans and advances	9	185,495	15,922
Total		3,251,303	2,210,950
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
Computaris Malaysia Sdn. Bhd., Malaysia**

Tham Kok Kee
[Director]

Place : Malaysia
Date : February 09, 2018

Yeo Chun Lan
[Director]

Place : Malaysia
Date : February 09, 2018

Computaris Malaysia Sdn. Bhd., Malaysia
Profit and Loss Account for the year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Income			
Revenue from operations	11	13,416,076	13,896,428
Total revenue		13,416,076	13,896,428
Expenses			
Employee benefits expense	12	9,401,364	9,279,281
Operational and other expense	13	3,013,257	3,359,496
Depreciation and amortisation expense	14	174,183	174,114
Finance costs	15	4,090	1,705
Total expenses		12,592,894	12,814,596
Profit/(Loss) before tax		823,182	1,081,832
Tax expense			
Current tax		302,071	391,708
Total tax expense		302,071	391,708
Profit/(Loss) for the year		521,111	690,124

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



Place : New Delhi
 Date : February 09, 2018

**For and on behalf of the Board of Directors of
 Computaris Malaysia Sdn. Bhd., Malaysia**

Tham Kok Kee
 [Director]

Place : Malaysia
 Date : February 09, 2018

Yeo Chun Lan
 [Director]

Place : Malaysia
 Date : February 09, 2018

Computaris Malaysia Sdn. Bhd., Malaysia
Cash Flow Statement for the period ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	823,182	1,081,832
Adjustments for:		
Depreciation and amortisation expense	174,183	174,114
Loss on sale of fixed assets	19,163	-
Unrealised foreign exchange (loss) / gain	58,120	(73,699)
Operating profit/(loss) before working capital changes	1,074,648	1,182,247
Movements in working capital :		
(Increase) / Decrease in loans and advances	(427,290)	5,699
Increase / (Decrease) in short-term and long-term provision	26,581	(19,236)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	512,643	(12,456)
Cash generated from operations	1,186,582	1,156,254
Direct taxes paid, net of refunds	(518,207)	(146,712)
Net cash flow from operating activities (A)	668,375	1,009,542
B. Cash flows used in investing activities		
Purchase of fixed assets	(870,583)	-
Net cash used in investing activities (B)	(870,583)	-
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net Increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(202,208)	1,009,542
Cash and cash equivalents at the beginning of the year	1,843,300	833,758
Cash and cash equivalents at the end of the year	1,641,092	1,843,300

The accompanying notes are an integral part of the financial Statements.

As per our report of even date

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris Malaysia Sdn. Bhd., Malaysia**

Tham Kok Kee
[Director]

Place : Malaysia
Date : February 09, 2018

Yeo Chun Lan
[Director]

Place : Malaysia
Date : February 09, 2018

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statement for the year ended December 31, 2017

1. Company Overview

Computaris Malaysia Sdn. Bhd., Malaysia (the "Company"), is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. The Company is a limited company incorporated and domiciled in Malaysia on November 19, 2009 having its registered office is No. 52,1st Floor, Jalan SS21/58 Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia.

The main object of the Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end are disclosed as capital work-in-progress.

(d) Depreciation on Tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statement for the year ended December 31, 2017

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated Useful Life</u>
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 Years
End-user devices such as desktop, laptop, mobile phones etc.	3 Years

(e) Intangibles

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statement for the year ended December 31, 2017

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Malaysian Ringgit (MYR) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were MYR 1 = Rs. 15.15. For translating assets and liabilities at the year-end, the rates used were MYR 1 = Rs. 15.77.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were MYR 1 = Rs. 16.24. For translating assets and liabilities at the year-end, the rates used were MYR 1 = Rs. 15.15.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Computaris Malaysia Sdn. Bhd., Malaysia

Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital		
Issued, subscribed and paid up capital		
1,000 ordinary shares (Previous year 1,000 ordinary shares) of RM 1 each	14,930	14,930
Total	14,930	14,930

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1,000	14,930	1,000	14,930
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1,000	14,930	1,000	14,930

4. Reserves and surplus

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
100,000 ordinary shares (Previous year 100,000 ordinary shares) of RM 1 each		
Balance as per last financial statement	1,838,801	1,148,677
Add: Profit for the current year	521,111	690,124
Net surplus in the statement of profit and loss	2,359,912	1,838,801
Foreign currency translation reserve		
Balance as per last financial statement	(98,373)	(29,283)
Add: Current year translation differences	93,636	(69,090)
Closing balance	(4,737)	(98,373)
Total	2,355,175	1,740,428

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Computaris Malaysia Sdn. Bhd., Malaysia**Notes to Financial Statements for the year ended December 31, 2017****5. Trade payable**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	744,423	231,780
Total	744,423	231,780

6. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	136,775	110,194
Sub total (A)	136,775	110,194
Other provision		
Income tax	-	113,618
Sub total (B)	-	113,618
Total	136,775	223,812

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Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2017

7. Tangible Assets

(Amount In Rs.)

Particulars	Gross block					Depreciation					Net block	
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017	During the year			31.12.2017	1.1.2017	During the year			31.12.2017	31.12.2017	31.12.2016
Computer hardware	442,820	96,469	101,453	(18,022)	455,858	256,822	152,671	82,274	(13,441)	340,660	115,198	185,998
Office equipments	73,942	-	-	(3,041)	76,983	73,942	-	-	(3,041)	76,983	-	-
Furniture and fixtures	-	85,971	-	(3,535)	89,506	-	2,394	-	(98)	2,492	87,014	-
Leasehold improvements	-	688,143	-	(28,300)	716,443	-	19,118	-	(786)	19,904	696,539	-
Total	516,762	870,583	101,453	(52,898)	1,338,790	330,764	174,183	82,274	(17,366)	440,039	898,751	185,998
Previous year	527,303	-	-	10,541	516,762	171,800	174,114	-	15,150	330,764	185,998	355,503

8. Intangible Assets

(Amount In Rs.)

Particulars	Gross block					Amortisation					Net block	
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017	During the year			31.12.2017	1.1.2017	During the year			31.12.2017	31.12.2017	31.12.2016
Computer Software	57,687	-	-	(2,373)	60,060	57,687	-	-	(2,373)	60,060	-	-
Total	57,687	-	-	(2,373)	60,060	57,687	-	-	(2,373)	60,060	-	-
Previous Year	50,064	-	-	1,177	57,687	50,064	-	-	1,177	57,607	-	-

9. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received Unsecured, considered good	-	-	83,639	-
Total (A)	-	-	83,639	-
Security deposit Unsecured, considered good	423,447	165,730	-	-
Total (B)	423,447	165,730	-	-
Other loans and advances Advance income taxes	102,518	-	-	-
VAT recoverable	-	-	101,856	15,922
Sub total (C)	102,518	-	101,856	15,922
Total (A+B+C)	525,965	165,730	185,495	15,922

10. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents Balance with other banks On current accounts	1,641,092	1,843,300
Total	1,641,092	1,843,300

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Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2017

11. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	13,416,076	13,896,428
Total	13,416,076	13,896,428

12. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	8,136,135	7,985,769
Contribution to employee's benefits fund	998,713	969,533
Staff welfare expenses	266,516	323,979
Total	9,401,364	9,279,281

13. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	26,753	8,446
Travelling and conveyance	1,060,506	1,368,730
Insurance	18,633	19,978
Repair and maintenance	9,574	2,436
Membership & Subscription Fees	38,130	15,966
Rent - premises	545,364	584,712
Communication costs	297,330	278,583
Printing and stationery	22,178	31,006
Advertising and sales promotion	15,270	9,550
Legal and professional expenses	706,186	782,312
Loss on sale of Assets	19,163	-
Foreign exchange fluctuation (net)	7,726	30,307
Miscellaneous expenses	246,444	227,470
Total	3,013,257	3,359,496

14. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	174,183	174,114
Total	174,183	174,114

15. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	4,090	1,705
Total	4,090	1,705

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statement for the year ended December 31, 2017

17. Related Party Disclosures

- (i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company Computaris International limited, UK

Ultimate Holding Company R Systems International Limited, India

Fellow Subsidiaries • Computairs Romania S.R.L., Romania
 • Computaris Polska sp Zoo, Poland
 • ICS Computairs International S.R.L., Moldova
 • Computaris USA, Inc., USA
 • Computaris Philippines Pte. Ltd. Inc., Philippines

Other related parties **Following are the subsidiaries of R Systems International Limited, India**

- R Systems, Inc., USA
- R Systems Technologies Limited, USA
- R Systems (Singapore) Pte Limited, Singapore.
- RSYS Technologies Limited, Canada
- ECnet Ltd, Singapore

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of R Systems (Singapore) Pte. Limited, Singapore

- IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited, Singapore)

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

- IBIZ Consulting Services Pte Ltd., Singapore
- IBIZ Consulting Services Sdn. Bhd., Malaysia
- PT. IBIZCS Indonesia, Indonesia
- IBIZ Consultancy Services India Private Limited, India
- IBIZ Consulting Service Limited (IBIZ HK), Hong Kong
 - IBIZ Consulting Service Shanghai Co., Ltd. (100% by IBIZ HK), People's Republic of China.

Key management Personnel Tham Kok Kee, Director
 Yeo Chun Lan, Director

- (ii) Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

Particulars	(Amount in Rs.)	
	December 31, 2017	2016
Computaris International Limited		
Services rendered	13,416,076	13,896,428
Remuneration to key management personnel		
Tham Kok Kee	2,854,072	3,422,709
Yeo Chun Lan	1,137,993	1,244,137
Total	3,992,065	4,666,846

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statement for the year ended December 31, 2017

18. Operating Lease- Company as lessee

The Company has operating leases for office premises, vehicles etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

(Amount in Rs.)

Particulars	December 31,	
	2017	2016
Lease payments for the year	545,364	584,712
Non-cancellable operating lease obligation		
Not later than one year	94,573	136,434
Later than one year but not later than five years	-	-
Later than five years	-	-

19. The Company has no material deferred tax component as at December 31, 2017. Hence no deferred tax has been recorded in the books.

20. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the Current year classification.

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N

Chartered Accountants



CA. S.K. RELAN
 Membership No. 12149



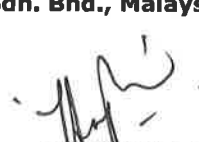
Place : New Delhi
 Date : February 09, 2018

**For and on behalf of the Board of Directors of
 Computaris Malaysia Sdn. Bhd., Malaysia**



Tham Kok Kee
 [Director]

Place : Malaysia
 Date : February 09, 2018



Yap Chun Lan
 [Director]

Place : Malaysia
 Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris USA, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of COMPUTARIS USA, INC., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

Computaris USA, Inc., USA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,558	4,558
Reserves and surplus	4	9,386,603	14,455,723
Non-current liabilities			
Deferred tax liabilities (net)		-	104,605
Current liabilities			
Trade payables	5	43,882	743,100
Other current liabilities	5	26,851,708	38,141,654
Short-term provisions	6	67,580	224,696
Total		36,354,331	53,674,336
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	933,342	291,806
Deferred tax assets (net)		3,872,486	-
Current assets			
Trade receivables	8.1	14,027,653	18,129,115
Cash and bank balances	9	16,966,414	34,176,396
Short-term loans and advances	10	53,911	70,099
Other current assets	8.2	500,525	1,006,920
Total		36,354,331	53,674,336
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris USA, Inc., USA**

Satinder Singh Rekhi *Harpreet Rekhi*

Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore

Date : February 09, 2018

Place : Singapore

Date : February 09, 2018

Computaris USA, Inc., USA**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the Year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Income			
Revenue from operations	11	108,707,445	136,085,561
Other income	12	-	919,979
Total revenue		108,707,445	137,005,540
Expenses			
Operational and other expenses	13	116,644,148	135,813,774
Depreciation and amortisation expense	14	348,191	729,694
Total expenses		116,992,339	136,543,468
Profit / (loss) before tax		(8,284,894)	462,072
Tax expense			
Current tax		52,095	232,078
Deferred tax charge		(4,048,123)	(145,939)
Total tax expense		(3,996,028)	86,139
Profit / (loss) for the		(4,288,866)	375,933
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018



For and on behalf of the Board of Directors of

Computaris USA, Inc., USA

Satinder Singh Rekhi

[Director]

Place : Singapore

Date : February 09, 2018

Harpreet Rekhi

[Director]

Place : Singapore

Date : February 09, 2018

Computaris USA, Inc., USA

Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	(8,284,894)	462,072
Adjustments for:		
Depreciation and amortisation expense	348,191	729,694
Provision for doubtful debt and advances (written back)	1,626,803	(919,979)
Loss on Sale of Fixed Asset	-	-
Unrealised foreign exchange (loss) / gain	(593,934)	497,704
Operating profit/(loss) before working capital changes	(6,903,834)	769,491
Movements in working capital :		
(Increase) / Decrease in trade receivables	2,474,659	20,882,913
(Increase) / Decrease in Other current assets	506,395	1,751,744
(Increase) / Decrease in loans and advances	16,188	347,670
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(12,093,769)	(227,206)
Cash generated from operations	(16,000,361)	23,524,612
Direct taxes paid, net of refunds	(209,211)	(1,810,039)
Net cash flow from operating activities (A)	(16,209,572)	21,714,573
B. Cash flows used in investing activities		
Purchase of fixed assets	(1,000,410)	-
Proceeds from Sale of fixed assets	-	15,487
Net cash used in investing activities (B)	(1,000,410)	15,487
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(17,209,982)	21,730,060
Cash and cash equivalents at the beginning of the year	34,176,396	12,446,336
Cash and cash equivalents at the end of the year	16,966,414	34,176,396

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018



For and on behalf of the Board of Directors of

Computaris USA, Inc., USA

Satinder Singh Rekhi *Harpreet Rekhi*

Satinder Singh Rekhi
[Director]

Harpreet Rekhi
[Director]

Place : Singapore

Date : February 09, 2018

Place : Singapore

Date : February 09, 2018

Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2017

1. Company Overview

Computaris USA, LLC, USA, (the "Company") is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. The Company is a limited company incorporated and domiciled in United States of America on April 02, 2010 having its registered office is 5000, Windplay Drive, Suite 5, EI Dorado Hills, CA 95762, U.S.A.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2017

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 Years
End-user devices such as desktop, laptop, mobile phone etc.	3 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 years or below in specific cases.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible fixed assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services /

Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2017

customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is United States Dollar (US \$) but the Financial Statements have been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were USD \$ 1 = Rs. 65.12. For translating assets and liabilities at the year-end, the rates used were USD \$ 1 = Rs. 63.88.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were USD \$ 1 = Rs. 67.19. For translating assets and liabilities at the year-end, the rates used were USD \$ 1 = Rs. 67.93.

(j) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Computaris USA, Inc., USA

Notes to Financial Statement for the year ended December 31, 2017

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(k) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(l) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(m) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Computaris USA, Inc., USA
Notes to Financial Statements for the year ended December 31, 2017
3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised shares		
100 shares (Previous year 100 shares) of USD 1 each	USD 100	USD 100
Issued, subscribed and paid up capital		
100 shares (Previous year 100 shares) of USD 1 each	4,558	4,558
Total	4,558	4,558

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	100	4,558	100	4,558
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	100	4,558	100	4,558

4. Reserves and surplus

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Statement of Profit and Loss		
Balance as per last financial statement	13,466,899	13,090,966
Add: Profit / (loss) for the current year	(4,288,866)	375,933
Net surplus/ (deficit) in the statement of profit and loss	9,178,033	13,466,899
Foreign currency translation reserve		
Balance as per last financial statement	988,824	617,800
Add: Current year translation differences	(780,254)	371,024
Closing balance	208,570	988,824
Total	9,386,603	14,455,723

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Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2017****5. Other current liabilities**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	43,882	743,100
Sub total (A)	43,882	743,100
Other liabilities		
Payable to Related Parties		
R System Inc. USA	26,731,240	36,029,050
Advance from customers	110,823	117,850
Systemes R. International Ltee, Canada	-	1,970,912
Computaris Romania Srl, Romania	9,645	23,842
Sub total (B)	26,851,708	38,141,654
Total (A+B)	26,895,590	38,884,754

6. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other provision		
Income tax	67,580	224,696
Total	67,580	224,696

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Computaris USA, Inc., USA
Notes to Financial Statements for the year ended December 31, 2017

7. Tangible Assets

(Amount in Rs.)

Particulars	Gross block				Depreciation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Up to	Addition	Deletion	Adjustment	Total	As at	As at
	1-Jan-17		During the year		31-Dec-17	1-Jan-17		During the year		31-Dec-17	31-Dec-17	31-Dec-16
Plant and Machinery	619,408	-	-	36,932	582,476	550,600	65,966	-	34,090	582,476	-	68,808
Computer hardware	1,204,378	1,000,410	-	71,746	2,133,042	981,380	282,225	-	63,905	1,199,700	933,342	222,998
Office & electrical equipments	54,612	-	-	3,256	51,356	54,612	-	-	3,256	51,356	-	-
Total	1,878,398	1,000,410	-	111,934	2,766,874	1,586,592	348,191	-	101,251	1,833,532	933,342	291,806
Previous year	1,938,341	-	111,805	(51,862)	1,878,398	920,613	729,694	96,318	(32,603)	1,586,592	291,806	1,017,728

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2017****8 Trade receivables & other assets****8.1 Trade receivables**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	14,027,653	18,129,115
Total (B)	14,027,653	18,129,115
Total (A+B)	14,027,653	18,129,115

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management Computaris International Limited	13,527,128	13,838,428

8.2 Other assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenues	500,525	1,006,920
Total	500,525	1,006,920

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2017**

9. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balance with other banks:		
On current accounts	16,966,414	34,176,396
Total	16,966,414	34,176,396

10. Short term loans and advances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	53,911	70,099
Total	53,911	70,099

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2017****11. Revenue from operations**

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	108,707,445	136,085,561
Total	108,707,445	136,085,561

12. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Provision for doubtful debts and advances written back (net)	-	919,979
Total	-	919,979

13. Operational and other expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Travelling and conveyance	1,587,862	1,185,048
Repair and maintenance	295,640	262,852
Provision for doubtful debts and advances (net)	1,626,803	-
Membership & Subscription Fees	46,300	28,691
Communication costs	272,197	269,637
Advertising and sales promotion	325,595	-
Legal and professional expenses	112,467,871	132,988,794
Foreign exchange fluctuation (net)	21,880	849,832
Miscellaneous expenses	-	228,920
Total	116,644,148	135,813,774

14. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	348,191	729,694
Total	348,191	729,694

Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2017

15. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company Computaris International Limited, UK (wholly owned subsidiary of R Systems International Limited, India)

Ultimate Holding Company R Systems International Limited, India

Fellow Subsidiaries • Computaris Romania S.R.L., Romania
 • Computaris Polska sp Zoo, Poland
 • ICS Computaris International S.R.L., Moldova
 • Computaris Malaysian SDN.BHD., Malaysia
 • Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)

Other related parties **Following are the subsidiaries of R Systems International Limited., India**

- R Systems, Inc., USA
- R Systems Technologies Limited, USA
- R Systems (Singapore) Pte Limited, Singapore
- RSYS Technologies Ltd., Canada

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong.
- ECnet, Inc., USA.
- ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of R Systems (Singapore) Pte Limited, Singapore

- IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, Singapore)

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

- > IBIZ Consulting Services Pte Ltd., Singapore
- > IBIZ Consulting Services Sdn. Bhd., Malaysia
- > PT. IBIZCS Indonesia., Indonesia
- > IBIZ Consultancy Services India Private Limited., India.
- > IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong
 - IBIZ Consulting Service Shanghai Co., Ltd. (100% by IBIZ HK), People's Republic of China.

Key Management Personnel Satinder Singh Rekhi, Director
 Sartaj Singh Rekhi, Director
 Harpreet Rekhi, Director
 Bogdon Tudan, Director (appointed on December 01, 2016)

Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2017

(ii) **Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:**

(Amount in Rs.)

Particulars	December 31,	
	2017	2016
Computaris International Limited, India		
Services rendered	98,239,630	107,140,552
Amount receivable	13,527,128	13,838,428
R System Inc.		
Amount payable	26,731,240	36,029,050
Services received	110,426,567	123,280,367
RSYS Technologies Ltd., Canada		
Amount payable	-	1,970,912
Services received	1,202,681	6,194,031
Computaris Romania Srl, Romania		
Amount payable	-	23,842
Services received	-	2,231

16. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the Current year classification.

As per our report of even date.

For S.K. RELAN & CO.
 ICAI Firm registration number: 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



For and on behalf of the Board of Directors of Computaris USA, Inc. , USA

[Signature]
[Signature]

Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018

Harpreet Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris Philippines Pte. Ltd. Inc., Philippines

Report on the Financial Statements

We have audited the accompanying financial statements of COMPUTARIS PHILIPPINES PTE. LTD. INC., PHILIPPINES ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S.K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

Computaris Philippines Pte. Ltd. Inc., Philippines
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,482,718	14,482,718
Reserves and surplus	4	(957,924)	(753,165)
Non-current liabilities			
Deferred tax liabilities (net)	5.1	256,904	-
Current liabilities			
Trade payables	6	14,379,772	10,400,781
Other current liabilities	6	35,960,877	11,246,481
Total		64,122,347	35,376,815
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	103,984	-
Deferred tax assets (net)	5.2	-	12,800
Long-term loans and advances	8	561,876	6,855
Current assets			
Trade receivables	9.1	23,738,465	10,293,939
Cash and bank balances	10	14,464,092	13,110,234
Short-term loans and advances	8	3,308,959	1,301,938
Other current assets	9.2	21,944,971	10,651,049
Total		64,122,347	35,376,815
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



**For and on behalf of the Board of Directors of
 Computaris Philippines Pte. Ltd. Inc., Philippines**

Raluca Rusu
 [Director]

Place : Romania
 Date : February 09, 2018

Tham Kok Kee
 [Director]

Place : Malaysia
 Date : February 09, 2018

Computaris Philippines Pte. Ltd. Inc., Philippines
Profit and Loss Account for the year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Income			
Revenue from operations	11	43,199,789	19,027,683
Other income	12	783,591	13,612
Total revenue		43,983,380	19,041,295
Expenses			
Employee benefits expense	13	852,325	-
Operational and other expense	14	41,984,027	19,064,315
Depreciation and amortisation expense	15	5,538	-
Finance costs	16	43,332	8,670
Total expenses		42,885,222	19,072,985
Profit/(Loss) before tax		1,098,158	(31,690)
Tax expense			
Current tax		81,882	-
Deferred tax charge / (credit)		271,985	(13,128)
Total tax expense		353,867	(13,128)
Profit/(Loss) for the period		744,291	(18,562)

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris Philippines Pte. Ltd. Inc., Philippines**

Raluca Rusu
[Director]

Place : Romania
Date : February 09, 2018

Tham Kok Kee
[Director]

Place : Malaysia
Date : February 09, 2018

Computaris Philippines Pte. Ltd. Inc., Philippines
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017	For the period ended December 31, 2016
	Rs.	Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	1,098,158	(31,690)
Adjustments for:		
Depreciation and amortisation expense	5,538	-
Unrealised foreign exchange (loss) / gain	(951,396)	(734,275)
Operating profit/ (loss) before working capital changes	152,300	(765,965)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(13,444,526)	(10,293,939)
(Increase) / Decrease in loans and advances	(2,000,166)	(1,308,793)
(Increase) / Decrease in other current assets	(11,293,922)	(10,651,049)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	28,693,387	21,647,262
Cash generated from operations	2,107,073	(1,372,484)
Direct taxes paid, net of refunds	(643,758)	-
Net cash flow from operating activities (A)	1,463,315	(1,372,484)
B. Cash flows used in investing activities	-	-
Purchase of fixed assets	(109,457)	-
Net cash used in investing activities (B)	(109,457)	-
C. Cash flows used in financing activities		
Issue of Shares	-	14,482,718
Net cash used in financing activities (C)	-	14,482,718
Net increase / (decrease) in cash and cash equivalents during the year/ period (A + B + C)	1,353,858	13,110,234
Cash and cash equivalents at the beginning of the period	13,110,234	-
Cash and cash equivalents at the end of the period	14,464,092	13,110,234

The accompanying notes are an integral part of the financial Statements.

As per our report of even date

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
Computaris Philippines Pte. Ltd. Inc., Philippines**

Raluca Rusu
[Director]

Place : Romania
Date : February 09, 2018

Tham Kok Kee
[Director]

Place : Malaysia
Date : February 09, 2018

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statement for the year ended December 31, 2017

1. Company Overview

Computaris Philippines Pte. Ltd. Inc., Philippines (the "Company"), is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. The Company is a limited company incorporated and domiciled in Philippines on May 23, 2016 having its registered office is 21-B Rufino Pacific Tower, 6784 Ayala Ave, Makati City, Philippines 1226.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statement for the year ended December 31, 2017

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(e) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Philippines Peso (PHP) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were PHP 1 = Rs.1.41. For translating assets and liabilities at the year-end, the rates used were PHP 1 = Rs. 1.37.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were PHP 1 = Rs.1.41. For translating assets and liabilities at the year-end, the rates used were PHP 1 = Rs. 1.37.

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statement for the year ended December 31, 2017

(f) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(g) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(h) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(i) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(j) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital		
10,000,000 (previous year 10,000,000) ordinary shares of PHP 1 each	PHP 10,000,000	PHP 10,000,000
Issued, subscribed and paid up capital		
10,000,000 (previous year 10,000,000) ordinary shares of PHP 1 each	14,482,718	14,482,718
Total	14,482,718	14,482,718

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year/ period	10,000,000	14,482,718	-	-
Add: Shares issued during the year/ period	-	-	10,000,000	14,482,718
Shares outstanding at the end of the year/ period	10,000,000	14,482,718	10,000,000	14,482,718

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(18,562)	-
Add: Profit for the current period	744,291	(18,562)
Net surplus in the statement of profit and loss	725,729	(18,562)
Foreign currency translation reserve		
Balance as per last financial statement	(734,603)	-
Add: Current period translation differences	(949,050)	(734,603)
Closing balance	(1,683,653)	(734,603)
Total	(957,924)	(753,165)

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the year ended December 31, 2017

5.1 Deferred tax liability

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Timing differences for deferred tax liability component	256,904	-
Deferred tax liability	256,904	-

5.2 Deferred tax assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Timing differences for deferred tax assets component	-	12,800
Deferred tax assets	-	12,800

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the year ended December 31, 2017

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	14,379,772	10,400,781
Sub total (A)	14,379,772	10,400,781
Other liabilities		
Payable to Related Parties		
Computaris International Limited, UK	29,585,173	8,902,365
Unearned revenue	3,551,881	1,289,802
VAT Payables	2,701,870	1,048,145
Other payables	121,953	6,169
Sub total (B)	35,960,877	11,246,481
Total	50,340,649	21,647,262

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the year ended December 31, 2017

8. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	3,308,959	1,301,938
Sub total (A)	-	-	3,308,959	1,301,938
Security deposit				
Unsecured, considered good	-	6,855	-	-
Sub Total (B)	-	6,855	-	-
Other loans and advances				
Advance income taxes	561,876	-	-	-
Sub total (B)	561,876	-	-	-
Total (A+B)	561,876	6,855	3,308,959	1,301,938

9.1 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	23,738,465	10,293,939
Total (B)	23,738,465	10,293,939
Total (A+B)	23,738,465	10,293,939

9.2 Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 9)	6,633,933	-
Unbilled revenue	15,311,038	10,651,049
Total	21,944,971	10,651,049

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the year ended December 31, 2017

10. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents				
Balance with other banks				
On current accounts	-	-	13,290,537	304,371
On deposit accounts with original maturity of less than 3 months	-	-	1,173,555	12,805,863
	-	-	14,464,092	13,110,234
Other bank balances				
Margin money deposit (refer detail below)	6,633,933	-	-	-
Amount disclosed under non-current assets (refer note 8.2)	6,633,933 (6,633,933)	-	-	-
Total	-	-	14,464,092	13,110,234

Detail of margin money deposit

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Margin moneys deposit against performance guarantees given to customers	6,633,933	-
Total	6,633,933	-

Computaris Philippines Pte. Ltd. Inc.,
Notes to Financial Statements for the year ended December 31, 2017

11. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Sale of services	43,199,789	19,027,683
Total	43,199,789	19,027,683

12. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Interest Income	11,266	13,612
Foreign exchange fluctuation (net)	772,325	-
Total	783,591	13,612

13. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Salaries, wages and bonus	755,820	-
Contribution to employee's benefits fund	6,769	-
Staff welfare expenses	89,736	-
Total	852,325	-

14. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Travelling and conveyance	50,692	7,649
Insurance	46,642	-
Communication costs	19,793	-
Printing and stationery	2,735	10,759
Advertising and sales promotion	35,226	-
Legal and professional expenses	41,820,979	19,036,062
Foreign exchange fluctuation (net)	-	79
Miscellaneous expenses	7,960	9,766
Total	41,984,027	19,064,315

15. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Depreciation on tangible assets	5,538	-
Total	5,538	-

16. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Bank charges	43,332	8,670
Total	43,332	8,670

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statement for the year ended December 31, 2017

17. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company Computaris International limited, UK (wholly owned subsidiary of R Systems International Limited, India)

Ultimate Holding Company R Systems International Limited, India

Fellow Subsidiaries

- Computairs Romania S.R.L., Romania
- Computaris Polska sp Zoo, Poland
- ICS Computairs International S.R.L., Moldova
- Computaris USA, Inc., USA
- Computaris Malaysian SDN.BHD., Malaysia

Other related parties

Following are the subsidiaries of R Systems International Ltd., India

- R Systems, Inc., USA
- R Systems Technologies Limited, USA
- R Systems (Singapore) Pte Limited, Singapore
- RSYS Technologies Ltd., Canada
- ECnet Ltd, Singapore

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of R Systems (Singapore) Pte Limited, Singapore

- IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, Singapore)

Following are the subsidiaries of IBIZ Consulting Pte. Ltd.

- IBIZ Consulting Services Pte Ltd., Singapore
- IBIZ Consulting Services Sdn. Bhd., Malaysia
- PT. IBIZCS Indonesia., Indonesia
- IBIZ Consultancy Services India Private Limited., India.
- IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong
 - IBIZ Consulting Service Shanghai Co., Ltd. (100% by IBIZ HK), People's Republic of China.

Key management Personnel
Tham Kok Kee, Director
Raluca Marina Rusu, Director
Diana Lyn Bello, Director
Melvelyn S. Barrozo, Director
Lou Bryan Macabodbod, Director

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statement for the year ended December 31, 2017

(ii) **Details of transactions with related parties for the year ended December 31, 2017 and period ended December 31, 2016:**

Particulars	(Amount in Rs.)	
	Year ended December 31, 2017	Period ended December 31, 2016
Computaris International Limited		
Services received	40,698,415	18,425,743
Accounts payable	-	8,902,365

18. Previous period figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



**For and on behalf of the Board of Directors of
 Computaris Philippines Pte. Ltd. Inc., Philippines**

Raluca Marina Rusu
 [Director]

Tham Kok Kee
 [Director]

Place : New Delhi
 Date : February 09, 2018

Place : Romania
 Date : February 09, 2018

Place : Malaysia
 Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of RSYS Technologies Ltd., Canada

Report on the Financial Statements

We have audited the accompanying financial statements of RSYS TECHNOLOGIES LTD., CANADA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

RSYS Technologies Ltd., Canada
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	5,039,560	5,039,560
Reserves and surplus	4	(30,594,109)	(16,944,559)
Current liabilities			
Short-term provision	5	849,910	680,920
Trade payables	6	2,686,364	4,480,117
Other current liabilities	7	30,124,234	20,592,526
Total		8,105,959	13,848,564
Non-current assets			
Tangible assets	8	86,067	140,822
Long-term loans and advances	10	336,369	332,574
Current assets			
Trade receivables	9.1	2,225,551	5,283,661
Cash and bank balances	11	4,445,894	6,579,679
Short-term loans and advances	10	1,012,078	1,253,831
Other current assets	9.2	-	257,997
Total		8,105,959	13,848,564

Summary of significant accounting policies 2

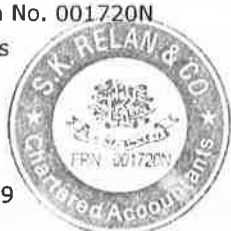
The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N
Chartered Accountants

CA S.K. RELAN
Membership No. 12149



Place : New Delhi
Date : February 09, 2018

**For and on behalf of the Board of Directors of
RSYS Technologies Ltd.**

Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

Sartaj Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

RSYS Technologies Ltd., Canada**Statement of Profit and Loss for the year ended December 31, 2017**

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Income			
Revenue from operations	12	16,476,023	24,433,889
Other income	13	8,176,681	3,823,400
Total revenue		24,652,704	28,257,289
Expenses			
Employee benefits expense	14	22,303,347	16,990,496
Operational and other expenses	15	15,263,387	16,619,016
Depreciation expense	16	55,522	26,549
Finance costs	17	342,356	298,114
Total expenses		37,964,612	33,934,175
Profit / (Loss) before tax		(13,311,908)	(5,676,886)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(13,311,908)	(5,676,886)

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date : February 09, 2018

**For and on behalf of the Board of Directors of
RSYS Technologies Ltd.**

Satinder Singh Rekhi

Satinder Singh Rekhi
[Director]

Place : Singapore

Date : February 09, 2018

Sartaj Singh Rekhi

Sartaj Singh Rekhi
[Director]

Place : Singapore

Date : February 09, 2018

RSYS Technologies Ltd., Canada

Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before taxation	(13,311,908)	(5,676,886)
Adjustments for:		
Depreciation	55,522	26,549
Provision for doubtful debts/advances (net)	-	(3,823,400)
Unrealised foreign exchange loss / (gain)	42,077	(5,630)
Operating profit before working capital changes	(13,214,309)	(9,479,367)
Movements in working capital :		
(Increase) / Decrease in trade receivables	1,623,949	3,178,709
(Increase) / Decrease in other current assets	509,269	(1,291,892)
(Increase) / Decrease in loans and advances		(334,976)
Increase / (Decrease) in Short term provisions	158,813	-
Decrease / (Increase) in intra-group balances	10,573,464	6,054,713
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(1,784,971)	2,908,812
Cash generated from / (used in) operations	(2,133,785)	1,035,999
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(2,133,785)	1,035,999
B. Cash flows used in investing activities		
Purchase of fixed assets	-	(168,351)
Net cash used in investing activities (B)	-	(168,351)
C. Cash flows used in financing activities		
Proceeds from issuance of share capital	-	5,065,249
Net cash used in financing activities (C)	-	5,065,249
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(2,133,785)	5,932,897
Cash and cash equivalents at the beginning of the year	6,579,679	646,782
Cash and cash equivalents at the end of the year	4,445,894	6,579,679

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

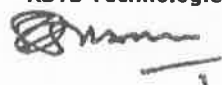
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149


Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
RSYS Technologies Ltd.**


Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018


Sartaj Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

1. Company Overview

RSYS Technologies Ltd. (the "Company") is a limited company domiciled and incorporated in Canada on October 29, 2012 as a wholly-owned subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office was 417, Rue Saint-Pierre, Porte 604 Montréal (Québec) H2Y 2M4, Canada which was shifted to 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia during the previous year.

The main object of the Company is to provide Information Technology Services to the customers primarily situated in Canada.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer hardware – end user equipment	3 years

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, intangible fixed assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Commission income

Commission income is recognised as per terms of contract when the related services are rendered to the customer.

(h) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

RSYS Technologies Ltd., Canada
Notes to Financial Statement for the financial year ended December 31, 2017

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Canadian dollar (CAD) but the financial statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were CAD 1= Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were CAD 1= Rs. 50.97.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were CAD 1= Rs. 50.75. For translating assets and liabilities at the year-end, the rates used were CAD 1= Rs. 50.39.

(i) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(j) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(k) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(l) Segment reporting

The Company operates one business segment i.e. providing information technology services in the Canada.

(m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(n) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

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RSYS Technologies Ltd., Canada

Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Share Capital		
200 (Previous year 200) Common Stock of CAD 1 each	CAD 200	CAD 200
25 (Previous year 25) Preferred Stock of CAD 3992 each	CAD 99,800	CAD 99,800
Issued, subscribed and paid up capital		
200 (Previous year 200) Common Stock of CAD 1 each	11,636	11,636
25 (Previous year 25) Preferred Stock of CAD 3992 each	5,027,924	5,027,924
Total	5,039,560	5,039,560

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Common Stock outstanding at the beginning of the year	200	11,636	200	11,636
Add: Common Stock Issued during the year	-	-	-	-
Common Stock outstanding at the end of the year	200	11,636	200	11,636
Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Preferred Stock outstanding at the beginning of the year	25	5,027,924	-	-
Add: Preferred Stock Issued during the year	-	-	25	5,027,924
Preferred Stock outstanding at the end of the year	25	5,027,924	25	5,027,924

RSYS Technologies Ltd., Canada**Notes to Financial Statements for the year ended December 31, 2017****4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as per last financial statements	(17,296,154)	(11,619,268)
Add: Profit / (Loss) for the year	(13,311,908)	(5,676,886)
Net deficit in the statement of profit and loss	(30,608,062)	(17,296,154)
Foreign currency translation reserve		
Balance as per last financial statements	351,595	920,850
Add: Current year translation differences	(337,642)	(569,255)
Closing balance	13,953	351,595
Total	(30,594,109)	(16,944,559)

RSYS Technologies Ltd., Canada**Notes to Financial Statements for the year ended December 31, 2017****5. Short-term provisions**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	849,910	680,920
Total (A)	849,910	680,920

6. Trade Payables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	2,686,364	4,480,117
Total	2,686,364	4,480,117

7. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Payable to related parties (refer Note 18)		
R Systems international Limited, India	702,954	358,093
R Systems Inc. USA	29,146,435	19,995,151
Other payables - statutory dues	274,845	239,282
Total	30,124,234	20,592,526

RSYS Technologies Ltd., Canada
Notes to Financial Statements for the year ended December 31, 2017

Schedule 8: Tangible Assets

(Amount in Rs.)

Particulars	Gross block				Depreciation				Net block			
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	1.1.2017		During the year		31.12.2017	1.1.2017	During the year	During the year		31.12.2017	31.12.2017	31.12.2016
Computer hardware	167,181	-	-	(1,908)	169,089	26,359	55,522	-	1,141	83,022	86,067	140,822
Total	167,181	-	-	(1,908)	169,089	26,359	55,522	-	1,141	83,022	86,067	140,822
Previous year	-	167,181	-	-	167,181	-	26,549	-	(190)	26,359	140,822	-

RSYS Technologies Ltd., Canada

Notes to Financial Statements for the year ended December 31, 2017

9. Trade receivables and other assets

9.1 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	2,225,551	5,283,661
Sub Total (B)	2,225,551	5,283,661
Total (A+B)	2,225,551	5,283,661

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management (refer Note 18)		
R Systems Inc. USA	516,022	-
Computaris USA Inc.	-	1,963,458

9.2 Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	-	257,997
Total	-	257,997

RSYS Technologies Ltd., Canada**Notes to Financial Statements for the year ended December 31, 2017****10. Loans and advances**

Particulars	Long term		Short term	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or In kind or for value to be received				
Unsecured, considered good	336,369	332,574	1,012,078	1,253,831
Total	336,369	332,574	1,012,078	1,253,831

RSYS Technologies Ltd., Canada**Notes to Financial Statements for the year ended December 31, 2017****11. Cash and bank balances**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
.. On current accounts	4,445,894	6,579,679
Total	4,445,894	6,579,679

RSYS Technologies Ltd., Canada**Notes to Financial Statements for the year ended December 31, 2017****12. Revenue from operations**

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	16,476,023	24,433,889
Total	16,476,023	24,433,889

13. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Provision for doubtful debts and advances written back (net)	-	3,823,400
Foreign exchange fluctuation (net)	1,050,566	-
Commission income	7,126,115	-
Total	8,176,681	3,823,400

14. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	20,872,721	15,946,088
Contribution to employee's benefits fund	1,101,413	883,793
Staff Welfare expenses	329,213	160,615
Total	22,303,347	16,990,496

15. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Legal and professional expenses	9,335,597	13,205,905
Travelling and conveyance	2,886,979	1,950,326
Insurance	51,903	21,621
Membership and subscription fees	-	25,751
Rent	2,201,947	1,020,155
Communication costs	566,515	186,670
Foreign exchange fluctuation (net)	-	39,786
Printing and stationery	15,298	3,072
Recruitment and training expenses	205,148	165,730
Total	15,263,387	16,619,016

16. Depreciation expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	55,522	26,549
Total	55,522	26,549

17. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	342,356	298,114
Total	342,356	298,114

18. Related Party Disclosures

Holding Company R Systems International Limited., India

Fellow Subsidiaries

Following are the subsidiaries of R Systems International Limited, India

- R Systems (Singapore) Pte Ltd, Singapore
- R Systems, Inc., USA
- ECnet Ltd, Singapore
- Computaris International Limited, U.K.
- R Systems Technologies Limited, USA

Following are the subsidiaries of ECnet Ltd, Singapore

- ECnet (M) Sdn Bhd, Malaysia
- ECnet Systems (Thailand) Co. Ltd., Thailand
- ECnet (Shanghai) Co. Ltd., People's Republic of China
- ECnet (Hong Kong) Ltd., Hong Kong
- ECnet, Inc., USA
- ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

- Computaris Romania Srl, Romania
- Computaris Polska sp z o.o., Poland
- ICS Computaris International Srl, Moldova
- Computaris Malaysia Sdn. Bhd., Malaysia
- Computaris USA, Inc., USA
- Computaris Philippines Pte. Ltd. Inc., Phillippines (incorporated on May 23, 2016)

Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore

- IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd)
Step down subsidiaries of IBIZ Consulting Pte. Ltd., Singapore:
 - IBIZ Consulting Services Pte Ltd., Singapore
 - IBIZ Consulting Services Sdn. Bhd. Malaysia
 - PT. IBIZCS Indonesia, Indonesia
 - IBIZ Consultancy Services India Private Limited, India
 - IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
 - IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China (wholly owned subsidiary of IBIZ HK)

Key management personnel

Satinder Singh Rekhi, Director
Sartaj Singh Rekhi, Director

RSYS Technologies Ltd., Canada
Notes to Financial Statement for the financial year ended December 31, 2017

Details of transactions with related parties for year ended December 31, 2017 and December 31, 2016:

Particulars	For the year ended	
	December 31, 2017	December 31, 2016
Holding Company		
Commission income received	7,126,115	-
Services received	648,636	-
Amount payable	702,954	358,093
R Systems, Inc.		
Services rendered	2,663,197	741,135
Amount payables	29,146,435	19,995,151
Amount receivable	516,022	-
Computaris USA Inc.		
Services rendered	1,221,765	6,162,728
Amount receivable	-	1,963,458

19. The Company incurred a net loss of Rs. 13,311,908 during the financial year ended 31 December, 2017, and as at that date Company's total liabilities exceeded its total assets by Rs. 25,554,549. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern. The ability of the company to continue as a going concern depends on the holding company's support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

20. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification

As per our report of even date.

For S.K. RELAN & CO.

ICAI Firm registration number: 001720N
 Chartered Accountants

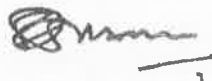


CA. S.K. RELAN
 Membership No. 12149



Place : New Delhi
 Date : February 09, 2018

**For and on behalf of the Board of Directors of
 RSYS Technologies Ltd.**



Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018



Sartaj Singh Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZ Consulting Pte Ltd,
(Formerly IBIZCS Group Pte Ltd,) Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of IBIZ CONSULTING PTE LTD, (Formerly IBIZCS Group Pte Ltd,), Singapore ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's management, as well as evaluating the overall presentation of the financial statements.

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	54,091,105	54,091,105
Reserves and surplus	4	(451,738)	(3,009,528)
Current liabilities			
Short-term borrowings	5	16,761,505	-
Trade payables	6	75,128,575	376,064
Other current liabilities	7	133,541,786	17,003,499
Short-term provisions	8	4,889,468	-
Total		283,960,701	68,461,140
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	5,082,862	-
Intangible assets	10	626,933	-
Non-current investments	11	50,899,078	58,492,477
Long-term loans and advances	12	1,881,024	-
Current assets			
Trade receivables	13	178,801,525	-
Cash and bank balances	14	13,176,974	9,968,663
Short-term loans and advances	12	16,179,409	-
Other current assets	15	17,312,896	-
Total		283,960,701	68,461,140
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Pte Ltd.

Satinder Singh Rekhi

[Director]

Place : Singapore
 Date: February 09, 2018

Ramasubramanian
 Balasubramanian

[Director]

Place : Singapore
 Date: February 09, 2018

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)

Statement of Profit and Loss the year ended December 31, 2017

	Notes	For year ended December 31, 2017 Rs.	For period ended December 31, 2016 Rs.
Revenue			
Revenue from operations	16	282,344,431	-
Other income	17	2,639,033	-
Total revenue		284,983,464	-
Expenses			
Employee benefits expense	18	123,356,003	-
Other expenses	19	153,315,949	1,754,777
Depreciation and amortisation expense	9	2,799,266	-
Finance costs	20	1,050,421	49,248
Total expenses		280,521,639	1,804,025
Profit/(Loss) before tax		4,461,825	(1,804,025)
Tax expense			
Current tax expense / (credit)		2,801,217	-
Total tax expense / (credit)		2,801,217	-
Profit/(Loss) for the year		1,660,608	(1,804,025)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 09, 2018



For and on behalf of the Board of Directors of
IBIZ Consulting Pte Ltd.

Satinder Singh Rekhi

[Director]

Place : Singapore
Date: February 09, 2018

Ramasubramanian

Balasubramanian

[Director]

Place : Singapore

Date: February 09, 2018

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)
Cash Flow Statement for the year ended December 31, 2017

	For year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	4,461,825	(1,269,019)
Adjustments for:		
Depreciation and amortisation expense	2,799,266	-
Provision for doubtful debts and advances (net)	4,493,140	-
Provision for impairment in value of investment	12,279,406	-
Unrealised foreign exchange gain/loss	(80,164)	(2,680,132)
Interest Expenses	885,912	-
Operating profit/(loss) before working capital changes	24,839,385	(3,949,151)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(120,839,444)	-
(Increase) / Decrease in loans and advances and other current assets	(4,382,434)	4,682,500
Increase / (Decrease) in short term borrowings	16,761,505	-
Increase / (Decrease) in short-term and long-term provision	2,050,428	-
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	90,679,072	(5,032,521)
Net cash flow from operating activities (A)	9,108,512	(4,299,172)
B. Cash flows used in investing activities		
Investment in Subsidiary	(3,850,142)	(11,752,000)
Purchase of fixed assets	(2,050,059)	-
Net cash used in investing activities (B)	(5,900,201)	(11,752,000)
C. Cash flows used in financing activities		
Proceeds from issue of common stock	-	7,480,200
Net cash from financing activities (C)	-	7,480,200
Net increase / (decrease) in cash and cash equivalents during the year(A + B + C)	3,208,311	(8,570,972)
Cash and cash equivalents at the beginning of the year	9,968,663	18,539,635
Cash and cash equivalents at the end of the year	13,176,974	9,968,663

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 09, 2018



For and on behalf of the Board of Directors of
IBIZ Consulting Pte Ltd.

Satinder Singh Rekhi

[Director]

Place : Singapore
Date: February 09, 2018

Ramasubramanian

Balasubramanian
[Director]

Place : Singapore
Date: February 09, 2018

1. Company Overview

IBIZ CONSULTING PTE LTD (Formerly Known as IBIZCS GROUP PTE LTD.), (the "Company") is private company limited by shares and domiciled in Singapore. The Company's immediate and ultimate holding company is R System (Singapore) Pte Ltd., a company incorporated in Singapore and R System International Limited, a company incorporated in India, respectively. The registered office of the Company is located at 02, Jalan Kilang Barat, #04-01, Singapore 159346.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(e) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Singapore Dollar (SGD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were SGD 1 = Rs. 47.18. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 47.81.

For translating income and expense during the period from May 01 to December 31, 2016, the rates used were SGD 1 = Rs. 48.68. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 47.01.

(f) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(g) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(h) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are

determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)

Notes to Financial Statements for year ended December 31, 2017

3. Share capital

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Authorised Capital 1,151,000 ordinary shares of no par value (Previous year 1,151,000 ordinary shares of no par value)		-		-
Issued, subscribed and paid up capital 1,151,000 ordinary shares of no par value (Previous year 1,151,000 ordinary shares of no par value)		54,091,105		54,091,105
Total		54,091,105		54,091,105

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1,151,000	54,091,105	1,001,000	46,610,905
Add: Shares issued during the year	-	-	150,000	7,480,200
Shares outstanding at the end of the reporting year	1,151,000	54,091,105	1,151,000	54,091,105

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)**Notes to Financial Statements for year ended December 31, 2017****4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Profit and Loss Account		
Balance as the beginning of reporting year	(3,066,960)	(1,797,941)
Add: Profit for the current year	1,660,608	(1,269,019)
Net deficit in the profit and loss Account	(1,406,352)	(3,066,960)
Foreign currency translation reserve		
Balance as the beginning of reporting year	57,432	266,566
Add: Current year translation differences	897,182	(209,134)
Closing balance	954,614	57,432
Total	(451,738)	(3,009,528)

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)
Notes to Financial Statements for year ended December 31, 2017

5. Short-term borrowings

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
(b) Loans and advances from related parties		
PT. IBIZCS Indonesia	16,761,505	-
Total	16,761,505	-

Notes

1. Short term borrowings are unsecured from related party and carries interest rate @5% per annum

6. Trade payable

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	75,128,575	376,064
Total	75,128,575	376,064

7. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other liabilities		
Payable to Related parties:		
PT. IBIZCS Indonesia	-	17,003,499
IBIZ Consulting Services Sdn. Bhd., Malaysia	1,255,457	-
IBIZ Consulting Services Pte. Ltd., Singapore	78,507,316	-
Ecnet Limited, Singapore	563,531	-
R Systems International Limited	93,857	-
IBIZ Consultancy Services India Private Limited	3,636,314	-
Unearned Revenue	41,568,885	-
Advance from Customer	959,637	-
Other liabilities	6,956,789	-
Total	133,541,786	17,003,499

8. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	2,050,428	-
Sub Total (A)	2,050,428	-
Other provision		
Income tax	2,839,040	-
Sub Total (B)	2,839,040	-
Total (A+B)	4,889,468	-

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)
Notes to Financial Statements for year ended December 31, 2017

11. Non-current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-trade, unquoted (valued at cost unless stated otherwise)		
In subsidiary companies		
(i) Investment in IBIZ Consulting Services Pte. Ltd., Singapore 1,450,000 (previous year 1,450,000) ordinary shares of no par value Less: Provision for Diminution in the value of Investment	38,202,586 (12,445,210)	37,559,391
	25,757,376	
(ii) IBIZ Consulting Services Sdn. Bhd., Malaysia 500,000 (previous year 250,000) ordinary shares of no par value	8,447,362	4,519,819
(iii) PT. IBIZCS, Indonesia 250,000 (previous year 250,000) ordinary shares of no par value	16,099,832	15,828,769
(iv) IBIZ Consulting Services Limited, Honkong 10,000 (previous year 10,000) ordinary shares of no par value	88,884	87,388
(v) IBIZ Consulting Services Private Limited, India 50,000 (previous year 50,000) ordinary shares of Rs. 10 each	505,622	497,110
Total	50,899,078	58,492,477

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)

Notes to Financial Statements for year ended December 31, 2017

12. Loans and Advances

Particulars	Non Current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Loans & advances to related parties				
Unsecured, considered good	-	-	14,556,693	-
Unsecured, considered doubtful	-	-	27,180,426	-
Total	-	-	41,737,119	-
Less: Provision for Bad Debts	-	-	27,180,427	-
Sub total (A)	-	-	14,556,692	-
Advance recoverable from related party included:				
IBIZ Consulting Service, Malaysia	-	-	5,739,354	-
IBIZ Consulting Service, China	-	-	8,567,563	-
IBIZ Consulting Service Limited, Hongkong	-	-	12,873,509	-
IBIZ Consultancy Services India Pvt Ltd	-	-	14,556,693	-
Total	-	-	41,737,119	-
Less: Provision for Bad Debts	-	-	27,180,427	-
Security deposits				
Unsecured, considered good	1,881,024	-	-	-
Sub total (B)	1,881,024	-	-	-
Other Loans and advances				
Unsecured, considered good				
Loans & advances to Employees	-	-	210,377	-
Prepaid Expenses	-	-	1,412,340	-
Sub total (C)	-	-	1,622,717	-
Total(A+B+C)	1,881,024	-	16,179,409	-

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)
Notes to Financial Statements for year ended December 31, 2017
13 Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	42,631,492	-
Unsecured, considered doubtful	48,919,318	-
	91,550,810	-
Provision for doubtful receivables	48,919,318	-
Sub Total (A)	42,631,492	-
Other receivables		
Unsecured, considered good	136,170,033	-
Unsecured, considered doubtful	301,298	-
	136,471,331	-
Provision for doubtful receivables	301,298	-
Sub Total (B)	136,170,033	-
Total (A+B)	178,801,525	-

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management		
IBIZ Consulting Services Sdn Bhd, Malaysia	2,079,563	-
PT. IBIZCS Indonesia	2,171,861	-
IBIZ Consulting Services Limited, HK	40,520,071	-
IBIZ Consulting Services (Shanghai) Co., Ltd, China	4,099,935	-
IBIZ Consulting Services Pte Ltd, Singapore	53,597,016	-
Less: Provision for doubtful debts	42,211,396	-
Total	60,257,049	-

14. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Cash on hand	58	-
Balances with other banks:		
On current accounts	13,176,916	9,968,663
Other bank balances		
Total	13,176,974	9,968,663

15 Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Input GST	-	-
Unbilled revenue	17,312,896	-
Total	17,312,896	-

IBIZ CONSULTING PTE LTD, SINGAPORE (FORMERLY IBIZCS GROUP PTE LTD, SINGAPORE)

Notes to Financial Statements for year ended December 31, 2017

16. Revenue from operations

Particulars	For the period ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	282,344,431	-
Total	282,344,431	-

17. Other income

Particulars	For the period ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Commission Income	750,307	-
Govt. Grant	1,888,726	-
Total	2,639,033	-

18. Employee benefits expense

Particulars	For the period ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	113,758,901	-
Contribution to employee's benefits fund	6,652,091	-
Staff Welfare	2,945,011	-
Total	123,356,003	-

19. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Recruitment and training expenses	169,936	-
Travelling and conveyance	2,757,964	-
Cost of third party items	118,680,792	-
Repair and maintenance	37,745	-
Provision for doubtful debts and advances (net)	4,493,140	-
Impairment in value of investment	12,279,406	-
Rent - premises	4,428,589	-
Power and fuel	368,358	-
Communication costs	1,050,057	-
Printing and stationery	352,127	-
Advertising and sales promotion	3,002,973	-
Legal and professional expenses	2,797,537	704,634
Foreign exchange fluctuation (net)	645,432	1,038,399
Rates and taxes	181,392	-
Miscellaneous expenses	2,070,501	11,744
Total	153,315,949	1,754,777

20. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Interest on loans	885,912	-
Bank charges	164,509	49,248
Total	1,050,421	49,248

**IBIZ CONSULTING PTE LTD (FORMERLY KNOWN AS IBIZCS GROUP PTE LTD),
SINGAPORE**

Notes to Financial Statements for the year ended December 31, 2017

21. Related Party Disclosures

Holding Company	R Systems (Singapore) Pte Limited, Singapore
Subsidiaries of IBIZCS Group Pte. Ltd	IBIZ Consulting Services Pte Ltd., Singapore IBIZ Consulting Services Sdn. Bhd., Malaysia PT. IBIZCS Indonesia, Indonesia IBIZ Consultancy Services India Private Limited, India IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong
Subsidiary of IBIZ Consulting Service Limited (IBIZ HK), Hong Kong	IBIZ Consulting Service Shanghai Co., Ltd. , People's Republic of China
Other Related Companies	R Systems International Limited, India R Systems, Inc., USA ECnet Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada R Systems Technologies Limited, USA
Subsidiaries of Computaris International Limited	Computairs Romania Srl, Romania Computaris Polska sp z.o.o., Poland ICS Computaris International Srl, Moldova Computaris Malaysian Sdn. Bhd., Malaysia Computaris USA, Inc., USA Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Subsidiaries of ECnet Limited, Singapore	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Key management personnel	Satinder Singh Rekhi, Director Ramasubramanian Balasubramanian, Director Harpreet Rekhi, Director

**IBIZ CONSULTING PTE LTD (FORMERLY KNOWN AS IBIZCS GROUP PTE LTD),
SINGAPORE**

Notes to Financial Statements for the year ended December 31, 2017

Details of transaction with related parties and balances outstanding at the year end:

(a) Transactions with related parties:

(Amount in Rs.)

	For the year ended December 31, 2017	For the period ended December, 31 2016
<u>R System Singapore (Pte) Limited</u>		
(i) Interest paid	16,158	-
(ii) Capital contribution received		7,480,200
<u>ECnet Limited, Singapore</u>		
(i) Services received	2,237,935	-
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Services received	8,228,721	-
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>		
(i) Services received	593,695	-
(ii) Services rendered	3,614,978	-
(iii) Capital Contribution		2,297,986
<u>PT. IBIZCS Indonesia</u>		
(i) Interest Paid	788,252	-
<u>IBIZ Consulting Services Limited, Hong Kong</u>		
(i) Services rendered	4,183,158	-
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Capital contribution made	-	11,752,000

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2017	2016
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Amount receivable	14,556,693	-
(ii) Amount payable	3,636,314	-
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>		
(i) Amount receivable	78,78,917	-
(ii) Amount payable	12,55,457	-
<u>IBIZ Consulting Services Limited, Hong Kong</u>		
(i) Amount receivable	5,33,93,590	-
<u>IBIZ Consulting Services (Shanghai) Co., Ltd</u>		
(i) Amount receivable	1,26,67,498	-
<u>IBIZ Consulting Services Pte Ltd.</u>		
(i) Amount receivable	53,597,016	-
(ii) Amount payable	78,507,316	-
<u>PT. IBIZCS Indonesia</u>		
(i) Amount payable	-	17,003,499
(ii) Amount receivable	21,71,861	-

**IBIZ CONSULTING PTE LTD (FORMERLY KNOWN AS IBIZCS GROUP PTE LTD),
SINGAPORE**

Notes to Financial Statements for the year ended December 31, 2017

	(Amount in Rs.)	
	As at December, 31	
	2017	2016
<u>Ecnet Limited, Singapore</u> (i) Amount payable	5,63,531	-
<u>Ecnet (M) Sdn.Bhd., Malaysia</u> (i) Amount payable	6,20,934	-
<u>R Systems International Limited</u> (i) Amount payable	93,587	-

22. Business Purchase

On March 31, 2017, IBIZ Consulting Pte. Ltd entered into a Business Purchase Agreement (BPA) for acquisition of all assets and liabilities at book value from IBIZ Consulting Services Pte. Ltd. The net assets acquired under BPA were as follows:

Net Assets as at March 31, 2017	March,31,2017
Total Assets	Rs.
Plant & Equipment	6,279,698
Trade receivables	62,455,221
Other receivables	2,397,429
Amounts due from related companies	28,593,467
Cash & Cash Equivalents	4,552,112
Total A	104,277,927
Total Liabilities	
Trade Payables	29,733,135
Other Payables	43,451,243
Total B	73,184,378
Net Assets (A-B)	31,093,549

The aforesaid transfer of assets and liabilities under above BPA has been completed during the year

23. Operating lease – Company as a lessee

The Company has operating leases mainly of office premise. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	For the year ended 31-Dec-17	For the period ended December, 31 2016
Lease payments for the year	5,347,730	-
Non-cancellable operating lease obligation:		
- Not later than one year	7,101,808	-
- Later than one year but not later than five years	7,380,968	-
- Later than five years	-	-
These leases have an average life of 3 years with no renewal option or escalation clause included in the contracts.		

**IBIZ CONSULTING PTE LTD (FORMERLY KNOWN AS IBIZCS GROUP PTE LTD),
SINGAPORE**

Notes to Financial Statements for the year ended December 31, 2017

24. Previous period's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

As per our report of even date.

For S.K. RELAN & CO.
ICAI FRN: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



**For and on behalf of the Board of Directors of
IBIZ Consulting Pte Ltd.**

A handwritten signature in black ink, appearing to be "Satinder Singh Rekhi".

Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 09, 2018

A handwritten signature in blue ink, appearing to be "R. Ramasubramanian".

Ramasubramanian Balasubramanian
[Director]

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZ Consulting Services Pte Ltd, Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	68,983,100	68,983,100
Reserves and surplus	4	(43,238,066)	(49,018,223)
Non-current liabilities			
Long-term borrowings	0	-	-
Other long term liabilities	5	-	1,166,809
Current liabilities			
Trade payables	6	83,673	41,968,134
Other current liabilities	7	-	28,358,663
Short-term provisions	8	4,970	1,242,515
Total		25,833,677	92,700,998
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	-	6,283,716
Intangible assets	10	-	861,022
Long-term loans and advances	11	-	1,769,440
Current assets			
Trade receivables	12	-	47,294,666
Cash and bank balances	13	922,352	10,750,518
Short-term loans and advances	11	24,911,325	9,514,897
Other current assets	14	-	16,226,739
Total		25,833,677	92,700,998
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN

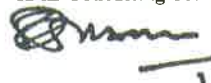
Membership No. 12149

Place : New Delhi

Date : February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services Pte Ltd.



Satinder Singh Rekhi

[Director]

Place : Singapore

Date : February 09, 2018



Ramasubramanian
 Balasubramanian

[Director]

Place : Singapore

Date : February 09, 2018

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Statement of Profit and Loss for the year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Revenue			
Revenue from operations	15	68,283,538	255,050,410
Other income	16	14,524,666	14,552,012
Total revenue		82,808,204	269,602,422
Expenses			
Employee benefits expense	17	34,995,118	132,658,712
Operational and other expenses	18	40,749,594	111,609,236
Depreciation and amortisation expense	19	885,178	3,134,560
Finance costs	20	83,123	460,994
Total expenses		76,713,013	247,863,502
Profit before tax		6,095,191	21,738,920
Tax expense			
Current tax expense / (credit)		729,383	(894,590)
Total tax expense / (credit)		729,383	(894,590)
Profit for the period		5,365,808	22,633,510
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date : February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services Pte Ltd.



Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date : February 09, 2018



Ramasubramanian
 Balasubramanian
 [Director]

Place : Singapore
 Date : February 09, 2018

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE

Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	6,095,191	21,738,921
Adjustments for:		
Depreciation and amortisation expense	885,178	3,134,560
Provision for doubtful debts and advances (net)	(14,362,758)	(10,795,898)
Amortisation of Govt. Grant	(161,908)	623,155
Unrealised foreign exchange loss / (gain)	492,047	(1,655,919)
Interest expense	31,943	15,752
Operating profit/(loss) before working capital changes	(7,020,307)	13,060,571
Movements in working capital :		
(Increase) / Decrease in trade receivables	61,657,424	12,110,532
(Increase) / Decrease in loans and advances and other current assets	8,879,449	(6,740,892)
Increase / (Decrease) in short-term and long-term provision	(1,242,515)	77,922
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(71,248,025)	(23,970,045)
Cash generated from operations	(8,973,974)	(5,461,912)
Direct taxes paid, net of refunds	(724,413)	184,464
Net cash used in operating activities (A)	(9,698,387)	(5,277,448)
B. Cash flows used in investing activities		
Purchase of fixed assets	(97,836)	(2,849,337)
Net cash used in investing activities (B)	(97,836)	(2,849,337)
C. Cash flows used in financing activities		
Government grants received	-	1,166,809
Proceeds from issue of common stock	-	12,436,500
Interest paid	(31,943)	(15,752)
Net cash used in financing activities (C)	(31,943)	13,587,557
Net increase / (decrease) in cash and cash equivalents during the period (A + B + C)	(9,828,166)	5,460,772
Cash and cash equivalents at the beginning of the period	10,750,518	5,289,746
Cash and cash equivalents at the end of the period	922,352	10,750,518

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants


CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd.


Satinder Singh Rekhi

[Director]

[Director]

Place : Singapore
Date : February 09, 2018


Ramasubramanian
Balasubramanian

[Director]

[Director]

Place : Singapore
Date : February 09, 2018

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2017

1. Company Overview

IBIZ Consulting Services Pte Ltd. (the "Company") is a subsidiary of IBIZCS Group Pte Ltd., a company incorporated in Singapore. IBIZCS Group Pte Ltd.'s immediate and ultimate holding company is R System (Singapore) Pte Ltd., a company incorporated in Singapore and R System International Limited, a company incorporated in India, respectively. The registered office of the Company is located at 02, Jalan Kilang Barat, #04-01, Singapore 159346.

The principal activities of the Company is deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible Fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold improvements	Lower of lease period or useful life
Air conditioners	3 years
Office Equipment (other than end user devices)	3 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	3 years

(e) Intangibles assets

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

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2017

The estimated useful lives of the intangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of Intangible fixed assets</u>	<u>Estimated useful life</u>
Computer Software	lower of 3 years or license period

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from rendering of services that are of short duration is recognised by reference to the stage of completion at the end of reporting period. Stage of completion is assessed using the proportion that contract costs incurred for work performed to date to the estimated total contract costs. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses recognised that are recoverable.

(ii) Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

(iii) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Singapore Dollar (SGD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were SGD 1 = Rs. 47.18. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 47.81.

For translating income and expense during the period ended December 31, 2016, the rates used were SGD 1 = Rs. 48.68. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 47.01.

(k) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(m) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(n) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them

on a systematic basis to the costs, which it is intended to compensate.

(o) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(p) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

3. Share capital

Particulars	As at	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Authorised shares 1,450,000 ordinary shares no par value (Previous year 14,50,000 ordinary shares of no par value)	-	-
Issued, subscribed and paid up capital 1,450,000 ordinary shares no par value (Previous year 14,50,000 ordinary shares of no par value)	68,983,100	68,983,100
Total	68,983,100	68,983,100

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1,450,000	68,983,100	1,200,000	56,546,600
Add: Shares issued during the year			250,000	12,436,500
Shares outstanding at the end of the year	1,450,000	68,983,100	1,450,000	68,983,100

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance at the beginning of reporting year	(48,804,593)	(71,438,104)
Add: Profit for the current year	5,365,808	22,633,511
Net Deficit in the statement of profit and loss	(43,438,785)	(48,804,593)
Foreign currency translation reserve		
Balance at the beginning of reporting year	(213,629)	1,303,163
Add: Current year translation differences	414,348	(1,516,792)
Closing balance	200,719	(213,629)
Total	(43,238,066)	(49,018,222)

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

6. Trade Payable

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	83,673	41,968,134
Total	83,673	41,968,134

7. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other liabilities		
Payable to related parties		
IBIZ Consulting Services Sdn Bhd, Malaysia	-	127,802
ECnet Limited	-	774,598
R Systems International Limited	-	-
IBIZ Consultancy Services India Pvt Ltd, India	-	5,011,053
Unearned Revenue	-	18,578,150
Advance from Customer	-	1,607,710
Book overdraft	-	-
Other liabilities	-	2,259,350
Current maturities of long term borrowings	-	-
Sub total (B)	-	28,358,663

8. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	-	1,242,515
Sub Total (A)	-	1,242,515
Other provision		
Income tax	4,970	-
Sub Total (B)	4,970	-
Total (A+B)	4,970	1,242,515

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

9. Tangible Assets

Particulars	Gross block				Depreciation				Net block		
	As on	Addition	Deletion	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	01.01.2017		During the year	31.12.2017	01.01.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Building- leasehold	3,720,918	-	3,673,821	-	1,423,486	311,185	1,711,620	23,051	-	-	2,297,432
Computer hardware	6,447,979	-	6,366,365	47,097	4,550,341	200,708	4,690,207	60,842	-	-	1,897,638
Furniture & fixtures	848,186	-	837,450	10,736	376,050	30,610	401,405	5,255	-	-	472,136
Video projector	74,085	-	73,147	938	74,085	-	73,147	938	-	-	-
Communication equipments	2,643,081	97,836	2,705,880	35,037	1,026,571	226,708	1,236,619	16,660	-	-	1,616,510
Air Conditioners	992,644	-	980,080	12,564	992,644	-	980,080	12,564	-	-	-
Total	14,726,893	97,836	14,636,743	187,986	8,443,177	769,211	9,093,078	119,310	-	-	6,283,716
Previous year	12,525,183	2,152,774	-	(48,936)	5,718,902	2,798,272	-	73,997	8,443,177	6,283,716	6,806,281

10. Intangible Assets

Particulars	Gross block				Depreciation				Net block		
	As on	Addition	Deletion	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	01.01.2017		During the year	31.12.2017	01.01.2017		During the year		31.12.2017	31.12.2017	31.12.2016
Computer Software	1,725,771	-	1,703,928	21,843	864,749	115,967	967,895	12,821	-	-	861,022
Total	1,725,771	-	1,703,928	21,843	864,749	115,967	967,895	12,821	-	-	861,022
Previous year	1,022,490	696,563	-	(6,718)	537,936	336,288	-	9,475	864,749	861,022	484,554

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

11. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advance recoverable from Related parties:				
IBIZ Consulting Service, Malaysia			-	9,168,324
IBIZ Consulting Service, China			-	8,423,316
IBIZ Consultancy services India Private Limited			-	14,311,611
IBIZ Consulting Service, HK			-	12,656,765
IBIZ Consulting Pte Ltd, Singapore			24,910,300	-
			24,910,300	44,560,016
Provision for doubtful advances			-	35,391,692
Total (A)	-	-	24,910,300	9,168,324
Security deposit				
Secured , Considered good				
Unsecured, considered good	-	1,769,440	-	-
Doubtful	-	-	-	-
	-	1,769,440	-	-
Provision for doubtful advances	-	-	-	-
Total (B)	-	1,769,440	-	-
Other loans and advances				
Unsecured considered good				
Prepaid expenses	-	-	1,025	346,573
Total (C)	-	-	1,025	346,573
Total (A+B+C)	-	1,769,440	24,911,325	9,514,897

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

12. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	5,894,789
Unsecured, considered doubtful	-	49,557,502
	-	55,452,291
Provision for doubtful receivables	-	49,557,502
Sub Total (A)	-	5,894,789
Other receivables		
Secured , considered good	-	-
Unsecured, considered good	-	41,399,877
Unsecured, considered doubtful	-	-
	-	41,399,877
Provision for doubtful receivables	-	-
Sub Total (B)	-	41,399,877
Total (A+B)	-	47,294,666

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from related parties:		
IBIZ Consulting Services Sdn Bhd, Malaysia		458,592
PT. IBIZ Indonesia, Indonesia		2,284,160
IBIZ Consulting Services Limited, Hong Kong		45,496,778
IBIZ Consulting Services Co., Ltd, China		4,341,496
	-	52,581,026
Less: Provision for doubtful receivables	-	41,500,707
Total	-	11,080,319

13. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Cash on hand	-	57
Balances with other banks:		
On current accounts	922,352	10,750,461
Total	922,352	10,750,518

14. Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	-	16,226,739
Total	-	16,226,739

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

15. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	68,283,538	255,050,410
Total	68,283,538	255,050,410

16. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Government grant	161,908	2,554,719
Provision for doubtful debts and advances written back (net)	14,362,758	10,795,898
Foreign exchange fluctuation (net)		1,201,395
Total	14,524,666	14,552,012

17. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	31,941,942	121,955,388
Contribution to employee's benefits fund	2,293,735	6,959,969
Staff welfare	759,441	3,743,355
Total	34,995,118	132,658,712

18. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	1,085,316	806,524
Travelling and conveyance	978,091	2,985,212
Cost of third party items	29,144,983	80,713,891
Repair and maintenance	3,774	248,199
IT support services	353,820	973,680
Rent - premises	1,571,762	5,250,440
Bad debts	-	623,155
Power and fuel	89,371	633,898
Communication costs	303,121	1,858,776
Printing and Stationery	85,468	481,857
Advertising and sales promotion	603,466	2,315,702
Legal and professional expenses	5,042,157	12,804,314
Foreign exchange fluctuation (net)	1,189,053	-
Rates and taxes	8,842	179,031
Miscellaneous expenses	290,370	1,734,556
Total	40,749,594	111,609,235

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2017

19. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	769,211	2,798,272
Amortisation on intangible assets	115,967	336,288
Total	885,178	3,134,560

20. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest on loans	31,943	15,752
Bank charges	51,180	445,242
Total	83,123	460,994

21. Related Party Disclosures

Holding Company	IBIZ Consulting Pte Ltd (Formerly known as IBIZCS Group Pte Ltd, Singapore)
Fellow Subsidiaries	PT. IBIZCS Indonesia., Indonesia IBIZ Consulting Services Sdn. Bhd, Malaysia IBIZ Consultancy Services India Private Limited, India IBIZ Consulting Service Limited, Hong Kong, (IBIZ HK)
Subsidiary of IBIZ Consulting Service Limited, Hong Kong, (IBIZ HK)	IBIZ Consulting Service (Shanghai) Co., Ltd., People's Republic of China
Other Related Companies	R Systems International Limited, India R Systems (Singapore) Pte Limited, Singapore R Systems, Inc., USA ECnet Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada R Systems Technologies Limited, USA
Subsidiaries of Computaris International Limited	Computairs Romania Srl, Romania Computaris Polska sp z.o.o., Poland ICS Computaris International Srl, Moldova Computaris Malaysian Sdn. Bhd., Malaysia Computaris USA, Inc., USA Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Subsidiaries of ECnet Limited, Singapore	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Key management personnel	Satinder Singh Rekhi, Director Ramasubramanian Balasubramanian, Director Harpreet Rekhi, Director

Details of transaction with related parties and balances outstanding at the year end:

(a) Transactions with related parties:

	(Amount in Rs.)	
	For the year ended December 31, 2017	For the period ended December, 31 2016
<u>R System International Limited</u>		
(i) Consultancy fee paid	-	286,262
<u>ECnet Limited, Singapore</u>		
(i) Management fee paid	-	2,343,648
(ii) Services received	707,640	973,680
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Services received	2,459,379	9,762,549
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>		
(i) Services received	298,460	514,750
(ii) Services rendered	-	1,321,855
<u>PT. IBIZCS Indonesia</u>		
(i) Services rendered	-	395,075
<u>IBIZ Consulting Services Limited, Hong Kong</u>		
(i) Services rendered	1,066,413	8,209,510
<u>IBIZ Consulting Pte Ltd (Formerly known as IBIZCS Group Pte Ltd, Singapore)</u>		
(i) Capital contribution received	-	12,436,500

(b) Outstanding balances:

	(Amount in Rs.)	
	As at December, 31	
	2017	2016
<u>R System International Limited</u>		
(i) Amount payable	-	-
<u>ECnet Limited, Singapore</u>		
(i) Amount payable	-	774,598
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Amount payable	-	5,011,053
(ii) Amount receivable [Net of provision Rs. NIL (previous year Rs. NIL)]	-	-
<u>PT. IBIZCS Indonesia</u>		
(i) Amount receivable	-	2,284,160

(Amount in Rs.)

	As at December, 31	
	2017	2016
<u>IBIZ Consulting Services Limited, Hong Kong</u>		
(i) Amount receivable [net of provision Rs. NIL (previous year Rs. 50,078,155)]	-	8,075,389
<u>IBIZ Consulting Service (Shanghai) Co., Ltd., People's Republic of China</u>		
(i) Amount receivable [net of provision Rs. NIL (previous year Rs.12,502,634)]	-	262,178
<u>IBIZ Consulting Services Sdn. Bhd., Malaysia</u>		
(i) Amount payable	-	127,802
(ii) Amount receivable[net of provision]	-	9,626,916
<u>IBIZ Consulting Pte Ltd (Formerly IBIZCS Group Pte Ltd)</u>		
(i) Amount receivable	24,910,300	-

(c) Remuneration to key management personnel:

(Amount in Rs.)

	For the year ended December 31, 2017	For the period ended December, 31 2016
Ramasubramanian Balasubramanian	2,794,919	12,280,052

22. On March 31, 2017, IBIZ Consulting Services Pte. Limited entered into a Business Purchase Agreement (BPA) for transfer of all assets and liabilities at book value from IBIZ Consulting Pte. Ltd. The net assets acquired under BPA were as follows:

Net Assets as at March 31, 2017	March,31,2017
Total Assets	Rs.
Plant & Equipment	6,279,698
Trade receivables	62,455,221
Other receivables	2,397,429
Amounts due from related companies	28,593,467
Cash & Cash Equivalentents	4,552,112
Total A	104,277,927
Total Liabilities	
Trade Payables	29,733,135
Other Payables	43,451,243
Total B	73,184,378
Net Assets (A-B)	31,093,549

The aforesaid transfer of assets and liabilities under above BPA has been completed during the year.

23. Operating lease – Company as a lessee

The Company has operating leases mainly of office premise. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	For the year ended December 31, 2017	For the period ended December, 31 2016
	(Amount in Rs.)	
Lease payments for the year / period	1,828,4950	5,250,440
Non-cancellable operating lease obligation:		
- Not later than one year	-	6,366,058
- Later than one year but not later than five years	-	5,005,036
- Later than five years	-	-
These leases have an average life of 3 years with no renewal option or escalation clause included in the contracts.		

24. Previous period's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

As per our report of even date.

For **S.K. RELAN & CO.**
ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd., Singapore

Satinder Singh Rekhi
[Director]

Ramasubramanian
Balasubramanian
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZ Consulting Services SDN. BHD., Malaysia

Report on the Financial Statements

We have audited the accompanying financial statements of IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	7,770,862	4,105,862
Reserves and surplus	4	541,742	3,126,082
Deferred tax liability	5	-	96,030
Current liabilities			
Trade payables	6	13,376,659	17,532,096
Other current liabilities	6	11,630,003	12,713,202
Short-term provisions	7	173,510	819,912
Total		33,492,776	38,393,184
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	274,139	534,944
Long-term loans and advances	9	449,502	345,463
Current assets			
Trade receivables	10	20,876,525	20,432,386
Cash and bank balances	11	1,705,571	6,646,617
Short-term loans and advances	9	4,906,358	4,332,459
Other current assets	12	5,280,681	6,101,315
Total		33,492,776	38,393,184
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services Sdn. Bhd.

Ramasubramanian
 Balasubramanian
 [Director]

Aloysius Suppiah
 [Director]

Place : Singapore
 Date: February 09, 2018

Place : Malaysia
 Date: February 09, 2018

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Statement of Profit and Loss for the year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Revenue			
Revenue from operations	13	60,257,017	66,387,292
Other income	14	212,438	-
Total revenue		60,469,455	66,387,292
Expenses			
Employee benefits expense	15	26,190,150	22,117,131
Operational and other expenses	16	36,840,333	36,864,362
Depreciation expense	8	363,086	120,628
Finance costs	17	59,959	39,390
Total expenses		63,453,528	59,141,511
Profit/(Loss) before tax for the year		(2,984,073)	7,245,781
Tax expense			
Current tax expense		146,904	703,467
Deferred tax charge / (credit)		(96,030)	102,958
Total tax expense		50,874	806,425
Loss for the year		(3,034,947)	6,439,356
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services Sdn. Bhd.

B. Ramasubramanian

Ramasubramanian
 Balasubramanian
 [Director]

Place : Singapore
 Date: February 09, 2018

Aloysius Suppiah

Aloysius Suppiah
 [Director]

Place : Malaysia
 Date: February 09, 2018

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(2,984,073)	7,245,781
Adjustments for:		
Depreciation and amortisation expense	363,086	120,628
Loss on sale / discard of fixed assets (net)	-	91
Unrealised foreign exchange loss / (gain)	443,538	(470,947)
Operating profit/(loss) before working capital changes	(2,177,449)	6,895,553
Movements in working capital :		
(Increase) / decrease in trade receivables	(444,139)	9,342,736
(Increase) / decrease in loans and advances and other current assets	1,137,905	(4,230,197)
Increase / (decrease) in short-term and long-term provision	(89,839)	39,711
Increase / (decrease) in trade payables, other current liabilities and other long-term liabilities	(5,238,636)	(16,430,926)
Cash used in operations	(6,812,158)	(4,383,123)
Direct taxes paid, net of refunds	(1,698,676)	(1,611,136)
Net cash flow from operating activities (A)	(8,510,834)	(5,994,259)
B. Cash flows used in investing activities		
Purchase of fixed assets	(95,212)	(639,517)
Net cash used in investing activities (B)	(95,212)	(639,517)
C. Cash flows used in financing activities		
Proceeds from issue of common stock	3,665,000	2,323,350
Net cash from financing activities (C)	3,665,000	2,323,350
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(4,941,046)	(4,310,426)
Cash and cash equivalents at the beginning of the year	6,646,617	10,957,043
Cash and cash equivalents at the end of the year	1,705,571	6,646,617

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants


CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services Sdn. Bhd.


 Ramasubramanian
 Balasubramanian
 [Director]

Place : Singapore
 Date: February 09, 2018


 Aloysius Suppiah
 [Director]

Place : Malaysia
 Date: February 09, 2018

1. Company Overview

IBIZ Consulting Services Sdn. Bhd. (the "Company") is a subsidiary of IBIZ Consulting Pte Ltd (Formerly known as IBIZCS Group Pte Ltd.), a company incorporated in Singapore. IBIZ Consulting Pte Ltd.'s immediate and ultimate holding company is R System (Singapore) Pte Ltd., a company incorporated in Singapore and R System International Limited, a company incorporated in India, respectively. The registered office of the Company is located at Suite B19, First Floor, Plaza, Pekeliling, Jalan, Tun Razak 50400 Kuala Lumpur.

The principal activities of the Company is deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible Fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively

The estimated useful lives of the tangible fixed assets followed by the company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	2 years
Furniture and fittings	5 years
Electrical Installation	5 years

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from rendering of services that are of short duration is recognised by reference to the stage of completion at the end of reporting period. Stage of completion is assessed using the proportion that contract costs incurred for work performed to date to the estimated total contract costs. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses recognised that are recoverable.

(ii) Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

(iii) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Malaysian Ringgit (RM) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at average rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were RM 1= Rs. 15.15. For translating assets and liabilities at the year-end, the rates used were RM 1= Rs. 15.77.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2016, the rates used were RM 1= Rs. 16.24. For translating assets and liabilities at the year-end, the rates used were RM 1= Rs. 15.15.

(j) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) **Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) **Government grants and subsidies**

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(n) **Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(o) **Segment reporting**

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rs.	Rs.
Authorised Capital 500,000 ordinary shares of no par value (Previous year 4,00,000 ordinary shares of no par value)	RM 500,000	RM 400,000
Issued, subscribed and paid up capital 500,000 ordinary shares of no par value (Previous year 2,50,000 ordinary shares of no par value)	7,770,862	4,105,862
Total	7,770,862	4,105,862

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2017		December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	250,000	4,105,862	100,000	1,782,512
Add: Shares issued during the year	250,000	3,665,000	150,000	2,323,350
Shares outstanding at the end of the year	500,000	7,770,862	250,000	4,105,862

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Notes to Financial Statements for the year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as the beginning of reporting year	3,188,800	(3,250,556)
Add: Profit/(Loss) for the current year	(3,034,947)	6,439,356
Net Surplus in the statement of profit and Loss	153,853	3,188,800
Foreign currency translation reserve		
Balance as the beginning of reporting year	(62,718)	400,275
Add: Current year translation differences	450,607	(462,993)
Closing balance	387,889	(62,718)
Total	541,742	3,126,082

5. Deferred tax liability

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Timing differences on account of depreciation	-	96,030
Total	-	96,030

6. Trade payables and other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	13,376,659	17,532,096
Total (A)	13,376,659	17,532,096
Other liabilities		
Payable to Related parties		
IBIZ Consulting Pte Ltd	7,812,507	-
IBIZ Consulting services Pte Ltd	-	9,619,337
Ecnet (M) Sdn. Bhd. Malaysia	622,694	-
PT. IBIZCS Indonesia	172,360	-
Unearned revenue	2,471,783	2,614,687
Other liabilities	550,659	479,178
Total (B)	11,630,003	12,713,202
Total (A + B)	25,006,662	30,245,298

7. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Gratuity		
Compensated absences	173,510	166,930
Sub Total (A)	173,510	166,930
Other provision		
Income tax	-	652,982
Sub Total (B)	-	652,982
Total	173,510	819,912

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
 Notes to Financial Statements for the year ended December 31, 2017

8 Tangible Assets

PARTICULARS	Gross block					Depreciation					Net block	
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	01.01.2017		During the period	During the period	31.12.2017	01.01.2017		During the period	During the period	31.12.2017	31.12.2017	31.12.2016
Computer hardware	2,304,793	95,212	-	(94,785)	2,494,790	1,770,971	363,086	-	(87,762)	2,221,819	272,971	533,822
Furniture & fixtures	571,631	-	-	(23,755)	601,386	576,524	-	-	(23,710)	600,234	1,152	1,107
Video projector/Electrical Installation	139,522	-	-	(5,738)	145,260	139,507	-	-	(5,737)	145,244	16	15
Total	3,021,946	95,212	-	(124,278)	3,241,436	2,487,002	363,086	-	(117,209)	2,967,297	274,139	534,944
Previous year	2,756,462	639,517	318,932	55,101	3,021,946	2,748,270	120,628	318,841	63,055	2,487,002	534,944	8,192

(Amount in Rs.)

9. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	3,768,111	4,332,459
Total (A)	-	-	3,768,111	4,332,459
Security deposit				
Unsecured, considered good	449,502	345,463	1,138,247	-
Total (B)	449,502	345,463	1,138,247	-
Total (A+B)	449,502	345,463	4,906,358	4,332,459

10. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	1,170,422
Unsecured, considered doubtful	2,622,733	345,397
	2,622,733	1,515,819
Provision for doubtful receivables	2,622,733	345,397
Sub Total (A)	-	1,170,422
Other receivables		
Unsecured, considered good	20,876,525	19,261,964
Sub Total (B)	20,876,525	19,261,964
Total (A+B)	20,876,525	20,432,386

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from related parties		
IBIZ Consultancy services India Private Ltd	-	167,479
IBIZ Consulting Services Pte Ltd, Singapore	1,258,628	127,697

11. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	1,705,571	6,646,617
Total	1,705,571	6,646,617

12. Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	5,280,681	6,101,315
Total	5,280,681	6,101,315

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Notes to Financial Statements for the year ended December 31, 2017

13. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	60,257,017	66,387,292
Total	60,257,017	66,387,292

14. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Foreign exchange fluctuation (net)	212,438	
Total	212,438	-

15. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	22,669,235	19,572,639
Contribution to employee's benefits fund	2,805,495	2,110,427
Staff welfare	715,420	434,065
Total	26,190,150	22,117,131

16. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	-	695,133
Travelling and conveyance	1,953,031	1,732,098
Insurance	39,686	16,302
Cost of third party items	20,939,211	24,637,238
Repair and maintenance	65,006	133,123
Provision for doubtful debts and advances (net)	2,173,738	-
Rent - premises	1,557,014	1,749,751
Power and fuel	190,316	185,124
Communication costs	512,639	305,836
Printing and stationery	95,556	99,242
Advertising and sales promotion	257,182	155,830
Legal and professional expenses	8,996,049	6,284,963
Loss on sale of assets	-	97
Foreign exchange fluctuation (net)	-	669,090
Rates and taxes	55,603	122,804
Miscellaneous expenses	5,302	77,731
Total	36,840,333	36,864,362

17. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	59,959	39,390
Total	59,959	39,390

IBIZ CONSULTING SERVICES SDN. BHD. MALAYSIA
Notes to Financial Statements for the year ended December 31, 2017

18. Related Party Disclosures

Holding Company	IBIZ Consulting Pte Ltd (Formerly known as IBIZCS Group Pte Ltd, Singapore)
Fellow Subsidiaries	IBIZ Consulting Services Pte. Ltd, Singapore PT. IBIZCS Indonesia., Indonesia IBIZ Consultancy Services India Private Limited, India IBIZ Consulting Service Limited, Hong Kong (IBIZ HK) IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China
Subsidiary of IBIZ Consulting Service Limited (IBIZ HK)	
Other Related Companies	R Systems International Limited, India R Systems (Singapore) Pte Limited, Singapore R Systems, Inc., USA ECnet Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada R Systems Technologies Limited, USA
Subsidiaries of Computaris International Limited	Computairs Romania Srl, Romania Computaris Polska sp z.o.o., Poland ICS Computaris International Srl, Moldova Computaris Malaysian Sdn. Bhd., Malaysia Computaris USA, Inc., USA Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Subsidiaries of ECnet Limited, Singapore	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Key management personnel	Ramasubramanian Balasubramanian, Director Aloysius Suppiah, Director Vijaindran, Director (resigned w.e.f. February 29, 2016) Tham Kok Kee, Director (appointed w.e.f. February 29, 2016)

Details of transaction with related parties and balances outstanding at the year end:

(a) Transactions with related parties:

	(Amount in Rs.)	
	For the year ended December 31, 2017	For the year ended December, 31 2016
<u>IBIZ Consulting Pte Ltd</u>		
(i) Services rendered	581,479	-
(ii) Services received	3,706,163	
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Services received	-	1,322,814
(ii) Services rendered	298,417	523,278

IBIZ CONSULTING SERVICES SDN. BHD. MALAYSIA
Notes to Financial Statements for the year ended December 31, 2017

<u>ECnet (M) Sdn Bhd, Malaysia</u> (i) Services received	-	214,404
<u>PT. IBIZCS Indonesia</u> (i) Services received	167,266	-

(b) Outstanding balances:

	(Amount in Rs.)	
	As at December, 31	
	2017	2016
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Amount payable	-	9,619,337
(ii) Amount receivable	-	127,697
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Amount payable	-	-
(ii) Amount receivable	-	167,479
<u>PT. IBIZCS Indonesia</u>		
(i) Amount payable	172,360	-
<u>IBIZ Consulting Pte Ltd (Formerly known as IBIZCS Group Pte Ltd)</u>		
(i) Amount receivable	1,258,628	-
(ii) Amount payable	7,812,507	-
<u>ECnet (M) Sdn Bhd.</u>		
(i) Amount payable	622,694	-

(c) Remuneration to key management personnel:

	(Amount in Rs.)	
	For the year ended December 31, 2017	For the year ended December, 31 2016
Aloysius Suppiah	5,239,309	5,069,179
Tham Kok Kee	90,900	81,210

19. Operating lease – Company as a lessee

The Company has operating leases of office premise. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	(Amount in Rs.)	
	For the year ended December 31, 2017	For the year ended December, 31 2016
Lease payments for the year / period	1,557,014	1,738,762
Non-cancellable operating lease obligation:		
- Not later than one year	1,721,198	1,284,417
- Later than one year but not later than five years	3,596,016	856,278
- Later than five years	-	-

These leases have an average life of 3 years with renewal option or escalation clause included in the contracts.

IBIZ CONSULTING SERVICES SDN. BHD. MALAYSIA
Notes to Financial Statements for the year ended December 31, 2017

20. Previous period's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of IBIZ Consulting Services Sdn. Bhd.

Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date : February 09, 2018

Aloysius Suppiah
[Director]

Place : Malaysia
Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of PT. IBIZCS Indonesia

Report on the Financial Statements

We have audited the accompanying financial statements of PT. IBIZCS INDONESIA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

PT. IBIZCS INDONESIA

Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	11,130,480	11,130,480
Reserves and surplus	4	31,485,949	20,133,061
Current liabilities			
Trade payables	5	8,770,485	9,021,018
Other current liabilities	6	9,225,681	14,306,331
Short-term provisions	7	134,353	109,808
Total		60,746,948	54,700,698
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	339,711	474,368
Intangible assets	9	1,140	4,844
Long-term loans and advances	10	456,085	471,865
Current assets			
Trade receivables	11	12,894,286	4,796,346
Cash and bank balances	12	25,942,924	23,583,488
Short-term loans and advances	10	18,445,759	18,577,988
Other current assets	13	2,667,043	6,791,799
Total		60,746,948	54,700,698
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date: February 09, 2018

For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia

Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 09, 2018

Andrea Sorelli
[Director]

Place : Indonesia
Date: February 09, 2018

PT. IBIZCS INDONESIA

Statement of profit and loss for the year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Revenue			
Revenue from operations	14	52,941,928	47,966,052
Other income	15	3,908,053	149,745
Total revenue		56,849,981	48,115,797
Expenses			
Employee benefits expense	16	17,810,544	12,753,113
Operational and other expenses	17	21,513,875	21,065,204
Depreciation and amortisation expense	18	233,085	213,932
Finance costs	19	105,566	75,339
Total expenses		39,663,070	34,107,588
Profit before tax		17,186,911	14,008,209
Tax expense			
Current tax expense		3,559,223	3,265,478
Total tax expense / (credit)		3,559,223	3,265,478
Profit for the year		13,627,688	10,742,731
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149



Place : New Delhi
Date: February 09, 2018

For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia

Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 09, 2018

Andrea Sorelli
[Director]

Place : Indonesia
Date: February 09, 2018

PT. IBIZCS INDONESIA

Cash flow statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	17,186,911	14,008,209
Adjustments for:		
Depreciation and amortisation expense	233,085	213,932
Unrealised foreign exchange loss / (gain)	(2,243,158)	730,695
Interest income	(1,014,539)	(149,745)
Operating profit/(loss) before working capital changes	14,162,299	14,803,091
Movements in working capital :		
(Increase) / Decrease in trade receivables	(8,097,940)	(387,538)
(Increase) / Decrease in loans and advances and other current assets	5,287,304	(6,115,314)
Increase / (Decrease) in short-term and long-term provision	24,545	50,494
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(5,714,844)	7,325,831
Cash generated from operations	5,661,364	15,676,564
Direct taxes paid, net of refunds	(3,175,562)	(339,761)
Net cash flow from operating activities (A)	2,485,802	15,336,803
B. Cash flows used in Investing activities		
Purchase of fixed assets	(126,366)	(237,130)
Interest received	-	149,745
Net cash used in investing activities (B)	(126,366)	(87,385)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	2,359,436	15,249,418
Cash and cash equivalents at the beginning of the period	23,583,488	8,334,070
Cash and cash equivalents at the end of the period	25,942,924	23,583,488

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 09, 2018



For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia

Ramasubramanian Balasubramanian
[Director]

Place : Singapore
Date: February 09, 2018

Andrea Sorelli
[Director]

Place : Indonesia
Date: February 09, 2018

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

1. Company Overview

PT. IBIZCS Indonesia. (the "Company") is a subsidiary of IBIZ Consulting Service Pte Ltd (Formerly known as IBIZCS Group Pte Ltd), a company incorporated in Singapore. IBIZ Consulting Service Pte Ltd.'s immediate and ultimate holding company is R System (Singapore) Pte Ltd., a company incorporated in Singapore and R System International Limited, a company incorporated in India, respectively. The registered office of the Company is located at Setiabudi Buidling 2, 2nd Floor, Suite 203Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia

The principal activities of the Company is deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible Fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Air conditioners	5 years
Office Equipment (other than end user devices)	4 years
Computer hardware and network installations (other than end user devices)	6 years

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	4 years

(e) Intangibles assets

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

The estimated useful lives of the intangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of Intangible fixed assets</u>	<u>Estimated useful life</u>
Computer Software	Lower of 3 years or License period

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from rendering of services that are of short duration is recognised by reference to the stage of completion at the end of reporting period. Stage of completion is assessed using the proportion that contract costs incurred for work performed to date to the estimated total contract costs. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses recognised that are recoverable.

(ii) Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

(iii) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Indonesia Rupiah (IDR) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at average rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2016, the rates used were IDR 1000 = Rs. 4.86. For translating assets and liabilities at the year-end, the rates used were IDR 1000 = Rs. 4.71.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2015, the rates used were IDR 1000 = Rs. 5.05. For translating assets and liabilities at the year-end, the rates used were IDR 1000 = Rs. 5.05.

(k) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(m) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(n) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(o) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(p) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

PT. IBIZCS INDONESIA**Notes to Financial Statements for the year ended December 31, 2017****3. Share capital**

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Authorised Capital 2,50,000 (previous year 2,50,000) Ordinary Shares of IDR 9095 each		IDR 2,273,750,000		IDR 2,273,750,000
Issued, subscribed and paid up capital 2,50,000 (previous year 2,50,000) Ordinary Shares of IDR 9095 each		11,130,480		11,130,480
Total		11,130,480		11,130,480

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	250,000	11,130,480	250,000	11,130,480
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	250,000	11,130,480	250,000	11,130,480

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as at the beginning of the year	19,629,299	8,886,568
Add: Profit for the current year	13,627,688	10,742,731
Net surplus in the statement of profit and loss	33,256,987	19,629,299
Foreign currency translation reserve		
Balance as at the beginning of the year	503,762	(239,093)
Add: Current year translation differences	(2,274,800)	742,855
Closing balance	(1,771,038)	503,762
Total	31,485,949	20,133,061

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

5. Trade payables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	8,770,485	9,021,018
Total	8,770,485	9,021,018

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other liabilities		
Payable to Related parties		
IBIZ Consulting Services Pte Ltd, Singapore	-	2,240,775
IBIZ Consulting Pte Ltd, Singapore	2,166,448	-
Unearned revenue	4,473,182	2,527,750
Other Payables	2,586,051	9,537,806
Total	9,225,681	14,306,331

7. Short-term provisions

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Provision for employee benefits		
Compensated absences	134,353	109,808
Total	134,353	109,808

PT. IBIZCS INDONESIA
Notes to Financial Statements for the year ended December 31, 2017

Schedule 8: Tangible Assets

Particulars	(Amount in Rs.)											
	Gross Block			Net Block								
	As on 1.1.2017	Addition	Deletion During the year	Adjustment	Total 31.12.2017	Upto 1.1.2017	Addition	Deletion During the year	Adjustment	Total 31.12.2017	As at 31.12.2017	As at 31.12.2016
Computer	797,389	97,434	45,034	48,580	801,209	639,593	79,494	41,361	38,842	638,884	162,325	157,796
Printer	11,875	-	-	699	11,176	10,664	942	-	657	10,949	227	1,211
Furniture and fixtures	562,689	13,563	-	33,533	542,719	269,851	137,639	-	20,275	387,215	155,504	292,838
Video projector	24,125	-	-	1,419	22,706	9,047	5,864	-	720	14,191	8,515	15,078
Communication equipment	28,190	7,093	-	1,885	33,398	20,745	2,780	-	1,308	22,217	11,181	7,445
Air conditioner	9,375	7,093	-	2,943	13,525	9,375	2,833	-	642	11,566	1,959	-
Vehicle	75,000	4,856	-	9,268	70,588	75,000	-	-	4,412	70,588	-	-
Total	1,508,643	130,039	45,034	98,327	1,495,321	1,034,275	229,552	41,361	66,856	1,155,610	339,711	474,368
Previous period	1,231,810	237,130	-	(39,703)	1,508,643	796,126	210,299	-	(27,850)	1,034,275	474,368	435,684

Schedule 9: Intangible Assets

Particulars	(Amount in Rs.)											
	Gross Block			Net Block								
	As on 1.1.2017	Addition	Deletion During the year	Adjustment	Total 31.12.2017	Upto 1.1.2017	Addition	Deletion During the year	Adjustment	Total 31.12.2017	As at 31.12.2017	As at 31.12.2016
Computer software	10,900	-	-	641	10,259	6,056	3,533	-	470	9,119	1,140	4,844
Total	10,900	-	-	641	10,259	6,056	3,533	-	470	9,119	1,140	4,844
Previous period	10,505	-	-	(395)	10,900	2,335	3,633	-	(88)	6,056	4,844	8,170

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

10. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Loans & advances to related parties				
Unsecured, considered good	-	-		
IBIZCS Group Pte Ltd				16,795,000
IBIZ Consulting Pte Ltd. (Formerly known as IBIZCS Group Pte Ltd)			16,735,763	
Sub total (A)	-	-	16,735,763	16,795,000
Security deposit				
Unsecured, considered good	456,085	471,865	-	-
sub total (B)	456,085	471,865	-	-
Other loans and advances				
Advance rent			527,896	545,953
Staff Advance			819,515	1,237,035
Prepaid Insurance			281,887	-
Others			80,698	-
sub total (C)			1,709,996	1,782,988
Total (A+B)	456,085	471,865	18,445,759	18,577,988

Note:

1. Loan is unsecured to related party and carries interest rate @5% per annum

11. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,784,793	155,224
Unsecured, considered doubtful	606,294	772,513
	2,391,087	927,737
Provision for doubtful receivables	606,294	772,513
Sub Total (A)	1,784,793	155,224
Other receivables		
Unsecured, considered good	11,109,493	4,641,122
Unsecured, considered doubtful	-	106,803
	11,109,493	4,747,925
Provision for doubtful receivables	-	106,803
Sub Total (B)	11,109,493	4,641,122
Total (A+B)	12,894,286	4,796,346

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Dues from companies under the same management:		
IBIZ consulting Services SD Bhd, Malaysia	172,139	-
Total	172,139	-

12. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Cash on hand	110,990	7,538
Balances with other banks:		
On current accounts	25,831,934	23,575,950
Total	25,942,924	23,583,488

13. Other current assets

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Unbilled revenue	2,667,043	6,791,799
Total	2,667,043	6,791,799

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

14. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	52,941,928	47,966,052
Total	52,941,928	47,966,052

15. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest on:		
Interest income	1,014,539	149,745
Miscellaneous income	2,852,265	-
Foreign exchange fluctuation (net)	41,249	-
Total	3,908,053	149,745

16. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	15,914,688	11,067,834
Contribution to employee's benefits fund	613,856	471,693
Staff welfare	1,282,000	1,213,586
Total	17,810,544	12,753,113

17. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Recruitment and training expenses	69,686	7,375
Travelling and conveyance	845,449	984,658
Third party item cost	16,335,855	14,511,579
Repair and maintenance	58,423	43,610
Provision for doubtful debts and advances (net)	589,823	879,316
Rent - premises	1,607,959	1,617,907
Loss in sale/disposal of assets	3,673	-
Power and fuel	25,034	22,112
Communication costs	331,831	280,943
Printing and stationery	90,567	73,813
Advertising and sales promotion	152,227	105,248
Legal and professional expenses	689,980	761,016
Foreign exchange fluctuation (net)	-	607,269
Rates and taxes	590,950	1,149,737
Miscellaneous expenses	122,418	20,621
Total	21,513,875	21,065,204

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

18. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Depreciation on tangible assets	229,552	210,299
Amortisation on intangible assets	3,533	3,633
Total	233,085	213,932

19. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	105,566	75,339
Total	105,566	75,339

PT. IBIZCS INDONESIA**Notes to Financial Statements for the year ended December 31, 2017****20. Related Party Disclosures**

Holding Company	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte.Ltd., Singapore)
Fellow Subsidiaries	IBIZ Consulting Services Pte. Ltd, Singapore IBIZ Consulting Services Sdn. Bhd, Malaysia IBIZ Consultancy Services India Private Limited, India IBIZ Consulting Service Limited, Hong Kong
Subsidiary of IBIZ Consulting Service Limited	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China
Other Related Companies	R Systems International Limited, India R Systems (Singapore) Pte Limited, Singapore R Systems, Inc., USA ECnet Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée) R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA)
Subsidiaries of Computaris International Limited	Computairs Romania Srl, Romania Computaris Polska sp z.o.o., Poland ICS Computaris International Srl, Moldova Computaris Malaysian Sdn. Bhd., Malaysia Computaris USA, Inc., USA Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Subsidiary of ECnet Limited, Singapore	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Key management personnel	Ramasubramanian Balasubramanian, Director Andrea Sorelli, Director

Details of transaction with related parties and balances outstanding at the year end:

(a) Transactions with related parties:

(Amount in Rs.)

	For the year ended December 31, 2017	For the period ended December, 31 2016
<u>IBIZ Consulting Services Pte Ltd, Singapore</u> (i) Services received	-	414,311
<u>IBIZ Consultancy Services India Private Limited</u> (i) Services received	-	338,827
<u>IBIZ Consulting Pte Ltd, Singapore</u> (i) Interest Received/ Accrued	821,200	-
<u>IBIZ Consulting Services Sdn. Bhd.</u> (ii) Service rendered	177,379	-

PT. IBIZCS INDONESIA**Notes to Financial Statements for the year ended December 31, 2017**

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2017	2016
<u>IBIZ Consulting Services Pte Ltd ,Singapore</u>		
(i) Amount payable	-	2,240,775
(ii) Amount receivable		16,795,000
<u>IBIZ Consulting Services Sdn. Bhd., Malaysia</u>		
(i) Amount receivable	177,379	-
<u>IBIZ Consulting Pte Ltd</u>		
(i) Amount receivable	16,735,763	-
(ii) Amount payable	2,166,448	
<u>Amount receivable / payable from / to key management personnel</u>		
(i) Andrea Sorelli	-	214,963

(c) Remuneration to key management personnel:

(Amount in Rs.)

	For the year ended December 31, 2017	For the period ended December, 31 2016
Andrea Sorelli	1,963,748	1,182,184

21. Operating lease – Company as a lessee

The Company has operating leases of office premise. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

(Amount in Rs.)

	For the year ended December 31, 2017	For the period ended December, 31 2016
Lease payments for the year	1,607,959	1,617,907
Non-cancellable operating lease obligation:		
- Not later than one year	1,682,481	545,953
- Later than one year but not later than five years	540,827	-
- Later than five years	-	-
These leases have an average life of 2 years with renewal option or escalation clause included in the contracts.		

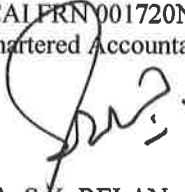
PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2017

22. Previous period's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

As per our report of even date.


For S.K. RELAN & CO.
ICALFRN001720N
Chartered Accountants



CA. S.K. RELAN
Membership No. 12149



**For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia**



Ramasubramanian
Balasubramanian
[Director]



Andrea Sorelli
[Director]

Place : New Delhi
Date : February 09, 2018

Place : Singapore
Date : February 09, 2018

Place : Indonesia
Date : February 09, 2018



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M/s IBIZ CONSULTANCY SERVICES INDIA PVT LTD

Report on the Financial Statements

1. We have audited the accompanying financial statements of M/s **IBIZ CONSULTANCY SERVICES INDIA PVT LTD** ("the Company"), which comprise the Balance Sheet as at 31st December 2017 and the Statement of Profit and Loss from 01.01.2017 to 31.12.2017 which is prepared based on the GAAP in India.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

Further, with respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

Restriction of use

4. Without modifying our opinion, we note that this special purpose financial information is prepared for the purposes of providing information to IBIZ Group Pte Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED. The special purpose financial may be filed with statutory authorities for required compliances. The special purpose financial information also can be used by the auditors of IBIZ Group Pte Limited or R Systems International Limited to issue any certificate in this regard.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st December 2017.
 - (ii) in case of the Statement of Profit and Loss, of the profit for the period from 01.01.2017 to 31.12.2017.



6. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable for preparation of this special purpose financial Information.

Place : Chennai
Date : 16.01.2018

For S.Ravi & Associates
Chartered Accountants
Firm Reg. No. : 009261S



S.Ravi
Proprietor
Membership No. : 204618

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting

We have audited the internal financial controls over financial reporting of **M/s IBIZ CONSULTANCY SERVICES INDIA PVT LTD** ("the Company") as of December 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.


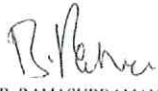


Place : Chennai
Date : 16.01.2018

For S.Ravi & Associates
Chartered Accountants
Firm Reg. No. : 0092615




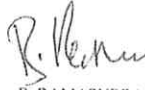


S.Ravi
Proprietor
Membership No. : 204618

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Balance Sheet as at December 31, 2017

Particulars		Note	December 31, 2017	December 31, 2016
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a)	Share capital	2	500,000	500,000
(b)	Reserves and surplus	3	(4,009,762)	(6,858,562)
2 Current liabilities				
(a)	Trade Payables	4	14,970,760	14,615,360
(b)	Other Current Liabilities	5	7,541,211	4,973,171
(c)	Short-term provisions	6	549,992	
TOTAL			19,552,201	13,229,968
II. ASSETS				
Non-current assets				
1 (a) Fixed assets				
(i)	Tangible assets	7	316,314	781,855
(b)	Deferred Tax Asset	8	299,754	225,952
(c)	Long-term loans and advances	9	3,033,750	2,919,126
2 Current assets				
(a)	Trade Receivables	10	9,873,443	7,324,783
(b)	Cash and cash equivalents	11	5,349,907	1,782,843
(c)	Short-term loans and advances	12	679,033	195,409
TOTAL			19,552,201	13,229,968
Significant Accounting Policies		1		
The accompanying notes are an integral part of the financial statements This is the Balance Sheet referred to in our report of even date				
For S Ravi & Associates Chartered Accountants Firm Reg No 009261S		For and on behalf of IBIZ Consultancy Services India Private Limited		
 S RAVI Proprietor M. NO: 204618		 B. RAMASUBRAMANIAN Director		 K. SORNANATHAN Director
		PLACE: SINGAPORE DATE: 16.01.2018		PLACE: CHENNAI DATE: 16.01.2018
PLACE: CHENNAI DATE: 16.01.2018				

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Statement of Profit And Loss for the period ended December 31, 2017

Particulars		Note	Jan to Dec 2017	Jan to Dec 2016
I.	Revenue from operations	13	30,026,330	23,920,767
II.	Other Non-operating Income	14	45,283	43,340
III.	Total Revenue (I + II)		30,071,615	23,964,107
IV.	Expenses:			
	Direct Expenses	15	5,328,357	4,178,513
	Employee benefits expense	16	16,556,499	15,464,394
	Depreciation and amortization	7	339,905	662,852
	Other expenses	17	4,021,864	3,041,420
	Total expenses		26,746,625	23,347,179
V.	Profit before exceptional and extraordinary items and tax (III-IV)		3,324,989	616,928
VI.	Prior Period Item (Refer Note)			
VII.	Profit before extraordinary items and tax (V - VI)		3,324,989	616,928
VIII.	Extraordinary Items			
IX.	Profit before tax (VII- VIII)		3,324,989	616,928
X	Tax expense:			
	(1) Current tax		549,992	(229,947)
	(2) Deferred tax (Asset) / Liability		(73,802)	(134,782)
	(2) MAT Entitlement Credit			
XI	Profit / (Loss) for the period from continuing operations (VII-VIII)		2,848,799	981,657

<p>For S Ravi and Associates Firm Reg No: 009261S Chartered Accountants</p> <p> S RAVI Proprietor M. NO: 204618</p> <p>PLACE: CHENNAI DATE: 16.01.2018</p>	<p>For and on behalf of IBIZ Consultancy Services India Private Limited</p> <p> B. RAMASUBRAMANIAN Director</p> <p>PLACE: SINGAPORE DATE: 16.01.2018</p>
	<p> K. SORNANATHAN Director</p> <p>CHENNAI DATE: 16.01.2018</p>

Notes to Financial Statements for the period ended 31st December 2017

Note 2

Share capital	Amount In Rupees	
	Jan - Dec 2017	Jan - Dec 2016
Authorised Capital 50000 Equity Shares of Rs 10 each	5,00,000	5,00,000
Issued and Subscribed capital 50000 Equity Shares of Rs 10 each (Previous year: 50000 equity shares of Rs 10 each)	5,00,000	5,00,000
Issued, Subscribed and Paid up capital 50000 Equity Shares of Rs 10 each (Previous year: 50000 equity shares of Rs 10 each)	5,00,000	5,00,000
Total	5,00,000	5,00,000

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Jan - Dec 2017		Jan - Dec 2016	
	Shares	Amount	Shares	Amount
Shares outstanding at the beginning of the year	50,000	5,00,000.00	50,000	5,00,000.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	5,00,000.00	50,000	5,00,000.00

Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	Jan - Dec 2017		Jan - Dec 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IBIZCS Group Pte Ltd. Singapore	49,999.00	99.998%	49,999.00	99.998%
Kalairajan Sornanathan	1.00	0.002%	1.00	0.002%

Note 3

	Jan - Dec 2017	Jan - Dec 2016
Reserves and surplus		
Surplus		
Opening balance	(68,58,562)	(78,40,219)
(+) Net Profit/(Net Loss) For the current year	28,48,799	9,81,657
Closing Balance	(40,09,762)	(68,58,562)



Notes to Financial Statements for the period ended 31st December 2017

CURRENT LIABILITIES

Note 4	Jan - Dec 2017	Jan - Dec 2016
A) Trade Payables		
(a) Payable to Related parties - Advances Received for which value to be given in cash or services to be rendered - Ibiz Singapore	1,45,26,727	1,42,94,614
(b) Others	4,44,033	3,20,746
B) Advances received from customers:		
Related Parties	-	-
Others	-	-
TOTAL	1,49,70,760	1,46,15,360

Note 5	Jan - Dec 2017	Jan - Dec 2016
Other Current Liabilities		
(a) Unearned Revenue	21,73,378	18,86,023
(b) Duties and taxes		
VAT Payable	3,40,028	-
TDS Payable	1,17,431	5,14,315
Service Tax Payable	5,75,631	-
(C) Expenses Payable	43,34,743	25,72,832
TOTAL	75,41,211	49,73,171

Note 6	Jan - Dec 2017	Jan - Dec 2016
Short term provision		
(a) Provision for Income tax	5,49,992	-
TOTAL	5,49,992	-

Note 8	Jan - Dec 2017	Jan - Dec 2016
Deferred tax Assets (Net)		
Deferred tax liabilities		
Difference between written down value of block of assets as per Income tax laws and book written down value of fixed assets	(4,153)	26,267
Total (A)	(4,153)	26,267
Deferred tax Assets		
Difference between written down value of block of assets as per Income tax laws and book written down value of fixed assets		
On account of Provision for Retirement Benefits	2,95,601	2,52,219
Total (B)	2,95,601	2,52,219
Closing Net Deferred Tax Asset	2,99,754	2,25,952



M/S. IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
 THE LORDS, BLOCK-2, 4TH FLOOR,
 NO. 1 & 2, NORTHERN EXTENSION AREA, JAWAHARLAL NEHRU ROAD,
 EKKATUTHANGAL, CHENNAI - 600032

Note 7 - NON CURRENT ASSETS - FIXED ASSETS

	Fixed Assets				Gross Block						Accumulated Depreciation				Net Block	
	Balance as at 1 Jan 2017	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 Dec 2017	Balance as at 1 Jan 2017	Depreciation charge for the year	Change in Method - WDV to SLM	Transfer to Reserve & Surplus - Companies Act 2013	On disposals	Balance as at 31 Dec 2017	Balance as at 1 Jan 2017	Balance as at 31 Dec 2017			
I	Tangible Assets															
a	70,19,666	-	-	-	70,19,666	63,87,649	3,27,272	-	-	-	67,14,921	6,32,016	3,04,744			
b	3,03,581	(2,49,172)	-	-	54,409	1,97,098	12,633	-	(1,66,892)	(1,66,892)	42,839	1,06,483	11,570			
c	1,02,091	(1,02,091)	-	-	-	58,737	-	-	(58,737)	-	-	43,354	-			
d	74,604	(74,604)	-	-	-	74,602	-	-	(74,602)	-	-	2	-			
	74,99,942	(4,25,867)	-	-	70,74,075	67,18,086	3,39,905	-	(3,00,231)	(3,00,231)	67,57,760	7,51,855	3,16,314			
II	Intangible Assets															
	-	-	-	-	-	-	-	-	-	-	-	-	-			
III	Capital Work In Progress															
	-	-	-	-	-	-	-	-	-	-	-	-	-			
IV	Intangible assets under Development															
	-	-	-	-	-	-	-	-	-	-	-	-	-			
	74,99,942	(4,25,867)	-	-	70,74,075	67,18,086	3,39,905	-	(3,00,231)	(3,00,231)	67,57,760	7,51,855	3,16,314			
	66,54,927	3,11,365	-	-	74,99,942	54,79,732	5,75,503	-	-	-	67,18,086	11,75,194	9,11,057			



Notes to Financial Statements for the period ended 31st December 2017

NON CURRENT ASSETS		
Note 9	Jan - Dec 2017	Jan - Dec 2016
Long Term Loans & Advances		
(i) Deposits		
Rent Advance	12,12,900	12,12,900
(ii) Balances with revenue authorities		
	18,20,850	17,06,226
TOTAL	30,33,750	29,19,126

Note 10	Jan - Dec 2017	Jan - Dec 2016
CURRENT ASSETS		
Trade Receivables		
- Unsecured, considered good		
Trade receivables outstanding for a period less than six months	84,52,447	65,98,330
Total - A	84,52,447	65,98,330
Trade receivables outstanding for a period exceeding six months	14,20,996	7,26,453
Total - B	14,20,996	7,26,453
Total - (A + B)	98,73,443	73,24,783
Trade Receivable includes amount due from Companies under same Management:		
Ibiz consulting services Pte Limited	36,28,823	48,37,230
Ibiz consulting services Sdn Bhd	-	-
	36,28,823	48,37,230

Note 11	Jan - Dec 2017	Jan - Dec 2016
Cash and cash equivalents		
a. Cash in Hand	1,180	6,023
b. Balances with banks	53,48,727	17,76,820
TOTAL	53,49,907	17,82,843

CURRENT ASSETS		
Note 12	Jan - Dec 2017	Jan - Dec 2016
Short Term Loans & Advances		
(a) Advances paid for which value to be received in cash or kind	26,302	1,17,600
(b) VAT Input Tax Credit	-	13,039
(c) CENVAT credit	6,52,731	64,770
TOTAL	6,79,033	1,95,409



M/S. IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
 THE LORDS, BLOCK-2, 4TH FLOOR,
 NO. 1 & 2, NORTHERN EXTENSION AREA, JAWAHARLAL NEHRU ROAD,
 EKKATUTHANGAL, CHENNAI – 600032

Notes to Statement of Profit & Loss for the year ended 31st December 2017

<u>Note 13</u>	Jan - Dec 2017	Jan - Dec 2016
Revenue from operations		
Software development Services & Sale		
- Export	1,51,94,047	1,28,32,907
- Domestic	1,48,32,283	1,10,87,860
Total	3,00,26,330	2,39,20,767

<u>Note 14</u>	Jan - Dec 2017	Jan - Dec 2016
Other Income		
Miscellaneous income	-	-
Interest on income tax refund	45,285	43,340
Total	45,285	43,340

<u>Note 15</u>	Jan - Dec 2017	Jan - Dec 2016
Direct Expenses		
Purchase of Licenses	38,21,007	38,93,246
Cost of Outsourced Recources	20,07,350	2,85,267
Total	58,28,357	41,78,513

<u>Note 16</u>	Jan - Dec 2017	Jan - Dec 2016
Employee Benefits Expense		
Salaries and Allowances	1,59,54,801	1,49,17,985
Director Remuneration	5,40,000	4,44,000
Staff Training and Welfare	61,698	1,02,409
Total	1,65,56,499	1,54,64,394



M/S. IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
THE LORDS, BLOCK-2, 4TH FLOOR,
NO. 1 & 2, NORTHERN EXTENSION AREA, JAWAHARLAL NEHRU ROAD,
EKKATUTHANGAL, CHENNAI – 600032

Note 17	Jan - Dec 2017	Jan - Dec 2016
Other expenses		
Rent	16,01,517	14,44,515
Electricity Charges	4,66,552	5,64,353
Telephone & Internet expenses	47,330	17,781
Printing and Stationery	8,939	40,251
Travelling & Conveyance - Local	3,44,932	1,82,804
Professional charges & consultancy charges	1,78,320	1,19,975
Repairs & Maintenance - Others	3,32,970	2,26,416
Marketing/ Sales Promo and other Expenses	74,195	79,507
Exchange Gain/Loss	4,62,938	2,01,655
Rates and Taxes	-	1,098
Loss on sale of Assets	69,980	-
Fixed Assets written off	36,937	-
Provision for Bad debts	2,39,158	-
Bank Charges	13,096	18,065
Payments to the auditor as		
a. auditor	1,45,000	1,45,000
b. for taxation matters		
c. for company law matters		
d. for management services		
e. for other services		
f. for reimbursement of expenses		
Total	40,21,864	30,41,420



NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st DECEMBER, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting:

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

The Company is a small and medium size company (“SMC”) as defined in the General Instructions of the Rules in respect of Accounting Standards notified under the Companies Act. Accordingly, the Company has complied with the accounting standards as applicable to a small and medium sized Company.

b. Use of Estimates

The preparation of the financial statements in conformity with Accounting Standards requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefits, income taxes and the useful lives of fixed assets.

c. Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase cost and all incidental expenses to bring the asset to their present location and condition.

Depreciation on Tangible assets are provided on Straight Line Method over the useful lives of the assets as prescribed under schedule II to the Companies Act, 2013. Depreciation for assets purchased/sold during the period is proportionately charged. Intangible assets are amortized over



their respective individual estimated useful lives on straight line basis commencing from the date the asset is available to the company for its use.

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Air conditioners	5 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Electrical Installations	10 years

d. Revenue Recognition:

Software Development and other income are recognized on accrual basis. Revenue is recognized to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with services rendered on time and materials basis is recognized when services are rendered.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts is recognized using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognized in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognized immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / unearned revenue separately.

Sale of products

Revenue from the sale of product (software and hardware) is recognized when the sale has been completed with the transfer of title.

Revenue from maintenance/subscription services is recognized over the term of subscription period.



e. Foreign Currency Transactions:

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- b) Monetary items denominated in foreign currencies at the yearend are restated at year end rates.
- c) Non-Monitory foreign currency items if any are carried at cost.
- d) Any Gain / Loss on account of exchange difference either on settlement or restatement at year end are recognized in the profit and loss account.

f. Earnings Per Share (EPS):

Basic EPS is calculated by dividing the Net Profit or Loss for the year attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

As per Companies (Accounting Standard) Rules,2006, the Company is a SMC, the disclosure with respect to Diluted EPS is not mandatory, however, the diluted EPS disclosure is been given. Diluted EPS reflects the potential dilution that could occur on the conversion of dilutive potential equity shares. Diluted EPS is computed by using the weighted average number of Equity shares and dilutive potential equity shares outstanding during the year.

g. Taxes On Income:

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognised only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.



h. Contingent Liabilities & Provision:

In terms of the requirements of the Accounting Standard 29 (AS 29) on “Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India:

- where, as a result of past events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation- an appropriate provision is created and disclosed;
- Where, as a result of past events, there is a possible obligation that may, but probably will not require an outflow of resources- no provision is recognized but appropriate disclosure made as contingent liabilities unless the possibility of outflow is remote.

Note. 18: Earnings per Share

Basic earnings per share (EPS) computed in accordance with the accounting standards (AS–20)

Particulars	Jan – Dec 2016	Jan – Dec 2015
Profit/(Loss) After Tax	28,48,800	9,81,657
Weighted Average Number of Shares (Basic)	50,000	50,000
Weighted Average Number of Shares (Diluted)	50,000	50,000
EPS (Basic)	56.98	19.63
EPS (Diluted)	56.98	19.63

Note 19: Related Party Disclosure

As per the Accounting Standard on ‘Related Party Disclosures’ (AS 18), issued by the Institute of Chartered Accountants of India, the related parties of the company are as follows:

Sl No.	Party	Relation
1	IBIZ Consulting Pte Ltd. Singapore	Companies under common control of the same management/shareholder
2	Ibiz Consulting Services Sdn Bhd	
3	PT IBIZCS Indonesia	
4	K. Sornanathan	Director/Key Managerial Person



Note: The above information has been determined to the extent such parties have been identified on the basis of information obtained by the company which has been relied upon by the Auditors.

The nature and volume of transactions of the company during the year, with the above related parties were as follows:

Particulars	IBIZ Consulting Pte Ltd. Singapore	Ibiz Consulting Services Sdn Bhd	PT IBIZCS Indonesia	Mr. K Sornanathan	Total
Service Charges Received	1,07,38,382	NIL	NIL	NIL	1,07,38,382
Directors Remuneration	NIL	NIL	NIL	5,40,000	5,40,000

Closing balances outstanding as on 31.12.2017

in Rupees

Particulars	Ibiz Consulting Pte Ltd	Ibiz Consulting Services Sdn Bhd	PT IBIZCS Indonesia	Mr. K.Sornanathan	Total
Receivables	36,28,823	NIL	NIL	NIL	36,28,823
Payables	1,45,26,727	NIL	NIL	NIL	1,45,26,727

Note.20: Transactions in Foreign Currency

(On accrual basis)

In Rupees

Particulars	Jan – Dec 2017	Jan–Dec 2016
Earnings in Foreign Currency during the year	1,51,94,047	1,28,32,907

Note.21: Payment to Auditors

In Rupees

Particulars	Jan – Dec 2017	Jan – Dec 2016
Statutory & Tax Audit fees*	1,45,000	1,45,000
Other Services		
Total*	1,45,000	1,45,000
(*excluding service tax)		



Note 22. Leases**a) Operating Lease - Company as lessee**

The Company has operating lease for office premises. The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Lease payments for the year	16,01,517	14,44,415
Non-cancellable operating lease obligation:		
Not later than one year	14,22,515	14,20,848
Later than one year but not later than five years	32,05,912	46,28,427
Later than five years	-	-

The operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

Note. 23: Dues to Micro Enterprises and Small Enterprises and Others

The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 December 2017 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the period ended December 31, 2017	For the period ended December 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period;	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the period;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil



Note.24: Previous Years Figures

The company has regrouped/reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S.Ravi & Associates

Chartered Accountants

FRN: 009261S



S.Ravi

M.No 204618

Place: Chennai

Date: 16.01.2018



For and on behalf of board of IBIZ Consultancy Services

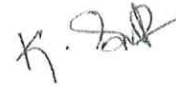
India Private Limited



B. Ramasubramanian

Place: Singapore

Date: 16.01.2018



K.Sornanathan

Place: Chennai

Date: 16.01.2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZ Consulting Services Limited, Hong Kong

Report on the Financial Statements

We have audited the accompanying financial statements of IBIZ CONSULTING SERVICES LIMITED, HONG KONG ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S. K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	81,606	81,606
Reserves and surplus	4	477,643	529,153
Current liabilities			
Trade payables	5	112,787	136,603
Other current liabilities	6	53,363,558	58,577,868
Total		54,035,594	59,325,230
ASSETS			
Non-current assets			
Non-current investments	7	-	-
Current assets			
Trade receivables	8	46,202,833	45,503,344
Cash and bank balances	9	365,780	3,070,424
Short-term loans and advances	10	7,466,981	10,751,462
Total		54,035,594	59,325,230
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S.K. Relan & Co**
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
IBIZ Consulting Services Limited

Satinder Singh Rekhi

Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date: February 09, 2018

Ramasubramanian Balasubramanian

Ramasubramanian
 Balasubramanian
 [Director]

Place : Singapore
 Date: February 09, 2018

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Statement of Profit and Loss for year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Revenue			
Revenue from operations	11	6,753,922	8,677,581
Other income	12	-	18,498
Total revenue		6,753,922	8,696,079
Expenses			
Operational and other expenses	13	6,693,335	8,292,356
Finance costs	14	71,077	59,394
Total expenses		6,764,412	8,351,750
Profit/(Loss) for the year		(10,490)	344,329
Tax expense			
Current tax / (credit)		-	-
Total tax expense / (credit)		-	-
Profit/(Loss) for the year		(10,490)	344,329
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services Limited

Satinder Singh Rekhi

[Director]

Place : Singapore
 Date: February 09, 2018

Ramasubramanian
 Balasubramanian

[Director]

Place : Singapore
 Date: February 09, 2018

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(10,490)	344,329
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(41,020)	10,125
Operating profit/(loss) before working capital changes	(51,510)	354,454
Movements in working capital :		
(Increase) / Decrease in trade receivables	(699,489)	(6,355,116)
(Increase) / Decrease in loans and advances and other current assets	3,284,481	(131,147)
Increase / (Decrease) in intra-group payables	(5,214,310)	4,327,164
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(23,816)	(2,256)
Net cash flow from / (used in) operating activities (A)	(2,704,644)	(1,806,901)
B. Cash flows used in investing activities		
Net cash used in investing activities (B)	-	-
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(2,704,644)	(1,806,901)
Cash and cash equivalents at the beginning of the year	3,070,424	4,877,325
Cash and cash equivalents at the end of the year	365,780	3,070,424

The accompanying notes are an integral part of the financial statements.

As per our report of even date.


For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149


Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services Limited


 Satinder Singh Rekhi
 [Director]

Place : Singapore
 Date: February 09, 2018


 Ramasubramanian
 Balasubramanian
 [Director]

Place : Singapore
 Date: February 09, 2018

1. Company Overview

IBIZ Consulting Services Limited (the "Company") is a subsidiary of IBIZ Consulting Pte Ltd. (Formerly known as IBIZCS Group Pte. Ltd.), a company incorporated in Singapore. IBIZ Consulting Pte. Ltd.'s immediate and ultimate holding company is R System (Singapore) Pte Ltd, a company incorporated in Singapore and R System International Limited, a company incorporated in India, respectively. The registered office of the Company is located at Rooms 1804-5, 299QRC, 287-299, Queen's Road Central, Hong Kong.

The principal activities of the Company is deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals..

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from rendering of services that are of short duration is recognised by reference to the stage of completion at the end of reporting period. Stage of completion is assessed using the proportion that contract costs incurred for work performed to date to the estimated total contract costs. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses recognised that are recoverable.

(ii) Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

(iii) Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(f) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Hong Kong Dollars (HKD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were HKD 1= Rs. 8.36. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.17.

For translating income and expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2015, the rates used were HKD 1= Rs. 8.66. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.77.

(g) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(h) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(i) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(j) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(k) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2017

3. Share capital

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Authorised Capital 10,000 (previous period 10,000) Ordinary Shares of no par value		-		-
Issued, subscribed and paid up capital 10,000 (previous period 10,000) Ordinary Shares of no par value		81,606		81,606
Total		81,606		81,606

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	10,000	81,606	10,000	81,606
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	10,000	81,606	10,000	81,606

IBIZ CONSULTING SERVICES LIMITED, HONG KONG**Notes to Financial Statements for the year ended December 31, 2017****4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Profit and Loss Account		
Balance as the beginning of reporting year	542,447	198,118
Add: Profit/(Loss) for the current year	(10,490)	344,329
Net surplus in profit and loss account	531,957	542,447
Foreign currency translation reserve		
Balance as the beginning of reporting year	(13,294)	(23,419)
Add: Current year translation differences	(41,020)	10,125
Closing balance	(54,314)	(13,294)
Total	477,643	529,153

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2017

5. Trade Payables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	112,787	136,603
Total	112,787	136,603

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other liabilities		
Payable to Related parties		
Due to Subsidiary under same management		
IBIZ Consulting Services Pte ltd, Singapore	-	58,120,773
IBIZ Consulting Pte Ltd (Formerly Known as Group Pte ltd, Singapore)	53,363,558	-
Advance from customers	-	457,095
Total	53,363,558	58,577,868

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2017

7. Non-current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-trade, unquoted (valued at-cost unless stated otherwise)		
In subsidiary company		
(i) Investment in IBIZ Consulting Services (Shanghai) Co. Ltd., China		
Ordinary shares of USD 70,000	4,459,956	4,783,007
Less : Provision for diminution in the value of Investment	4,459,956 -	4,783,007 -
Total	-	-

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2017

8. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	44,198,197	40,358,633
Sub Total (A)	44,198,197	40,358,633
Other receivables		
Unsecured, considered good	2,004,636	5,144,711
Sub Total (B)	2,004,636	5,144,711
Total (A+B)	46,202,833	45,503,344

Trade receivable include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Due from related party :		
IBIZ Consulting Services (Shanghai) Co. Ltd, China	46,182,424	45,297,037
Total	46,182,424	45,297,037

9. Cash and bank balances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	365,780	3,070,424
	365,780	3,070,424
Total	365,780	3,070,424

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2017

10. Short term Loans and advances

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	-	-
Total (A)	-	-
Advance recoverable from:		
IBIZ Consulting Service (Shanghai) Co. Ltd., China	7,466,981	10,751,462
Total (B)	7,466,981	10,751,462
Total (A+B)	7,466,981	10,751,462

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2017

11. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	6,753,922	8,677,581
Total	6,753,922	8,677,581

12. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Foreign exchange fluctuation (net)		18,498
Total	-	18,498

13. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Third Party item cost including subcontracting	5,239,207	7,959,814
Legal and professional expenses	145,537	173,986
Foreign exchange fluctuation (net)	1,265,450	
Rates and taxes	43,141	149,900
Miscellaneous expenses	-	8,656
Total	6,693,335	8,292,356

14. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the period ended December 31, 2016 Rs.
Bank charges	71,077	59,394
Total	71,077	59,394

IBIZ CONSULTING SERVICES LIMITED, HONGKONG**Notes to Financial Statements for the year ended December 31, 2017**

15. Related Party Disclosures

Holding Company	IBIZ Consulting Pte. Ltd., (Formerly known as IBIZCS Group Pte. Ltd.), Singapore
Fellow Subsidiaries	IBIZ Consulting Services Pte. Ltd, Singapore IBIZ Consulting Services Sdn. Bhd., Malaysia PT. IBIZCS Indonesia., Indonesia IBIZ Consultancy Services India Private Limited, India.
Subsidiary	IBIZ Consulting Service (Shanghai) Co., Ltd, People's Republic of China
Other Related Companies	R Systems International Limited, India R Systems (Singapore) Pte Limited, Singapore R Systems, Inc., USA ECnet Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada R Systems Technologies Limited, USA
Subsidiaries of Computaris International Limited	Computaris Romania Srl, Romania Computaris Polska sp z.o.o., Poland ICS Computaris International Srl, Moldova Computaris Malaysian Sdn. Bhd., Malaysia Computaris USA, Inc., USA Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Subsidiary of ECnet Limited, Singapore	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Key management personnel	Satinder Singh Rekhi, Director Ramasubramanian Balasubramanian, Director Sartaj Singh Rekhi, Director

IBIZ CONSULTING SERVICES LIMITED, HONGKONG
Notes to Financial Statements for the year ended December 31, 2017

(a) Transactions with related parties:

(Amount in Rs.)

	For the year ended December 31, 2017	For the year ended December 31, 2016
<u>IBIZ Consulting Service (Shanghai) Co., Ltd, People's Republic of China</u>		
(i) Services rendered	5,060,207	6,944,445
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Services received	1,048,976	7,959,807
<u>IBIZ Consulting Pte Ltd., Singapore (Formerly Known as IBIZCS Group Pte Ltd, Singapore)</u>		
(i) Services received	4,190,230	-

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2017	2016
<u>IBIZ Consulting Service (Shanghai) Co., Ltd, People's Republic of China</u>		
(i) Amount receivable	53,649,405	56,048,499
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Amount payable	-	58,120,773
<u>IBIZ Consulting Pte Ltd. (Formerly known as IBIZCS Group Pte Ltd) Singapore</u>		
(i) Amount payable	53,363,558	-
<u>Amount due to key management personnel</u>		
(i) Ramasubramanian Balasubramanian	14,711	31,423

16. Previous period's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

As per our report of even date.

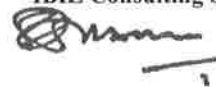
For **S.K. RELAN & CO.**
 ICAI Firm registration number: 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



Place : New Delhi
 Date : February 09, 2018

For and on behalf of the Board of Directors of
IBIZ Consulting Services Limited



Satinder Singh Rekhi
 [Director]



Ramasubramanian
 Balasubramanian
 [Director]

Place : Singapore
 Date : February 09, 2018

Place : Singapore
 Date : February 09, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZ Consulting Services (Shanghai) Co. Ltd, China

Report on the Financial Statements

We have audited the accompanying financial statements of IBIZ CONSULTING SERVICES (SHANGHAI) CO, LTD, CHINA ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Act, read with relevant rule issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken in account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

(CA. S.K. RELAN)
Membership No.012149



Place : New Delhi
Dated: February 09, 2018

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Balance Sheet as at December 31, 2017

	Notes	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,980,381	4,980,381
Reserves and surplus	4	(55,337,229)	(69,105,495)
Current liabilities			
Trade payables	5	1,947,205	672,714
Other current liabilities	6	70,798,432	72,583,209
Total		22,388,789	9,130,809
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	119,848	119,554
Long-term loans and advances	8	60,454	101,816
Current assets			
Trade receivables	9	4,986,024	200,776
Cash and bank balances	10	17,222,463	8,602,134
Short-term loans and advances	8	-	106,529
Total		22,388,789	9,130,809
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services (Shanghai) Co., Ltd

R. Ramasubramanian
 Ramasubramanian Balasubramanian
 [Director]

Place : Singapore
 Date: February 09, 2018

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Statement of Profit and Loss for the year ended December 31, 2017

	Notes	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Revenue			
Revenue from operations	11	31,388,125	15,923,768
Other income	12	2,088,412	113,305
Total revenue		33,476,537	16,037,073
Expenses			
Employee benefits expense	13	245,820	2,182,260
Operational and other expenses	14	19,530,566	18,599,002
Depreciation and amortisation expense	7	-	-
Finance costs	15	21,584	10,021
Total expenses		19,797,970	20,791,283
Profit/(Loss) before tax		13,678,567	(4,754,210)
Tax expense			
Current tax / (credit)		-	-
Total tax expense / (credit)		-	-
Profit/(Loss) for the year		13,678,567	(4,754,210)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149



Place : New Delhi
 Date: February 09, 2018

For and on behalf of the Board of Directors of
 IBIZ Consulting Services (Shanghai) Co., Ltd

Ramasubramanian Balasubramanian
 [Director]

Place : Singapore
 Date: February 09, 2018

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Cash Flow Statement for the year ended December 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
A. Cash flow from operating activities		
Net profit before taxation	13,678,567	(4,754,210)
Adjustments for:		
Unrealised foreign exchange (loss) / gain	89,405	2,869,971
Interest income	(48,071)	(12,113)
Operating profit/(loss) before working capital changes	13,719,901	(1,896,352)
Movements in working capital :		
(Increase) / decrease in trade receivables	(4,785,248)	463,321
(Increase) / decrease in loans and advances and other current assets	147,891	(59,335)
Increase / (decrease) in trade payables, other current liabilities and other long-term liabilities	(510,286)	5,928,409
Cash generated from operations	8,572,258	4,436,043
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	8,572,258	4,436,043
B. Cash flows used in investing activities		
Interest received	48,071	12,113
Net cash from investing activities (B)	48,071	12,113
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	8,620,329	4,448,156
Cash and cash equivalents at the beginning of the period	8,602,134	4,153,978
Cash and cash equivalents at the end of the period	17,222,463	8,602,134

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
 ICAI Firm Registration No. 001720N
 Chartered Accountants

CA. S.K. RELAN
 Membership No. 12149

Place : New Delhi
 Date: February 09, 2018



For and on behalf of the Board of Directors of
 IBIZ Consulting Services (Shanghai) Co., Ltd

R. Ramasubramanian
 Ramasubramanian Balasubramanian
 [Director]

Place : Singapore
 Date: February 09, 2018

1. Company Overview

IBIZ Consulting Services (Shanghai) Co., Ltd (the "Company") is a subsidiary of IBIZ Consulting Services Limited, a company incorporated in Hong Kong. IBIZ Consulting Services Limited's immediate holding company is IBIZ Consulting Pte Ltd (Formerly known as IBIZCS Group Pte Ltd.), Singapore, which is a subsidiary of R System (Singapore) Pte Ltd., a company incorporated in Singapore and the ultimate holding company is R System International Limited, a company incorporated in India. The registered office of the Company is located at Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, China.

The principal activities of the Company is deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible Fixed assets

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

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	5 years

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from rendering of services that are of short duration is recognised by reference to the stage of completion at the end of reporting period. Stage of completion is assessed using the proportion that contract costs incurred for work performed to date to the estimated total contract costs. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses recognised that are recoverable.

(ii) Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

(iii) Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Chinese Yuan (CNY) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2017, the rates used were CNY 1= Rs. 9.64. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 9.81.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2016, the rates used were CNY 1= Rs. 10.12. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 9.79.

(h) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(j) **Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(k) **Government grants and subsidies**

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(l) **Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(m) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2017

3. Share capital

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Authorised Capital	-	-
Issued, subscribed and paid up capital		
Shares outstanding of USD 70,000 (previous period USD 70,000)	4,980,381	4,980,381
Total	4,980,381	4,980,381

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Shares outstanding of USD 70,000 at the beginning of the year	4,980,381	4,980,381
Add: Shares issued during the year	-	-
Shares outstanding at the end of the year	4,980,381	4,980,381

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2017

4. Reserves and surplus

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Statement of Profit and Loss		
Balance as at the beginning of the year	(72,907,837)	(68,153,627)
Add: Profit/(Loss) for the current year	13,678,567	(4,754,210)
Net deficit in the statement of profit and loss	(59,229,270)	(72,907,837)
Foreign currency translation reserve		
Balance as at the beginning of the year	3,802,342	937,814
Add: Current year translation differences	89,699	2,864,528
Closing balance	3,892,041	3,802,342
Total	(55,337,229)	(69,105,495)

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2017

5. Trade Payables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Trade payables	1,947,205	672,714
Sub total (A)	1,947,205	672,714

6. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Other liabilities		
Payable to Related parties		
IBIZ consulting Services Pte Ltd, Singapore	12,658,148	12,760,188
IBIZ consulting Services Limited, Hongkong	53,639,925	55,669,390
Unearned Revenue	1,384,280	2,241,762
Other liabilities	3,116,079	1,911,869
Sub total (B)	70,798,432	72,583,209
Total (A+B)	72,745,637	73,255,923

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2017

Schedule 7: Tangible Assets

particulars	Gross block						Depreciation			Net block		
	As on	Addition	Deletion	Adjustment	Total	Upto	Addition	Deletion	Adjustment	Total	As at	As at
	01.01.2017	DURING THE PERIOD			31.12.2017	01.01.2017	DURING THE PERIOD			31.12.2017	31.12.2017	31.12.2016
Furniture and fixtures	196,182	-	-	(481)	196,663	176,564	-	-	(432)	176,996	19,667	19,618
Communication equipment	999,360	-	-	(2,450)	1,001,810	899,424	-	-	(2,205)	901,629	100,181	99,936
Total	1,195,542	-	-	(2,931)	1,198,473	1,075,988	-	-	(2,637)	1,078,625	119,848	119,554
Previous year	1,249,970	-	-	54,428	1,195,542	1,124,973	-	-	48,985	1,075,988	119,554	124,997

(Amount in Rs.)

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2017

8. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received				
Security deposit	60,454	101,816	-	-
VAT Recoverable	-	-	-	106,529
Total	60,454	101,816	-	106,529

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA

Notes to Financial Statements for year ended December 31, 2017

9. Trade receivables

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	4,986,024	200,776
Sub Total (B)	4,986,024	200,776
Total (A+B)	4,986,024	200,776

10. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2016 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	17,222,463	8,602,134
Total	17,222,463	8,602,134

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2017

11. Revenue from operations

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Sale of services	31,388,125	15,923,768
Total	31,388,125	15,923,768

12. Other income

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Interest income	48,071	12,113
Miscellaneous income	-	101,192
Foreign exchange fluctuation (net)	2,040,341	-
Total	2,088,412	113,305

13. Employee benefits expense

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Salaries, wages and bonus	241,000	2,069,841
Staff welfare	4,820	112,419
Total	245,820	2,182,260

14. Operational and other expenses

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Travelling and conveyance	-	29,284
Insurance	9,963	530,185
Third party item cost	4,971,460	7,373,484
Rent - premises	302,850	623,199
Power and fuel	5,042	6,542
Communication costs	51,929	100,723
Printing and stationery	13,335	7,159
Advertising and sales promotion	-	60,714
Legal and professional expenses	13,854,716	6,077,165
Foreign exchange fluctuation (net)	-	3,530,597
Rates and taxes	319,343	257,926
Miscellaneous expenses	1,928	2,024
Total	19,530,566	18,599,002

15. Finance cost

Particulars	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
Bank charges	21,584	10,021
Total	21,584	10,021

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for the year ended December 31, 2017

16. Related Party Disclosures

(a) Name of related parties:

Holding Company	IBIZ Consulting Service Limited, Hong Kong (IBIZ HK)
Subsidiaries of IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.)	IBIZ Consulting Services Pte. Ltd, Singapore IBIZ Consulting Service Sdn. Bhd., Malaysia PT. IBIZCS Indonesia, Indonesia IBIZ Consultancy Services India Private Limited, India IBIZ Consulting Service Limited, Hong Kong (IBIZ HK)
Other Related Companies	R Systems International Limited, India R Systems (Singapore) Pte Limited, Singapore R Systems, Inc., USA ECnet Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada R Systems Technologies Limited, USA
Subsidiaries of Computaris International Limited	Computairs Romania Srl, Romania Computaris Polska sp z.o.o., Poland ICS Computaris International Srl, Moldova Computaris Malaysian Sdn. Bhd., Malaysia Computaris USA, Inc., USA Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Subsidiaries of ECnet Limited, Singapore	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Key management personnel	Ramasubramanian Balasubramanian, Director

Details of transaction with related parties and balances outstanding at the year end:

(b) Transactions with related parties:

	(Amount in Rs.)	
	For the year ended December 31, 2017	For the period ended December, 31 2016
<u>IBIZ Consulting Services Limited, Hong Kong</u> (i) Services received	5,047,689	7,097,720

(c) Outstanding balances:

	(Amount in Rs.)	
	As at December, 31	
	2017	2016
<u>IBIZ Consulting Services Limited, Hong Kong</u> (i) Amount payable	53,639,925	55,669,389
<u>IBIZ Consulting Services Pte Ltd, Singapore</u> (i) Amount payable	-	12,760,188
<u>IBIZ Consulting Pte Ltd, Singapore (Formerly known as (IBIZCS Group Pte Ltd. Singapore)</u> (i) Amount payable	12,658,148	-

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for the year ended December 31, 2017

17. The net profit of the Company for the year ended December 31, 2017 is Rs. 13,678,567 and as at that date Company's total liabilities exceeded its total assets by Rs. 50,356,848. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company's support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

18. Previous period's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 09, 2018



For and on behalf of the Board of Directors of
IBIZ Consulting Services (Shanghai) Co. Ltd.


Ramasubramanian Balasubramanian
[Director]

Place : Singapore
Date : February 09, 2018