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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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place: New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

R Systems (Singapore) Pte Ltd, Singapore
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	259,590,866	211,435,730
Reserves and surplus	4	73,086,280	58,916,673
Non-Current liabilities	5	43,999,488	88,091,873
Current liabilities			
Trade payables	7	2,733,256	2,455,805
Other current liabilities	7	38,784,783	41,930,730
Short-term provisions	6	796,118	1,860,897
Total		418,990,791	404,691,708
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	230,896	246,014
Intangible assets	9	349,012	695,300
Non-current investments	10	325,704,809	334,500,952
Other non-current assets	12.2	3,760,640	2,809,500
Current assets			
Trade receivables	12.1	61,820,235	49,975,071
Cash and bank balances	13	20,394,119	10,458,928
Short-term loans and advances	11	6,596,788	5,943,508
Other Current assets	12.2	134,292	62,435
Total		418,990,791	404,691,708
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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Chan Kum Ming
[Director]

Place : Singapore
Date : February 10, 2017

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : Singapore
Date : February 10, 2017

R Systems (Singapore) Pte Ltd, Singapore
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	14	358,208,003	253,362,938
Other income	15	4,450,891	381,351
Total revenue		362,658,894	253,744,289
Expenses			
Employee benefits expense	16	315,424,630	226,239,243
Operational and other expense	17	29,503,112	26,825,307
Depreciation and amortisation expense	18	477,905	488,426
Finance costs	19	88,657	58,066
Total expenses		345,494,304	253,611,042
Profit / (loss) before tax		17,164,590	133,247
Tax expense			
Current tax		448,645	244,198
Total tax expense		448,645	244,198
Profit / (loss) for the year		16,715,945	(110,951)
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

R Systems (Singapore) Pte Ltd, Singapore
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	17,164,590	133,247
Adjustments for:		
Depreciation and amortisation expense	477,905	488,426
Provision for doubtful debts and advances written back (net)	(1,556,963)	-
Unrealised foreign exchange loss / (gain)	(311,935)	(175,099)
Interest income	(18,533)	(13,454)
Operating profit before working capital changes	15,755,064	433,120
Movements in working capital :		
(Increase) / Decrease in trade receivables	(12,400,214)	(8,740,404)
(Increase) / Decrease in other current assets	(139,080)	-
Decrease / (Increase) in intra-group balances	4,689,681	(14,579,116)
Increase / (Decrease) in short-term and long-term provision	(1,377,943)	310,588
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	1,340,381	2,353,891
Cash generated from operations	7,867,889	(20,221,921)
Direct taxes paid, net of refunds	(180,958)	(269,598)
Net cash used in operating activities (A)	7,686,931	(20,491,519)
B. Cash flows used in investing activities		
Purchase of fixed assets	(99,802)	(1,249,142)
Investment in subsidiary company	(7,302,600)	-
Acquisition of IBIZCS Group Pte. Ltd., Singapore	-	(82,370,785)
Deferred compensation paid to the erstwhile shareholders of subsidiary	(37,104,511)	-
Interest received	18,533	13,441
Net cash used in investing activities (B)	(44,488,380)	(83,606,486)
C. Cash flows used in financing activities		
Proceeds from issuance of share capital	46,736,640	105,051,919
Net cash from financing activities (C)	46,736,640	105,051,919
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	9,935,191	953,914
Cash and cash equivalents at the beginning of the year	10,458,928	9,505,014
Cash and cash equivalents at the end of the year	20,394,119	10,458,928

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Chan Kum Ming
[Director]

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2016

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 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, 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.

(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

(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 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.

(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. 48.68. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 47.01.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were SGD 1= Rs. 46.67. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 46.83.

(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, 2016

(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.

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	Rs.	Rs.
Authorised shares		
5,570,925 (Previous year 5,122,125) Ordinary Shares of no Par Value	-	-
Issued, subscribed and paid up capital		
5,570,925 (Previous year 5,122,125) Ordinary Shares of no Par Value	259,590,866	211,435,730
Total	259,590,866	211,435,730

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

Particulars	As at		As at	
	December 31, 2016		December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	5,122,125	211,435,730	4,070,000	105,930,226
Add: Shares issued during the year	448,800	48,155,136	1,052,125	105,505,504
Shares outstanding at the end of the year	5,570,925	259,590,866	5,122,125	211,435,730

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(7,214,452)	(7,103,501)
Add: Profit / (loss) for the current year	16,715,945	(110,951)
Net deficit in the statement of profit and loss	9,501,493	(7,214,452)
Foreign currency translation reserve		
Balance as per last financial statement	66,131,125	69,399,423
Add: Current year translation differences	(2,546,338)	(3,268,298)
Closing balance	63,584,787	66,131,125
Total	73,086,280	58,916,673

R Systems (Singapore) Pte Ltd, Singapore**Notes to Financial Statements for the year ended December 31, 2016**

5. Non Current Liability

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Deferred payment compensation to the erstwhile shareholders of IBIZCS Group Pte. Ltd., Singapore (refer note 22)	43,999,488	88,091,873
Total	43,999,488	88,091,873

R Systems (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2016

6. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	292,518	1,616,705
Sub total (A)	292,518	1,616,705
Other provision		
Income tax	503,600	244,192
Sub total (B)	503,600	244,192
Total (A+B)	796,118	1,860,897

7. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	2,733,256	2,455,805
Sub total (A)	2,733,256	2,455,805
Other liabilities		
Payables to related parties		
ECnet Ltd., Singapore	7,665,277	3,456,288
GST/Sales Tax	5,735,186	4,677,093
Deferred payment compensation to the erstwhile shareholders of IBIZCS Group Pte. Ltd., Singapore (refer note 22)	25,384,320	33,797,349
Sub total (B)	38,784,783	41,930,730
Total (A+B)	41,518,039	44,386,535

Note 8: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2016		DURING THE YEAR		31.12.2016	1.1.2016		DURING THE YEAR		31.12.2016	31.12.2016	31.12.2015
Computer hardware	436,629	99,802	-	40,578	577,009	335,384	82,379	-	40,780	458,543	118,466	101,245
Office equipments	163,888	-	-	640	164,528	19,119	34,077	-	(1,098)	52,098	112,430	144,769
Total	600,517	99,802	-	41,218	741,537	354,503	116,456	-	39,682	510,641	230,896	246,014
Previous year	397,613	210,385	-	(7,481)	600,517	216,158	141,937	-	(3,592)	354,503	246,014	181,455

Note 9: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2016		DURING THE YEAR		31.12.2016	1.1.2016		DURING THE YEAR		31.12.2016	31.12.2016	31.12.2015
Computer Software	1,085,090	-	-	(38,067)	1,047,023	389,790	361,449	-	(53,228)	698,011	349,012	695,300
Total	1,085,090	-	-	(38,067)	1,047,023	389,790	361,449	-	(53,228)	698,011	349,012	695,300
Previous year	42,951	1,042,947	-	(808)	1,085,090	42,951	346,489	-	350	389,790	695,300	-

R Systems (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2016

10. Non Current Investment

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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)	130,473,524	129,965,597
Investment In wholly owned Subsidiary:		
Other than Trade, unquoted		
IBIZCS Group Pte Ltd (refer note 22) (1,151,000 (Previous year 1,001,000) ordinary equity shares of No Par Value)	195,231,285	204,535,355
Total	325,704,809	334,500,952

11. Short term loans and advances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	3,899,933	2,925,716
Sub Total (A)	3,899,933	2,925,716
Advance Recoverable from related party		
Advance recoverable from R Systems International Limited	2,696,855	3,017,792
Sub Total (B)	2,696,855	3,017,792
Total (A+B)	6,596,788	5,943,508

12.1 Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	61,820,235	49,975,071
Unsecured, considered doubtful	-	1,497,472
Provision for doubtful receivables	-	1,497,472
Sub Total (B)	61,820,235	49,975,071
Total (A+B)	61,820,235	49,975,071

12.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 13)	3,760,640	2,809,500	-	-
Unbilled revenue	-	-	134,292	62,435
Total	3,760,640	2,809,500	134,292	62,435

13. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents				
Cash on hand			61,440	10,530
Balances with others banks				
On current accounts			20,332,679	10,448,398
			20,394,119	10,458,928
Other bank balances				
Margin money deposit (refer detail below)	3,760,640	2,809,500		
Amount disclosed under non-current assets (refer note 12.2)	(3,760,640)	(2,809,500)	-	-
Total	-	-	20,394,119	10,458,928

Detail of margin money deposit

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Margin moneys deposit to Government departments	3,760,640	2,809,500
Total	3,760,640	2,809,500

14. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	358,208,003	253,362,938
Total	358,208,003	253,362,938

15. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest Income	18,533	13,454
Foreign exchange fluctuation (net)	2,552	-
Provision for doubtful debts and advances written back (net)	1,556,963	-
Miscellaneous Income	2,872,843	367,897
Total	4,450,891	381,351

16. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	305,825,382	222,135,321
Contribution to employee's benefits fund	9,348,500	1,599,067
Staff welfare	250,748	2,504,855
Total	315,424,630	226,239,243

17. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	1,184,310	1,020,940
Travelling and conveyance	699,666	806,069
Insurance	3,305,078	2,369,132
Repair and maintenance	238,837	190,570
Membership & Subscription Fees	81,878	76,810
Rent - premises	200,918	-
Communication costs	447,170	330,172
Printing and stationery	120,353	36,140
Advertising and sales promotion	321,335	290,013
Legal and professional expenses	7,528,913	6,902,966
Management fees	15,306,250	14,672,734
Foreign exchange fluctuation (net)	-	16,476
Rates & taxes	-	54,611
Miscellaneous expenses	68,404	58,674
Total	29,503,112	26,825,307

18. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	116,456	141,937
Amortisation on intangible assets	361,449	346,489
Total	477,905	488,426

19. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	88,657	58,066
Total	88,657	58,066

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2016

20. Related Party Disclosures

Holding Company	R Systems International Limited., India
Fellow Subsidiaries	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 (formerly known as Systèmes R. International Ltée, Canada) R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 07, 2015) R Systems Solutions, Inc., USA (merged with the Company w.e.f. December 10, 2015)

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., Philippines (incorporated on May 23, 2016)

Wholly Owned Subsidiaries	IBIZCS Group Pte Limited, Singapore w.e.f April 30,2015
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Following are the subsidiaries of IBIZCS Group Pte Limited.

- 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 Harpreet Rekhi, Director Chan Kum Ming, Director Joydeep Sen Chaudhuri, Director
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R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2016

(i) Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015 and outstanding balances as at the year-end:

Particulars	December 31, 2016	December 31, 2015
	Rs.	Rs.
<u>Holding Company - R Systems International Ltd</u>		
- Sub-contracting expenses	-	976,549
-Amount receivable	2,696,855	3,017,792
<u>Fellow Subsidiary – ECnet Ltd</u>		
- Sub-contracting expenses	5,609,375	4,021,794
- Management fees paid	15,306,250	14,672,734
- Amount payable	7,665,277	3,456,288

(ii) Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2016	2015
Joydeep Sen Chaudhuri	8,168,980	7,557,508

21. Operating Lease- Company as 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, 2016 Rs.	Year ended December 31, 2015 Rs.
Not later than one year	7,724,684	7,810,410
Later than one year but not later than five years	4,903,263	1,182,331

22. On April 30, 2015, the Company has acquired 100% share of 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 has assessed the investment value at SGD 3,368,080 (Rs. 157,710,346) which represents the consideration assessed as probable to be paid over the period.

Out of this total investment value, Rs. 35,821,125 was paid during the year ended December 31, 2015 and balance Rs. 121,889,222 was payable based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of IBIZ over the next two years.

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

As at December 31, 2016 amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 25,384,320 and balance amount is payable after one year which has been disclosed separately under 'Other long-term liabilities' of Rs. 43,999,488.

R System (Singapore) Pte Ltd, Singapore
Notes to Financial Statements for the year ended December 31, 2016

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

R SYSTEMS, INC., USA			
Balance Sheet as at December 31, 2016			
	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	85,616,606	85,616,606
Reserves and surplus	4	467,978,288	393,131,792
Current liabilities			
Trade payables	6	90,219,920	113,062,907
Other current liabilities	6	13,186,437	15,572,138
Short-term provisions	5	26,205,892	26,099,847
Total		683,207,143	633,483,290
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	17,180,319	14,962,214
Intangible assets	9	850,438	1,590,029
Long-term loans and advances	7	433,287	455,137
Current assets			
Trade receivables	10.1	248,254,535	242,712,354
Cash and bank balances	11	355,930,715	309,350,578
Short-term loans and advances	7	51,225,642	49,232,884
Other current assets	10.2	9,332,208	15,180,094
Total		683,207,143	633,483,290
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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 10, 2017

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

Sd/-
Satinder Singh Rekhi
[Director]

Place : Singapore
Date: February 10, 2017

Sd/-
Harpreet Rekhi
[Director]

Place : Singapore
Date: February 10, 2017

R SYSTEMS, INC., USA
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	12	1,458,616,508	1,410,555,192
Other income	13	2,788,455	19,602,836
Total revenue		1,461,404,963	1,430,158,028
Expenses			
Employee benefits expense	14	832,459,650	801,619,245
Operational and other expenses	15	556,165,436	514,006,164
Depreciation and amortisation expense	16	6,980,431	10,260,892
Finance costs	17	1,017,796	1,112,353
Total expenses		1,396,623,313	1,326,998,654
Profit before tax		64,781,650	103,159,374
Tax expense			
Current tax expense		3,414,612	8,890,789
Total tax expense		3,414,612	8,890,789
Profit for the year		61,367,038	94,268,585
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

R SYSTEMS, INC., USA**Cash Flow Statement for the year ended December 31, 2016**

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net Profit before taxation	64,781,650	103,159,374
Adjustments for:		
Depreciation and amortisation expense	6,980,431	10,260,892
Profit on sale / discard of fixed assets (net)	-	(352,825)
Bad Debt	-	8,747,909
Provision for doubtful debts and advances (net)	5,279,234	(8,127,047)
Unrealised foreign exchange loss	8,690,688	17,401,556
Interest income	(1,357,873)	(1,219,111)
Operating profit/(loss) before working capital changes	84,374,130	129,870,748
Movements in working capital :		
(Increase) / Decrease in trade receivables	5,966,613	(40,245,586)
(Increase) / Decrease in loans and advances and other current assets	5,218,486	4,134,909
Decrease / (Increase) in intra-group balances	(12,749,696)	9,913,436
Increase / (Decrease) in short-term and long-term provision	965,694	4,596,247
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(25,581,899)	12,248,036
Cash generated from operations	58,193,328	120,517,790
Direct taxes paid, net of refunds	(4,966,171)	(50,956,523)
Net cash flow from operating activities (A)	53,227,157	69,561,267
B. Cash flows used in investing activities		
Purchase of fixed assets	(8,004,893)	(12,521,995)
Proceeds from sale of fixed assets	-	352,825
Interest received	1,357,873	1,219,111
Net cash used in investing activities (B)	(6,647,020)	(10,950,059)
C. Cash flows used in financing activities		
Proceeds from issue of common stock	-	57,816,448
Net cash used in financing activities (C)	-	57,816,448
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	46,580,137	116,427,656
Cash and cash equivalents at the beginning of the year	309,350,578	192,922,922
Cash and cash equivalents at the end of the year	355,930,715	309,350,578

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]
Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017
Place : Singapore
Date: February 10, 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 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
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 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 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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were US \$ 1= Rs. 64.15 For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 66.16.

(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.

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2016**

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	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, 2016		December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	2,150	85,616,606	2,000	27,800,158
Add: Shares issued during the year	-	-	150	57,816,448
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, 2016**

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	321,545,839	227,277,254
Add: Profit for the current year	61,367,038	94,268,585
Net surplus in the statement of profit and loss	382,912,877	321,545,839
Foreign currency translation reserve		
Balance as per last financial statement	71,585,953	53,840,587
Add: Current year translation differences	13,479,458	17,745,366
Closing balance	85,065,411	71,585,953
Total	467,978,288	393,131,792

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2016**

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	22,735,922	21,192,662
Sub Total (A)	22,735,922	21,192,662
Other provision		
Income tax	3,469,970	4,907,185
Sub Total (B)	3,469,970	4,907,185
Total (A+B)	26,205,892	26,099,847

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	90,219,920	113,062,907
Sub total (A)	90,219,920	113,062,907
Other liabilities		
Payable to Related parties		
R Systems Internataional Limited, India	3,195,192	4,667,897
R Systems Technologies Ltd., USA	7,529,251	7,908,958
ECnet Limited., Singapore	1,597,978	2,160,276
Other liabilities	864,016	835,007
Sub total (B)	13,186,437	15,572,138
Total (A+B)	103,406,357	128,635,045

Schedule 8: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	AS ON	ADDITION THROUGH	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	ADDITION THROUGH	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2016	MERGER	DURING THE YEAR			31.12.2016	1.1.2016	MERGER	DURING THE YEAR			31.12.2016	31.12.2016	31.12.2015
Leasehold Improvements	8,010,305	-	-	-	214,322	8,224,627	7,513,876	-	220,406	-	203,435	7,937,717	286,910	496,429
Computer hardware	68,932,790	-	7,976,362	-	(13,383,317)	63,525,835	65,886,723	-	1,743,218	-	(11,311,800)	56,318,141	7,207,694	3,046,067
Furniture & fixtures	12,467,572	-	28,531	-	333,886	12,829,989	8,672,083	-	908,158	-	241,945	9,822,186	3,007,803	3,795,489
Office & electrical equipments	15,551,490	-	-	-	15,730,827	31,282,317	8,668,300	-	2,806,993	-	13,356,287	24,831,580	6,450,737	6,883,190
Vehicles	19,334,286	-	-	-	517,293	19,851,579	18,593,247	-	527,929	-	503,228	19,624,404	227,175	741,039
Total	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
Previous year	110,214,622	5,210,174	6,076,535	2,615,835	5,410,947	124,296,443	97,172,107	2,291,583	7,462,942	2,615,835	5,023,432	109,334,229	14,962,214	13,042,515

Schedule 9: Intangible Assets

PARTICULARS	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	AS ON	ADDITION THROUGH	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	ADDITION THROUGH	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2016	MERGER	DURING THE YEAR			31.12.2016	1.1.2016	MERGER	DURING THE YEAR			31.12.2016	31.12.2016	31.12.2015
Computer Software	22,142,763	-	-	-	592,467	22,735,230	20,552,734	-	773,727	-	558,331	21,884,792	850,438	1,590,029
Total	22,142,763	-	-	-	592,467	22,735,230	20,552,734	-	773,727	-	558,331	21,884,792	850,438	1,590,029
Previous year	16,771,041	1,144,893	3,406,453	-	820,376	22,142,763	15,866,227	1,024,477	2,797,950	-	864,080	20,552,734	1,590,029	904,814

7. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	349,807	373,833	15,903,781	14,484,472
Unsecured, considered doubtful	-	-	3,198,724	3,115,371
Provision for doubtful advances	349,807	373,833	19,102,505	17,599,843
Total (A)	349,807	373,833	15,903,781	14,484,472
Advance recoverable from:				
R Systems International Limited, India			7,235,077	8,888,390
Computaris USA, Inc			309,534	638,474
Loan recoverable from				
R Systems Technologies Ltd., USA			27,777,250	25,221,548
Total (B)	-	-	35,321,861	34,748,412
Security deposit				
Unsecured, considered good	83,480	81,304	-	-
Total (C)	83,480	81,304	-	-
Total (A+B+C)	433,287	455,137	51,225,642	49,232,884

10. Trade receivables and other assets**10.1 Trade receivables**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	31,092,570	24,911,151
	31,092,570	24,911,151
Provision for doubtful receivables	31,092,570	24,911,151
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	248,254,535	242,712,354
Unsecured, considered doubtful	2,038,346	2,158,600
	250,292,881	244,870,954
Provision for doubtful receivables	2,038,346	2,158,600
Sub Total (B)	248,254,535	242,712,354
Total (A+B)	248,254,535	242,712,354

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management		
Computaris USA Inc.	35,719,516	31,457,232
RSYS Technologies Limited, Canada	20,070,874	12,715,088

10.2 Other current assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenue	9,332,208	15,180,094
Total	9,332,208	15,180,094

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2016**

11. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	355,930,715	309,350,578
Total	355,930,715	309,350,578

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2016**

12. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	1,458,616,508	1,410,555,192
Total	1,458,616,508	1,410,555,192

13. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income	1,357,873	1,219,111
Profit on sale of assets (net)	-	352,825
Miscellaneous income	1,430,582	9,859,623
Provision for doubtful debts and advances written back (net)	-	8,127,047
Foreign exchange fluctuation (net)	-	44,230
Total	2,788,455	19,602,836

14. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	779,333,272	749,631,830
Contribution to employee's benefits fund	53,126,378	51,987,415
Total	832,459,650	801,619,245

R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2016****15. Operational and other expenses**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	7,147,127	4,306,576
Travelling and conveyance	40,640,112	33,577,855
Bad debt	-	8,747,909
Insurance	4,168,258	4,465,888
Repair and maintenance	8,315,872	5,741,274
Provision for doubtful debts and advances (net)	5,279,234	-
Membership and subscription fees	2,632,383	2,315,903
Rent - premises	1,436,396	17,866,407
Rent - equipment	537,797	578,689
Power and fuel	386,593	391,430
Communication costs	2,962,520	3,200,116
Printing and stationery	328,948	220,877
Advertising and sales promotion	708,293	493,911
Legal and professional expenses	479,853,972	430,486,798
Foreign exchange fluctuation (net)	106,185	-
Rates and taxes	1,651,341	1,505,445
Miscellaneous expenses	10,405	107,086
Total	556,165,436	514,006,164

16. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	6,206,704	7,462,942
Amortisation on intangible assets	773,727	2,797,950
Total	6,980,431	10,260,892

17. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	1,017,796	1,112,353
Total	1,017,796	1,112,353

18. Related Party Disclosures

Holding Company	R Systems International Limited, India
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore ECnet Ltd, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be fellow subsidiary w.e.f. July 07, 2015) R Systems Solutions, Inc., USA (merged with the Company w.e.f. December 10, 2015)

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

- IBIZCS Group Pte Ltd, Singapore
Step down subsidiaries of IBIZCS Group Pte Limited, 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 Consulting Services (Shanghai) Co., Ltd, People's Republic of China

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) Assistant Manager Strategy
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R SYSTEMS, INC., USA**Notes to Financial Statements for the year ended December 31, 2016**

Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

Particulars	For the year ended	
	December 31, 2016	December 31, 2015
Holding Company		
Services received	51,605,376	20,071,510
Services rendered	-	8,152,374
Amount payable	3,195,192	4,667,897
Amount receivable	7,235,077	8,888,390
R Systems Technologies Limited, USA		
Services received	101,881,322	90,422,984
Interest received	1,357,873	1,219,111
Amount payable	7,529,251	7,908,958
Loan outstanding	27,777,250	25,221,548
ECnet Ltd, Singapore		
Amount payable	1,597,978	2,160,276
Computaris USA, Inc., USA		
Services rendered	123,280,367	108,430,399
Amount receivable	36,029,050	32,095,706
RSYS Technologies Limited, Canada		
Services received	732,651	-
Amount receivable	20,070,874	12,715,088
Remuneration to key management personnel and their relatives		
Sartaj Singh Rekhi	9,547,113	10,621,428
Ramneet Singh Rekhi	5,715,847	4,890,155
Vinay Narjit Singh Behl	2,519,998	2,886,750
Rent		
Satinder Singh Rekhi	5,321,527	4,156,920

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

- The outstanding amount due is Rs. 27,777,250 (equivalent to \$ 408,940) and Rs. 25,221,548 (equivalent to \$ 381,249), as at December 31, 2016 and 2015, respectively.
- The maximum amount due is Rs. 29,703,670 (equivalent to \$ 437,301) during the year 2016.
- The amount due are non-trade, interest is charged at 5% per annum and are due on demand.

In the earlier years, R Systems International Limited, being the holding company of R Systems, Inc. had granted options to few employees of R Systems, Inc. under R Systems International Limited Employee Stock Option Scheme 2007. In consequence to the said grant of options to the employees, R Systems International Limited incurred insignificant cost for issuing the options / shares to the employees.

R SYSTEMS, INC., USA
Notes to Financial Statements for the year ended December 31, 2016

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, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	10,024,897	9,206,157
Non-cancellable operating lease obligation		
Not later than one year	8,673,873	7,934,829
Later than one year but not later than five years	20,240,506	21,643,931

None of the operating lease arrangements have price escalation clause.

20. On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of R Systems International Ltd. (Parent company.) has been merged with company as per the applicable laws of India and USA. Pursuant to aforesaid merger, the company has issued 150 common shares to R Systems International Ltd against outstanding common and preferred (series A) stocks held in the RSSI.

21. 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 2016 and 2015, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

22. Contingent Liability

The Company is party to various legal proceedings arising in the normal course of business. In the opinion of management, resolution of these matters will not have a material adverse effect on its financial position or results of operations.

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems Technologies Ltd., USA

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems Technologies Ltd., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place : New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

R Systems Technologies Limited, USA
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,785,738	10,785,738
Reserves and surplus	4	(27,136,475)	(30,076,409)
Current liabilities			
Short-term Borrowings	6	27,777,250	25,221,548
Trade payables	7	114,780	2,137,666
Short-term provisions	5	-	897,557
Total		11,541,293	8,966,100
ASSETS			
Current assets			
Trade receivables	9	7,529,251	7,908,958
Cash and bank balances	10	3,978,079	1,024,064
Short-term loans and advances	8	33,963	33,078
Total		11,541,293	8,966,100
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

R Systems Technologies Limited, USA
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	11	101,881,322	90,422,984
Total revenue		101,881,322	90,422,984
Expenses			
Employee benefits expense	12	95,760,697	84,598,207
Operational and other expenses	13	2,219,971	2,246,436
Finance costs	14	1,357,873	1,219,111
Total expenses		99,338,541	88,063,754
Profit before tax		2,542,781	2,359,230
Tax expense			
Current tax / (credit)		(875,935)	-
Total tax expense / (credit)		(875,935)	-
Profit / Loss) for the year		3,418,716	2,359,230
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

R Systems Technologies Limited, USA
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	2,542,781	2,359,230
Adjustments for:		
Unrealised foreign exchange loss / (gain)	59,023	91,308
Interest on loans	1,357,873	1,219,111
Operating profit before working capital changes	3,959,677	3,669,649
Movements in working capital :		
Decrease / (Increase) in intra-group balances	2,445,490	(4,828,277)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(2,057,601)	-
Cash generated from operations	4,347,566	(1,158,628)
Direct taxes paid (net of refunds)	(35,678)	(5,517)
Net cash flow from operating activities (A)	4,311,888	(1,164,145)
B. Cash flows used in investing activities	-	-
Net cash from investing activities (B)	-	-
C. Cash flows used in financing activities		
Interest paid	(1,357,873)	(1,219,111)
Net cash used in financing activities (C)	(1,357,873)	(1,219,111)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	2,954,015	(2,383,256)
Cash and cash equivalents at the beginning of the year	1,024,064	3,407,320
Cash and cash equivalents at the end of the year	3,978,079	1,024,064

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

1. Company Overview

R Systems Technologies Ltd. (formerly known as Indus Software, Inc.), (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 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 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 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 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 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.

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 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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were US \$ 1= Rs. 64.15. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 66.16.

(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.

(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.

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	Rs.	Rs.
Authorised Share Capital		
250,000 of Common Stock (Previous year 250,000) of no par value	-	-
Issued, subscribed and paid up capital		
243,750 of Common Stock (Previous year 243,750) 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, 2016		December 31, 2015	
	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

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2016**

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(23,930,952)	(26,290,182)
Add: Profit / (Loss) for the current year	3,418,716	2,359,230
Net deficit in the statement of profit and loss	(20,512,236)	(23,930,952)
Foreign currency translation reserve		
Balance as per last financial statement	(6,145,457)	(5,194,665)
Add: Current year translation differences	(478,782)	(950,792)
Closing balance	(6,624,239)	(6,145,457)
Total	(27,136,475)	(30,076,409)

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2016**

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other provision		
Income tax	-	897,557
Total	-	897,557

6. Short-term borrowings

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unsecured Loan		
Loans from related party repayable on demand (Refer note 15) R Systems Inc., USA	27,777,250	25,221,548
Total	27,777,250	25,221,548

7. Trade Payables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	114,780	2,137,666
Total	114,780	2,137,666

R Systems Technologies Limited, USA

Notes to Financial Statements for the year ended December 31, 2016

8. Short term loans and advances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	33,963	33,078
Total	33,963	33,078

R Systems Technologies Limited, USA

Notes to Financial Statements for the year ended December 31, 2016

9. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	582,797	567,610
	582,797	567,610
Provision for doubtful receivables	582,797	567,610
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	7,529,251	7,908,958
Unsecured, considered doubtful	-	-
	7,529,251	7,908,958
Provision for doubtful receivables	-	-
Sub Total (B)	7,529,251	7,908,958
Total (A+B)	7,529,251	7,908,958

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management (Refer note 15) R Systems Inc., USA	7,529,251	7,908,958

R Systems Technologies Limited, USA**Notes to Financial Statements for the year ended December 31, 2016**

10. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	3,978,079	1,024,064
Total	3,978,079	1,024,064

11. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	101,881,322	90,422,984
Total	101,881,322	90,422,984

12. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	88,716,134	77,711,134
Contribution to employee's benefits fund	7,044,563	6,887,073
Total	95,760,697	84,598,207

13. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Travelling and conveyance	-	2,887
Legal and professional expenses	2,219,971	2,243,549
Total	2,219,971	2,246,436

14. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest on loans	1,357,873	1,219,111
Total	1,357,873	1,219,111

R Systems Technologies Limited, USA
Notes to Financial Statements for the year ended December 31, 2016

15. Related Party Disclosures

Holding Company	R Systems International Limited, India.
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA ECnet Ltd, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 07, 2015) R Systems Solutions, Inc., USA (merged with R Systems, Inc., USA w.e.f. December 10, 2015)

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

- IBIZCS Group Pte Ltd, Singapore
- Step down subsidiaries of IBIZCS Group Pte Limited, 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 Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key management personnel	Satinder Singh Rekhi, Director Harpreet Rekhi, Director Sartaj Singh Rekhi, Director
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Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	December 31,	
	2016	2015
R Systems, Inc.		
Services rendered	101,881,322	90,422,984
Interest paid	1,357,873	1,219,111
Amount receivable	7,529,251	7,908,958
Loan payable	27,777,250	25,221,548

R Systems Technologies Limited, USA
Notes to Financial Statements for the year ended December 31, 2016

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

- The outstanding amount due is Rs. 27,777,250 (equivalent to \$ 408,940) and Rs. 25,221,548 (equivalent to \$ 381,249), as at December 31, 2016 and 2015, respectively.
 - The maximum amount due is Rs. 29,703,670 (equivalent to \$ 437,301) during the year 2016.
 - 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 2016 and 2015, 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. 3,418,716 during the financial year ended December 31, 2016, and as at that date Company's total liabilities exceeded its total assets by Rs. 16,350,737. 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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Ltd., Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet Ltd., Singapore (“the Company”), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET LIMITED, SINGAPORE
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,438,892,001	2,438,892,001
Reserves and surplus	4	(2,373,408,512)	(2,367,557,921)
Non-current liabilities			
Other long term liabilities	5	57,257	153,726
Current liabilities			
Trade payables	7	9,580,112	9,339,984
Short-term provisions	6	3,734,448	-
Other current liabilities	7	34,539,695	29,075,632
Total		113,395,001	109,903,422
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	986,161	1,437,528.00
Intangible assets	9	555,201	738,335.00
Non-current investments	10	19	4,214,269.00
Long-term loans and advances	11	2,485,595	2,560,204.00
Current assets			
Trade receivables	12.1	29,717,971	11,125,064.00
Cash and bank balances	13	12,242,183	29,403,260.00
Short-term loans and advances	11	59,268,675	56,808,532.05
Other current assets	12.2	8,139,196	3,616,230.00
Total		113,395,001	109,903,422
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET LIMITED, SINGAPORE**Statement of Profit and Loss for the year ended December 31, 2016**

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	14	183,302,356	183,499,339
Other income	15	65,413,123	71,852,186
Total revenue		248,715,479	255,351,525
Expenses			
Employee benefits expense	16	142,281,890	127,557,682
Operational and other expense	17	111,122,936	150,680,548
Depreciation and amortisation expense	18	1,458,238	8,278,192
Finance costs	19	200,326	350,218
Total expenses		255,063,390	286,866,640
Profit/ (Loss) before tax and exceptional items		(6,347,911)	(31,515,115)
Exceptional items	20	-	11,959,025
Profit/ (Loss) before tax		(6,347,911)	(43,474,140)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(6,347,911)	(43,474,140)
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET LIMITED, SINGAPORE
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net Profit/(loss) before taxation	(6,347,911)	(43,474,140)
Adjustments for:		
Depreciation and amortisation expense	1,458,238	8,278,192
Impairment loss on intangible assets (refer note 24)	-	11,959,025
Provision for doubtful debts and advancees (written back) (Net)	-	36,336,223
Provision for finishing in the value of Investment	4,381,560	9,681,951
Unrealised foreign exchange gain / (loss)	271,305	(1,564,807)
Interest income	(3,269)	(1,658)
Operating loss before working capital changes	(240,077)	21,214,786
Movements in working capital :		
(Increase) / decrease in trade receivables	(18,592,907)	(35,549,864)
(Increase) / decrease in other current assets	(4,522,966)	(1,100,927)
(Increase) / decrease in loans and advances	(2,385,534)	29,445,256
Increase / (decrease) in trade payables, other current liabilities and other long-term liabilities	9,342,170	(3,927,564)
Cash generated from operations	(16,399,314)	10,081,687
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(16,399,314)	10,081,687
B. Cash flows used in investing activities		
Purchase of fixed assets	(765,032)	(687,234)
Interest received	3,269	1,658
Net cash used in investing activities (B)	(761,763)	(685,576)
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)	(17,161,077)	9,396,111
Cash and cash equivalents at the beginning of the year	29,403,260	20,007,149
Cash and cash equivalents at the end of the year	12,242,183	29,403,260

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

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, 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.

For translating income and expense during the year ended December 31, 2015, the rates used were SGD 1= Rs. 46.67. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 46.83

(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.

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

(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, 2016	December 31, 2015
	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, 2016		December 31, 2015	
	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, 2016		December 31, 2015	
	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, 2016**

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financials statement	(2,315,242,734)	(2,271,768,594)
Add: Profit/(loss) for the current year	(6,347,911)	(43,474,140)
Net deficit in the statement of profit and loss	(2,321,590,645)	(2,315,242,734)
Foreign currency translation reserve		
Balance as per last financials statement	(52,315,187)	(49,965,285)
Add: Current year translation differences	497,320	(2,349,902)
Closing balance	(51,817,867)	(52,315,187)
Total	(2,373,408,512)	(2,367,557,921)

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2016**

5. Other long-term liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Deferred Grant From Government	57,257	153,726
Total	57,257	153,726

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2016****6. Short term provisions**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	3,734,448	-
Total	3,734,448	-

7. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	9,580,112	9,339,984
Sub total (A)	9,580,112	9,339,984
Other liabilities		
Payable to related parties		
R Systems International Limited	14,964,306	10,668,165
ECnet (Hong Kong) Ltd.	6,883,106	4,141,184
Advance from customers	284,572	317,754
Deferred Grant From Government	292,298	477,689
Unearned Revenue	9,723,564	10,973,625
GST payable	2,391,849	2,497,215
Sub total (B)	34,539,695	29,075,632
Total (A+B)	44,119,807	38,415,616

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

8. Tangible assets

(Amount in Rs.)

Particulars	Leasehold Improvements	Computer Hardware	Furniture & Fixtures	Office & Electrical Equipments	Total
Gross block					
As at January 1, 2015	388,751	19,714,513	954,550	673,629	21,731,443
Additions	-	515,573	-	68,843	584,416
Deletions	-	-	-	-	-
Foreign currency translation	(7,315)	(370,966)	(18,782)	(11,856)	(408,919)
At December 31, 2015	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	(82,035)	88,547	85,616
At December 31, 2016	382,927	17,544,630	853,733	612,140	19,393,430
Amortisation					
As at January 1, 2015	35,499	18,493,525	400,584	479,200	19,408,808
Charge for the year	130,218	938,108	209,921	142,821	1,421,068
Deletions	-	-	-	-	-
Foreign currency translation	(233)	(344,855)	(36,514)	21,138	(360,464)
At December 31, 2015	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
Net block					
At December 31, 2015	215,952	772,342	361,777	87,457	1,437,528
At December 31, 2016	155,440	660,542	66,053	104,126	986,161

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

9. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Customer contract	Non compete fee	Goodwill on business acquisition	Total
Gross block					
As at January 1, 2015	20,460,218	8,114,628	8,209,930	19,652,952	56,437,728
Additions	102,818				102,818
Deletions					-
Foreign currency translation	(384,998)	(152,692)	(154,486)	(369,808)	(1,061,984)
At December 31, 2015	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
Amortisation					
As at January 1, 2015	18,373,114	8,114,628	2,964,581	7,096,582	36,548,905
Charge for the year	1,407,593	-	1,605,713	3,843,818	6,857,124
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 24]	-	-	3,523,790	8,435,235	11,959,025
Deletions	-	-	-	-	-
Foreign currency translation	(341,004)	(152,692)	(38,640)	(92,491)	(624,827)
At December 31, 2015	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
Net block					
At December 31, 2015	738,335	-	-	-	738,335
At December 31, 2016	555,201	-	-	-	555,201

ECNET LIMITED, SINGAPORE
Notes Forming Part of the Financial Statements

10. Non current Investment

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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	9,752,695 9,752,695 -	9,714,315 9,714,315 -
(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	4,230,720 4,230,720 -	4,214,250 - 4,214,250
(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	16,849,089 16,849,089 -	16,782,782 16,782,782 -
(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	160,774 160,774 -	160,142 160,142 -
(vi) ECnet Kabushi Kaisha (200 (Previous year 200) shares of 50,000 Yen each) Less: Provision for diminution in the value of investment	7,549,806 7,549,806 -	7,520,095 7,520,095 -
Total	19	4,214,269
Aggregate amount of unquoted investments (net of provision)	19	4,214,269
Aggregate amount of quoted investments	-	-
Aggregate provision for diminution in the value of investments	38,543,084	34,177,334

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

11. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	2,238,929	3,286,813
Sub Total (A)	-	-	2,238,929	3,286,813
Advance receivables from (net of provision)				
R Systems International Limited			85,800	574,049
R Systems Inc.			1,599,452	2,163,313
IBIZ Consulting Services Pte Ltd			774,598	761,562
R Systems Singapore Ltd			7,665,277	3,456,288
ECnet (M) Sdn Bhd.			18,446,794	24,687,091
ECnet Systems (Thailand) Co. Ltd.			13,542,031	10,075,126
ECnet Kabushiki Kaisha.			896,008	2,107,276
ECnet, Inc.			154,672	180,526
ECnet (Shanghai) Co. Ltd.			13,865,114	9,516,488
Sub Total (B)	-	-	57,029,746	53,521,719
Security deposit				
Unsecured, considered good	2,485,595	2,560,204	-	-
Sub Total (C)	2,485,595	2,560,204	-	-
Total (A+B+C)	2,485,595	2,560,204	59,268,675	56,808,532

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

12. Trade receivables and other assets

12.1 Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	1,321,822	9,901,271
	1,321,822	9,901,271
Provision for doubtful receivables	1,321,822	9,901,271
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	29,717,971	11,125,064
Unsecured, considered doubtful	2,256,265	14,217,811
	31,974,236	25,342,875
Provision for doubtful receivables	2,256,265	14,217,811
Sub Total (B)	29,717,971	11,125,064
Total (A+B)	29,717,971	11,125,064

12.2 Other current assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 13)	1,412,359	1,406,188
Unbilled revenue	6,726,837	2,210,042
Total	8,139,196	3,616,230

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

13. Cash and bank balances

Particulars	Non-Current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents				
Cash in hand			48,440	229
Balances with other banks			12,193,743	29,403,031
On current accounts	-	-	12,242,183	29,403,260
Other bank balances				
Deposits with original maturity for more than 12 months	1,412,359	1,406,188	-	-
Amount disclosed under non-current assets (refer note 12.2)	(1,412,359)	(1,406,188)	-	-
Total	-	-	12,242,183	29,403,260

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2016**

14. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	183,302,356	183,499,339
Total	183,302,356	183,499,339

15. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income	3,269	1,658
Miscellaneous income	2,387,171	2,143,255
Foreign exchange fluctuation (net)	478,266	-
Provision for doubtful debts and advances (net)	-	-
Management Fees	62,544,417	69,707,273
Total	65,413,123	71,852,186

16. Employee benefit expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	130,812,708	117,076,829
Contribution to employee's benefits fund	8,953,864	7,571,485
Staff welfare expenses	2,515,318	2,909,368
Total	142,281,890	127,557,682

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2016****17. Operational and other expense**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Travelling and conveyance	10,780,794	10,595,924
Insurance	181,632	156,181
Bad Debt	-	198,609
Repair and maintenance	1,931,899	6,647,286
Provision for finishing in the value of Investment	4,381,560	9,681,951
Rent - premises	10,175,384	8,932,762
Rent - equipment	665,997	638,432
Power and fuel	1,132,197	1,237,378
Communication costs	2,010,093	3,991,043
Printing and stationery	298,489	293,137
Advertising and sales promotion	498,684	84,004
Legal and professional expenses	70,285,014	69,504,133
Foreign exchange fluctuation (net)	-	238,714
Provision for doubtful debts and advances (net)	2,389,018	36,336,223
Membership and subscription	522,924	476,424
Rates & taxes	2,137,354	616,886
Miscellaneous expenses	3,731,897	1,051,461
Total	111,122,936	150,680,548

18. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	894,648	1,421,068
Amortisation on intangible assets	563,590	6,857,124
Total	1,458,238	8,278,192

19. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	200,326	350,218
Total	200,326	350,218

20. Exceptional Items

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Impairment loss on intangible assets earlier acquired from business acquisition (refer note 24)	-	11,959,025
Total	-	11,959,025

21. 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, Inc., USA R Systems Technologies Limited, USA (formerly known as Indus Software, Inc) R Systems Solutions, Inc., USA (merged into R Systems, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited, India (Ceased to be fellow subsidiary of the Company w.e.f. July 7, 2015)
	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	IBIZCS Group Pte Limited, Singapore w.e.f April 30,2015 Following are the subsidiaries of IBIZCS Group Pte Limited. 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	Chan Kum Ming, Director Teo Lye Choon, Director. Sartaj Singh Rekhi, Director

(a) Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Transaction	For the year ended December, 31	
	2016	2015
<u>R System International Limited</u>		
a). Consultancy fees paid	46,287,165	43,122,623
<u>R Systems (Singapore) Pte Ltd</u>		
a). Management fee received	15,306,250	14,672,734
b). Services rendered	5,609,375	4,021,794
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
a). Management fee received	2,343,648	2,230,778
b). Services rendered	973,680	-

ECNET LIMITED, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2016

Transaction	(Amount in Rs.)	
	For the year ended December, 31	
	2016	2015
<u>ECnet (M) Sdn Bhd., Malaysia</u>		
a). Management fee received	19,278,570	26,138,561
<u>ECnet (Shanghai) Co. Ltd.</u>		
a). Management fee received	8,509,909	7,921,567
<u>ECnet (Hong Kong) Ltd.</u>		
a). Management fee received	4,393,609	7,301,027
<u>ECnet Kabushiki Kaisha.</u>		
a). Management fee received	927,967	936,477
<u>ECnet Systems (Thailand) Co. Ltd.,</u>		
a). Management fee received	11,784,440	10,506,139

(b) Inter-companies balances as at December 31, 2016 and December 31, 2015:

Outstanding balances	(Amount in Rs.)	
	As at December, 31	
	2016	2015
<u>R System International Limited</u>		
Amount receivable	85,800	574,049
Amount payable	14,964,306	10,668,165
<u>R Systems, Inc.</u>		
Amount receivable	1,599,452	2,163,313
<u>IBIZ Consulting Services Pte Ltd</u>		
Amount receivable	774,598	761,562
<u>ECnet (M) Sdn Bhd.</u>		
Amount receivable (Net of provision of Rs. 43,756,413 in 2016 and Rs. 26,456,465 in 2015)	18,446,794	24,687,091
<u>ECnet Systems (Thailand) Co. Ltd.,</u>		
Amount receivable (Net of provision of Rs. 6,290,381 in 2016)	13,542,031	10,075,126
<u>ECnet Kabushiki Kaisha</u>		
Amount receivable (Net of provision of Rs. 32,596,076 in 2016 and Rs. 26,423,790 in 2015)	896,008	2,107,276
<u>ECnet (Shanghai) Co. Ltd.</u>		
Amount receivable (Net of provision of Rs. 32,945,912 in 2016 and Rs. 40,816,088 in 2015)	13,865,114	9,516,488
<u>ECnet (Hong Kong) Ltd.</u>		
Amount payable	6,883,106	4,141,184
<u>ECnet, Inc.</u>		
Amount receivable (Net of provision of Rs. 216,726,254 in 2016 and Rs. 211,201,540 in 2015)	154,672	180,526

ECNET LIMITED, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2016

Outstanding balances	(Amount in Rs.)	
	As at December, 31	
	2016	2015
<u>R Systems (Singapore) Pte Ltd</u>		
Non trade receivable	7,665,277	3,456,288

Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

Name of Key Management Personnel	(Amount in Rs.)	
	For the year ended December 31,	
	2016	2015
Chan Kum Ming	9,308,354	8,711,618
Teo Lye Choon	6,927,607	6,581,022
Total	16,235,961	15,292,640

22. 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, 2016	Year ended December 31, 2015
	Rs.	Rs.
Lease payments for the year	10,841,381	9,571,194
Non-cancellable operating lease obligation		
Not later than one year	6,052,073	10,427,403
Later than one year but not later than five years	-	6,028,513
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

- 23.** 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 2016 and 2015, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

- 24.** During the year ended December 31, 2015, the Company had recorded an impairment loss amounting to Rs. 11,959,025 related to the certain intangible assets acquired in earlier years. This is included under 'Exceptional Items' in the financial statements.

25. 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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET (M) SDN. BHD., MALAYSIA
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	7,353,080	7,353,080
Reserves and surplus	4	(46,447,221)	(30,933,839)
Current liabilities			
Trade payables	5	2,879,884	3,842,965
Other current liabilities	5	63,027,663	53,077,609
Total		26,813,406	33,339,815
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	177,532	329,275
Intangible assets	7	16,578	39,812
Long-term loans and advances	8	1,566,975	1,420,954
Current assets			
Trade receivables	9	10,031,616	13,850,072
Cash and bank balances	11	10,241,321	14,155,402
Short-term loans and advances	8	495,112	461,333
Other current assets	10	4,284,272	3,082,967
Total		26,813,406	33,339,815
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Vincent Tey Chyng Siang
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

ECNET (M) SDN. BHD., MALAYSIA**Statement of Profit and Loss for the year ended December 31, 2016**

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	12	74,941,511	77,876,299
Total revenue		74,941,511	77,876,299
Expenses			
Employee benefits expense	13	48,714,427	37,905,341
Operational and other expenses	14	43,032,038	57,154,433
Depreciation and amortisation expense	15	312,026	354,901
Finance costs	16	13,785	58,437
Total expenses		92,072,276	95,473,112
Profit / (Loss) before tax		(17,130,765)	(17,596,813)
Tax expense			
Current tax		7,285	677,089
Total tax expense		7,285	677,089
Profit / (Loss) for the year		(17,138,050)	(18,273,902)
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Vincent Tey Chyng Siang
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

ECNET (M) SDN. BHD., MALAYSIA

Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before taxation	(17,130,765)	(17,596,813)
Adjustments for:		
Depreciation and amortisation expense	312,026	354,901
Provision for doubtful debts and advances (net)	6,209,725	-
Bad debts	576,141	-
Unrealised foreign exchange (loss) / gain	1,611,049	2,324,792
Operating profit before working capital changes	(8,421,824)	(14,917,120)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(2,967,410)	9,122,387
(Increase) / Decrease in other current assets	(1,201,305)	(1,220,491)
(Increase) / Decrease in loans and advances	(179,800)	696,022
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	8,986,973	6,088,405
Cash generated from operations	(3,783,367)	(230,797)
Direct taxes paid, net of refunds	(7,285)	(677,089)
Net cash flow from operating activities (A)	(3,790,652)	(907,886)
B. Cash flows used in investing activities		
Purchase of fixed assets	(123,429)	(117,606)
Interest received	-	-
Net cash used in investing activities (B)	(123,429)	(117,606)
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)	(3,914,081)	(1,025,492)
Cash and cash equivalents at the beginning of the year	14,155,402	15,180,894
Cash and cash equivalents at the end of the year	10,241,321	14,155,402

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Vincent Tey Chyng Siang
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

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, 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

For translating income and expense during the year ended December 31, 2015, the rates used were MYR 1= Rs. 16.48. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 15.46

(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	
	December 31, 2016 Rs.	December 31, 2015 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, 2016		December 31, 2015	
	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, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(31,978,359)	(13,704,457)
Add: Profit / (loss) for the current year	(17,138,050)	(18,273,902)
Net deficit in the statement of profit and loss	(49,116,409)	(31,978,359)
Foreign currency translation reserve		
Balance as per last financial statement	1,044,520	(1,201,806)
Add: Current year translation differences	1,624,668	2,246,326
Closing balance	2,669,188	1,044,520
Total	(46,447,221)	(30,933,839)

ECNET (M) SDN. BHD., MALAYSIA**Notes to Financial Statements for the year ended December 31, 2016**

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	2,879,884	3,842,965
Sub total (A)	2,879,884	3,842,965
Other liabilities		
Payable to related parties		
ECnet Limited, Singapore	62,270,220	51,349,313
Advance from customers	101,892	348,686
Other payables	655,551	1,379,610
Sub total (B)	63,027,663	53,077,609
Total (A+B)	65,907,547	56,920,574

6. 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
	1.1.2016	During the year			31.12.2016	1.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Leasehold Improvements	773,309	62,717	-	15,458	820,568	652,839	134,366	-	22,092	765,113	55,455	120,470
Computer Hardware	2,230,990	-	-	44,597	2,186,393	2,110,217	79,051	-	47,502	2,141,766	44,627	120,773
Furniture & Fixtures	1,126,734	-	-	(13,281)	1,140,015	1,081,923	59,756	-	25,649	1,116,030	23,985	44,811
Office Equipments	974,041	60,712	-	55,275	979,478	930,820	14,795	-	19,602	926,013	53,465	43,221
Total	5,105,074	123,429	-	102,049	5,126,454	4,775,799	287,968	-	114,845	4,948,922	177,532	329,275
Previous Year	5,870,755	96,243	-	861,924	5,105,074	5,247,033	318,961	-	790,195	4,775,799	329,275	623,722

7. Intangible 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
	1.1.2016	During the year			31.12.2016	1.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Computer Software	2,614,605	-	-	52,265	2,562,340	2,574,793	24,058	-	53,089	2,545,762	16,578	39,812
Total	2,614,605	-	-	52,265	2,562,340	2,574,793	24,058	-	53,089	2,545,762	16,578	39,812
Previous Year	3,039,485	21,363	-	446,243	2,614,605	2,978,358	35,940	-	439,505	2,574,793	39,812	61,127

8. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	495,112	461,333
Sub Total (A)	-	-	495,112	461,333
Security deposit				
Unsecured, considered good	982,322	1,002,359	-	-
Sub Total (B)	982,322	1,002,359	-	-
Other loans and advances				
Advance income taxes	584,653	418,595	-	-
Sub Total (C)	584,653	418,595	-	-
Total (A+B+C)	1,566,975	1,420,954	495,112	461,333

9. Trade receivables

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	815,432	4,167,085
Unsecured, considered doubtful	10,607,228	4,272,821
	11,422,660	8,439,906
Provision for doubtful receivables	10,607,228	4,272,821
Sub Total (A)	815,432	4,167,085
Other receivables		
Unsecured, considered good	9,216,184	9,682,987
Unsecured, considered doubtful	-	92,447
	9,216,184	9,775,434
Provision for doubtful receivables	-	92,447
Sub Total (B)	9,216,184	9,682,987
Total (A+B)	10,031,616	13,850,072

10. Other current assets

Particulars	Non Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenue	4,284,272	3,082,967
Total	4,284,272	3,082,967

ECNET (M) SDN. BHD., MALAYSIA**Notes to Financial Statements for the year ended December 31, 2016**

11. Cash and bank balances

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Cash on hand	34,402	36,339
Balances with other banks		
On current accounts	10,206,919	14,119,063
Total	10,241,321	14,155,402

12. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	74,941,511	77,876,299
Total	74,941,511	77,876,299

13. Employee benefit expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	46,174,318	34,839,810
Contribution to employee's benefit plan	2,232,220	2,538,618
Staff welfare expenses	307,889	526,913
Total	48,714,427	37,905,341

14. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	460,639	1,644,048
Travelling and conveyance	2,603,919	6,208,890
Repair and maintenance	250,450	154,784
Provision for doubtful debts and advances (net)	6,209,725	-
Rent - premises	2,592,483	2,547,767
Power and fuel	191,355	121,114
Communication costs	1,451,618	1,150,520
Printing and stationery	309,948	220,542
Legal and professional expenses	14,820,694	26,480,608
Foreign exchange fluctuation (net)	1,468,981	7,557,508
Bad debts	576,141	-
Advertising and sales promotion	361,975	464,316
Membership and subscription	10,557	13,187
Rates & taxes	65,328	19,463
Management fees	11,643,470	10,538,980
Miscellaneous expenses	14,755	32,706
Total	43,032,038	57,154,433

15. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	287,968	318,961
Amortisation on intangible assets	24,058	35,940
Total	312,026	354,901

16. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	13,785	58,437
Total	13,785	58,437

17. 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, USA(formerly known as Indus Software, Inc) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f December 10, 2015) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited,India (Ceased to be related party of the Company w.e.f. July 7, 2015) 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	IBIZCS Group Pte Limited, Singapore w.e.f April 30, 2015. Following are the subsidiaries of IBIZCS Group Pte Limited. 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	Chan kum Ming, Director Vincent Tey Chyng Siang , Director

Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

TRANSACTIONS	For the year ended December, 31	
	2016	2015
ECnet Limited, Singapore		
Sub-contracting expenses	7,537,483	15,422,463
Management fees paid	11,643,470	10,538,979
IBIZ Consulting Services Pte Ltd, Malaysia		
Services rendered	214,404	-

Inter-companies balances as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2016	2015
ECnet Limited, Singapore		
Amount payable	62,270,220	51,349,313

Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2016	2015
Vincent Tey Chyng Siang	2,808,224	3,066,347

18. 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, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	2,592,483	2,547,767
Non-cancellable operating lease obligation		
Not later than one year	1,038,191	1,746,816
Later than one year but not later than five years	-	721,270
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, 2016 and December 31, 2015, 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. 17,138,050 during the financial year ended 31 December, 2016, and as at that date Company's total liabilities exceeded its total assets by Rs. 39,094,140. 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.

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Vincent Tey Chyng Siang
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET, INC., USA			
Balance Sheet as at December 31, 2016			
	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	91,110	91,110
Reserves and surplus	4	(215,559,428)	(209,916,026)
Current liabilities			
Trade payables	5	331,641	322,998
Other current liabilities	5	216,702,376	211,085,283
Total		1,565,699	1,583,365
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	4	4
Current assets			
Trade receivables	8	-	-
Cash and bank balances	9	1,135,991	1,164,854
Short-term loans and advances	7	429,704	418,507
Total		1,565,699	1,583,365
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET, INC., USA**Statement of Profit and Loss for the year ended December 31, 2016**

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Other income	10	48	47
Total revenue		48	47
Expenses			
Finance costs	11	29,192	37,043
Total expenses		29,192	37,043
Loss before tax		(29,144)	(36,996)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Loss after tax for the year		(29,144)	(36,996)
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET, INC., USA

Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net loss before taxation	(29,144)	(36,996)
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(5,614,258)	(9,894,145)
Interest income	(48)	(47)
Operating profit before working capital changes	(5,643,450)	(9,931,188)
Movements in working capital :		
(Increase) / Decrease in loans and advances	(11,197)	(19,738)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	5,625,736	9,163,121
Cash generated from / (used in) operations	(28,911)	(787,805)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(28,911)	(787,805)
B. Cash flows used in investing activities		
Interest received	48	47
Net cash used in investing activities (B)	48	47
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)	(28,863)	(787,758)
Cash and cash equivalents at the beginning of the year	1,164,854	1,952,612
Cash and cash equivalents at the end of the year	1,135,991	1,164,854

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016.

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, 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

For translating income and expense during the year ended December 31, 2015, the rates used were US \$ 1= Rs. 65.90. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 66.16.

(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.

(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.

ECNET, INC., USA

Notes to Financial Statements for the year ended December 31, 2016

3. Share capital

Particulars	As at	
	December 31, 2016	December 31, 2015
	Rs.	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		As at	
	December 31, 2016		December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1,000	91,110	1,000	91,110
Add: 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, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(138,810,018)	(138,773,022)
Add: Loss for the current year	(29,144)	(36,996)
Net deficit in the statement of profit and loss	(138,839,162)	(138,810,018)
Foreign currency translation reserve		
Balance as per last financial statement	(71,106,008)	(61,211,863)
Add: Current year translation differences	(5,614,258)	(9,894,145)
Closing balance	(76,720,266)	(71,106,008)
Total	(215,559,428)	(209,916,026)

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	331,641	322,998
Sub total (A)	331,641	322,998
Other liabilities		
Payables to Related Parties ECnet Limited, Singapore	216,702,376	211,085,283
Sub total (B)	216,702,376	211,085,283
Total (A+B)	217,034,017	211,408,281

6. Fixed 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
	1.1.2016	During the year			31.12.2016	1.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Office Equipments	50,936	-	-	1,363	52,299	50,932	-	-	1,363	52,295	4	4
Total	50,936	-	-	1,363	52,299	50,932	-	-	1,363	52,295	4	4
Previous Year	48,534	-	-	2,402	50,936	48,530	-	-	2,402	50,932	4	4

7. Short term loans and advances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	81,278	79,160
Sub Total (A)	81,278	79,160
Loans & advances to related parties		
Unsecured, considered good		
Advance recoverable from:		
ECnet (Hong Kong) Limited	348,426	339,347
Sub Total (B)	348,426	339,347
Total (A+B)	429,704	418,507

8. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	1,172,046	1,141,505
	1,172,046	1,141,505
Provision for doubtful receivables	1,172,046	1,141,505
Total	-	-

ECNET, INC., USA**Notes to Financial Statements for the year ended December 31, 2016**

9. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	1,135,991	1,164,854
Total	1,135,991	1,164,854

ECNET, INC., USA**Notes to Financial Statements for the year ended December 31, 2016**

10. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income	48	47
Total	48	47

11. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	29,192	37,043
Total	29,192	37,043

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, USA (formerly known as Indus Software, Inc) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f December 10, 2015) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited, India (Ceased to be related party of the Company w.e.f. July 7, 2015) 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., Phillippines (incorporated on May 23, 2016)
Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	IBIZCS Group Pte Limited, Singapore w.e.f April 30, 2015. Following are the subsidiaries of IBIZCS Group Pte Limited. 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 Chan Kum Ming, Director

Inter-companies balances as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2016	2015
<u>ECnet Limited, Singapore</u>		
Amount payable	216,702,376	211,085,283
<u>ECnet Hong Kong</u>		
Amount receivable	348,426	339,347

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, 2016 and December 31, 2015, 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. 29,144 during the financial year ended 31 December, 2016, and as at that date Company's total liabilities exceeded its total assets by Rs. 215,468,318. 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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet (Hong Kong) Ltd., Hong Kong

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet (Hong Kong) Ltd., Hong Kong ("the Company"), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET (HONG KONG) LIMITED, HONG KONG**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	12	12
Reserves and surplus	4	12,324,260	9,308,539
Current liabilities			
Trade payables	5	479,807	384,806
Other current liabilities	5	520,223	447,587
Short-term provisions	6	429,579	-
Total		13,753,881	10,140,944
ASSETS			
Non-current assets			
Long-term loans and advances	7	-	149,224
Current assets			
Trade receivables	8	391,258	412,107
Cash and bank balances	9	6,417,681	5,349,451
Short-term loans and advances	7	6,944,942	4,230,162
Total		13,753,881	10,140,944
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET (HONG KONG) LIMITED, HONG KONG			
Statement of Profit and Loss for the year ended December 31, 2016			
	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	10	8,548,475	9,085,240
Total revenue		8,548,475	9,085,240
Expenses			
Operational and other expenses	11	5,300,181	8,448,868
Finance costs	12	25,971	13,695
Total expenses		5,326,152	8,462,563
Profit before tax		3,222,323	622,677
Tax expense			
Current tax		451,082	(62,700)
Total tax expense		451,082	(62,700)
Profit for the year		2,771,241	685,377
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET (HONG KONG) LIMITED, HONG KONG
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016	For the year ended December 31, 2015
	Rs.	Rs.
A. Cash flow from operating activities		
Net profit before taxation	3,222,323	622,677
Adjustments for:		
Provision for doubtful debts/advances	-	-
Unrealised foreign exchange loss / (gain)	244,480	432,861
Operating profit before working capital changes	3,466,803	1,055,538
Movements in working capital :		
(Increase) / Decrease in trade receivables	20,849	(101,697)
(Increase) / Decrease in loans and advances	(2,565,556)	2,276,208
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	167,637	(2,577)
Cash generated from operations	1,089,733	3,227,472
Direct taxes paid, net of refunds	(21,503)	62,700
Net cash flow from operating activities (A)	1,068,230	3,290,172
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)	1,068,230	3,290,172
Cash and cash equivalents at the beginning of the year	5,349,451	2,059,279
Cash and cash equivalents at the end of the year	6,417,681	5,349,451

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 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

For translating income and expense during the year ended December 31, 2015, the rates used were HKD 1= Rs. 8.28. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.57.

(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	
	December 31, 2016 Rs.	December 31, 2015 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, 2016		December 31, 2015	
	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, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	7,539,716	6,854,339
Add: Profit for the current year	2,771,241	685,377
Net surplus in the statement of profit and loss	10,310,957	7,539,716
Foreign currency translation reserve		
Balance as per last financial statement	1,768,823	1,335,962
Add: Current year translation differences	244,480	432,861
Closing balance	2,013,303	1,768,823
Total	12,324,260	9,308,539

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	479,807	384,806
Sub total (A)	479,807	384,806
Other liabilities		
Payables to Related Parties		
Ecnet Inc.,USA	350,693	342,974
Unearned Revenue	169,530	104,613
Sub total (B)	520,223	447,587
Total (A+B)	1,000,030	832,393

6. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other provision		
Income tax	429,579	-
	429,579	-
Total	429,579	-

7. Short term loans and advances

Particulars	Long-term		Short-term	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	63,400	76,165
Sub Total (A)	-	-	63,400	76,165
Loans & advances to related parties				
Advance recoverable from:		-		
Ecnet Singapore Limited			6,881,542	4,153,997
Sub Total (B)	-	-	6,881,542	4,153,997
Other loans and advances				
Advance income taxes		149,224	-	-
Sub Total (C)	-	149,224	-	-
Total (A+B+C)	-	149,224	6,944,942	4,230,162

ECNET (HONG KONG) LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2016

8. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	102,813	-
Sub Total (A)	102,813	-
Other receivables		
Unsecured, considered good	288,445	412,107
Sub Total (B)	288,445	412,107
Total (A+B)	391,258	412,107

ECNET (HONG KONG) LIMITED, HONG KONG**Notes to Financial Statements for the year ended December 31, 2016**

9. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks		
On current accounts	6,417,681	5,349,451
Total	6,417,681	5,349,451

10. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	8,548,475	9,085,240
Total	8,548,475	9,085,240

11. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Communication costs	26,409	25,661
Legal and professional expenses	681,903	4,275,349
Foreign exchange fluctuation (net)	232,386	348,206
Seminar expenses	1,671	-
Management fees	4,335,133	3,799,652
Miscellaneous expenses	22,679	-
Total	5,300,181	8,448,868

12. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	25,971	13,695
Total	25,971	13,695

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, USA(formerly known as Indus Software, Inc) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f December 10, 2015) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited, India (Ceased to be related party of the Company w.e.f. July 7, 2015)

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	IBIZCS Group Pte Limited, Singapore w.e.f April 30, 2015.
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Following are the subsidiaries of IBIZCS Group Pte Limited.

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	Chan Kum Ming, Director Teo Lye Choon, Director
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ECNET (HONG KONG) LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2016

(a) Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Transactions		For the year ended December, 31	
		2016	2015
<u>ECnet Limited, Singapore</u>			
(i)	Sub-contracting expenses	13,325	3,492,514
(ii)	Management fees paid	4,335,133	3,799,652

(b) Inter-companies balances as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2016	2015
<u>ECnet Limited, Singapore</u>			
(i)	Amount receivable	6,881,542	4,153,997
<u>ECnet Inc.</u>			
(ii)	Amount payable	350,693	342,974

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 10, 2017

Place: Singapore
Date : February 10, 2017

Place: Singapore
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Systems (Thailand) Co. Ltd., Thailand

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet Systems (Thailand) Co. Ltd., Thailand (“the Company”), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,339,600	2,339,600
Reserves and surplus	4	(12,212,582)	(3,613,536)
Current liabilities			
Trade payables	5	636,302	799,766
Other current liabilities	5	20,444,665	10,783,557
Total		11,207,985	10,309,387
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	481,614	542,226
Long-term loans and advances	7	541,470	525,183
Current assets			
Trade receivables	8.1	1,566,913	2,667,831
Cash and bank balances	9	2,761,394	4,823,342
Short-term loans and advances	7	1,765,910	1,566,167
Other current assets	8.2	4,090,684	184,638
Total		11,207,985	10,309,387
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Statement of Profit and Loss for the year ended December 31, 2016**

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	10	30,319,428	29,610,435
Other income	11	793,887	-
Total revenue		31,113,315	29,610,435
Expenses			
Employee benefits expense	12	18,327,736	12,520,208
Operational and other expenses	13	21,084,712	20,007,539
Depreciation expense	14	251,042	135,305
Finance costs	15	50,014	39,038
Total expenses		39,713,504	32,702,090
Profit / (Loss) before tax		(8,600,189)	(3,091,655)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(8,600,189)	(3,091,655)
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	(8,600,189)	(3,091,655)
Adjustments for:		
Depreciation expense	251,042	135,305
Interest Income	(5,752)	-
Unrealised foreign exchange loss / (gain)	(16,860)	(10,025)
Operating profit / (loss) before working capital changes	(8,371,759)	(2,966,375)
Movements in working capital :		
(Increase) / Decrease in trade receivables	1,100,918	(991,029)
(Increase) / Decrease in other current and non-current assets	(3,906,046)	(70,101)
(Increase) / Decrease in short and long term loans and advances	(216,030)	14,375,611
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	9,497,644	(6,176,052)
Cash generated from operations	(1,895,273)	4,172,054
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(1,895,273)	4,172,054
B. Cash flows used in investing activities		
Purchase of fixed assets	(172,427)	(554,061)
Interest Income	5,752	-
Net cash used in investing activities (B)	(166,675)	(554,061)
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)	(2,061,948)	3,617,993
Cash and cash equivalents at the beginning of the year	4,823,342	1,205,349
Cash and cash equivalents at the end of the year	2,761,394	4,823,342

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 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.

For translating income and expense during the year ended December 31, 2015, the rates used were THB 1= Rs. 1.87. For translating assets and liabilities at the year-end, the rates used were THB 1= Rs. 1.84.

(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.

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	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, 2015		December 31, 2014	
	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, 2016**

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(9,241,889)	(6,150,234)
Add: Profit / (Loss) for the year	(8,600,189)	(3,091,655)
Net surplus/(deficit) in the statement of profit and loss	(17,842,078)	(9,241,889)
Foreign currency translation reserve		
Balance as per last financial statement	5,628,353	5,640,709
Add: Current year translation differences	1,143	(12,356)
Closing balance	5,629,496	5,628,353
Total	(12,212,582)	(3,613,536)

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

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	636,302	799,766
Sub total (A)	636,302	799,766
Other liabilities		
Payables to related parties		
ECnet, Limited, Singapore	20,216,099	10,346,680
GST payable	161,254	197,573
Other liabilities	-	8,390
Unearned revenue	67,312	230,914
Sub total (B)	20,444,665	10,783,557
Total (A+B)	21,080,967	11,583,323

Particulars	(Amount in Rs.)												
	Gross block					Depreciation					Net block		
	As on	Addition	Deletion	Adjustment	Total	As on	Addition	Deletion	Adjustment	Total	As at	As at	
	1.1.2016	During the year				31.12.2016	1.1.2016	During the year				31.12.2016	31.12.2016
Leasehold improvements	301,616	-	-	9,354	310,970	96,871	45,449	-	2,789	145,109	165,861	204,745	
Computer hardware	1,147,762	172,427	-	35,595	1,355,784	937,073	130,700	-	28,443	1,096,216	259,568	210,689	
Furniture and fixtures	500,012	-	-	15,506	515,518	474,350	11,767	-	14,655	500,772	14,746	25,662	
Office equipments	828,611	-	-	25,697	854,308	727,481	63,126	-	22,262	812,869	41,439	101,130	
Total	2,778,001	172,427	-	86,152	3,036,580	2,235,775	251,042	-	68,149	2,554,966	481,614	542,226	
Previous year	2,314,687	554,061	-	(90,747)	2,778,001	2,188,886	135,304	-	(88,415)	2,235,775	542,226	125,801	

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

7. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	1,765,910	1,566,167
Sub Total (A)	-	-	1,765,910	1,566,167
Security deposit				
Unsecured, considered good	541,470	525,183	-	-
Sub Total (B)	541,470	525,183	-	-
Total (A+B)	541,470	525,183	1,765,910	1,566,167

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

8. Trade receivables and other assets**8.1 Trade receivables**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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	1,566,913	2,667,831
Sub Total (B)	1,566,913	2,667,831
Total (A+B)	1,566,913	2,667,831

8.2 Other current assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenue	4,090,684	184,638
Total	4,090,684	184,638

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

9. Cash and bank balances

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Cash on hand	28,425	27,570
Balances with other banks		
On current accounts	2,732,969	4,795,772
Total	2,761,394	4,823,342

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

10. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	30,319,428	29,610,435
Total	30,319,428	29,610,435

11. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest Income	5,752	-
Foreign exchange fluctuation (net)	788,135	-
Total	793,887	-

12. Employee benefit expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	18,020,878	12,300,938
Contribution to employee's benefit funds	210,230	144,085
Staff welfare expenses	96,628	75,185
Total	18,327,736	12,520,208

13. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	-	1,527,162
Travelling and conveyance	3,829,026	2,730,539
Rent - premises	1,491,315	847,429
Rent - equipment	17,136	16,866
Communication costs	369,262	324,343
Printing and stationery	116,389	128,080
Advertising and sales promotion	133,604	-
Legal and professional expenses	7,878,047	6,995,723
Foreign exchange fluctuation (net)	-	719,616
Rates & taxes	12,482	1,253,907
Seminar expenses	47,398	57,543
Management fees	7,172,387	5,365,929
Miscellaneous expenses	17,666	40,402
Total	21,084,712	20,007,539

14. Depreciation expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	251,042	135,305
Total	251,042	135,305

15. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	50,014	39,038
Total	50,014	39,038

16. 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, USA (formerly known as Indus Software, Inc) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f December 10, 2015) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited, India (Ceased to be related party of the Company w.e.f. July 7, 2015) 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	IBIZCS Group Pte Limited, Singapore w.e.f April 30, 2015. Following are the subsidiaries of IBIZCS Group Pte Limited. 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 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, 2016

Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	For the year ended December, 31	
	2016	2015
ECnet Limited, Singapore		
Sub-Contracting Expenses	4,992,207	5,208,208
Administrative Expenses	7,332,609	5,365,929

Inter-companies balances as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2016	2015
ECnet Limited, Singapore		
Amount payable	20,216,099	10,346,680

Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2016	2015
Pacharanan Limpornchaicharoen	2,956,332	-
	2,956,332	-

17. 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, 2016	Year ended December 31, 2015
	Rs.	Rs.
Lease payments for the year	1,491,315	847,429
Non-cancellable operating lease obligation		
Not later than one year	811,818	959,361
Later than one year but not later than five years	570,528	1,340,766
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

18. The Company incurred a net loss of Rs. 8,600,189 during the financial year ended 31 December, 2016, and as at that date Company's total liabilities exceeded its total assets by Rs. 9,872,982. 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.

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 2016 and December 31 2015, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET KABUSHIKI KAISHA, JAPAN**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,288,000	4,288,000
Reserves and surplus	4	(36,814,051)	(37,135,252)
Current liabilities			
Trade payables	5	22,303	21,113
Other current liabilities	5	33,461,830	33,447,343
Total		958,082	621,204
ASSETS			
Current assets			
Trade receivables	6	11,385	-
Cash and bank balances	6	946,697	621,204
Total		958,082	621,204
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET KABUSHIKI KAISHA, JAPAN**Statement of Profit and Loss for the year ended December 31, 2016**

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	7	1,725,105	1,989,088
Other income	8	2,162,243	1,803,255
Total revenue		3,887,348	3,792,343
Expenses			
Operational and other expenses	9	1,507,842	1,389,802
Finance costs	10	64,817	56,106
Total expenses		1,572,659	1,445,908
Profit / (Loss) before tax		2,314,689	2,346,435
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		2,314,689	2,346,435
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET KABUSHIKI KAISHA, JAPAN

Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	2,314,689	2,346,435
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(1,993,488)	(1,322,744)
Interest income	(122)	(131)
Operating profit/(loss) before working capital changes	321,079	1,023,560
Movements in working capital :		
(Increase) / Decrease in trade receivables	(11,385)	-
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	15,677	(948,823)
Cash generated from operations	325,371	74,737
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	325,371	74,737
B. Cash flows used in investing activities		
Interest received	122	131
Net cash used in investing activities (B)	122	131
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)	325,493	74,868
Cash and cash equivalents at the beginning of the year	621,204	546,336
Cash and cash equivalents at the end of the year	946,697	621,204

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Chan Kum Ming
[Director]

Place : Singapore
Date : February 10, 2017

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, 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

For translating income and expense during the year ended December 31, 2015, the rates used were JPY 1= Rs. 0.53. For translating assets and liabilities at the year-end, the rates used were JPY 1= Rs. 0.55.

(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	As at
	December 31, 2016	December 31, 2015
	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, 2016		December 31, 2015	
	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

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2016**

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(32,591,991)	(34,938,426)
Add: Profit / (loss) for the current year	2,314,689	2,346,435
Net deficit in the statement of profit and loss	(30,277,302)	(32,591,991)
Foreign currency translation reserve		
Balance as per last financial statement	(4,543,261)	(3,220,517)
Add: Current year translation differences	(1,993,488)	(1,322,744)
Closing balance	(6,536,749)	(4,543,261)
Total	(36,814,051)	(37,135,252)

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2016**

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	22,303	21,113
Sub total (A)	22,303	21,113
Other liabilities		
Payables to related parties		
ECnet Limited, Singapore	33,397,706	33,398,668
Advance from customers	22,616	3,768
Other payables	41,508	44,907
Sub total (B)	33,461,830	33,447,343
Total (A+B)	33,484,133	33,468,456

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2016**

6. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	11,385	
Sub Total (B)	11,385	-
Total (A+B)	11,385	-

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2016**

7. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Cash on hand	21,651	20,496
Balances with other banks		
On current accounts	925,046	600,708
Total	946,697	621,204

ECNET KABUSHIKI KAISHA, JAPAN

Notes to Financial Statements for the year ended December 31, 2016

8. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	1,725,105	1,989,088
Total	1,725,105	1,989,088

9. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest Income	122	131
Foreign Exchange Fluctuations (net)	2,162,121	1,803,124
Total	2,162,243	1,803,255

10. Operational and other expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Communication costs	183,018	141,016
Legal and professional expense	354,009	277,114
Rates & taxes	43,292	37,064
Management fees	927,523	934,608
Total	1,507,842	1,389,802

11. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	64,817	56,106
Total	64,817	56,106

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, USA (formerly known as Indus Software, Inc) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f December 10, 2015) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited,India (Ceased to be related party of the Company w.e.f. July 7, 2015) 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	IBIZCS Group Pte Limited, Singapore w.e.f April 30, 2015. Following are the subsidiaries of IBIZCS Group Pte Limited. 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	Chan Kum Ming, Director Vijay Ganpati Kale, Director

- (a) Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

TRANSACTIONS	For the year ended December, 31	
	2016	2015
<u>ECnet Limited, Singapore</u>		
(i) Sub-contracting expenses	3,705	6,941
(ii) Management fees paid	927,523	934,608

- (b) Inter-companies balances as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2016	2015
<u>ECnet Limited, Singapore</u>		
(i) Amount payable	33,397,706	33,398,668

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 2016 and December 31 2015, 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 has total accumulated losses of Rs. 36,814,051 as at 31 December, 2016, and as at that date Company's total liabilities exceeded its current and total assets by Rs. 32,526,051. 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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	9,122,099	9,122,099
Reserves and surplus	4	(36,689,784)	(35,957,200)
Current liabilities			
Trade payables	5	132,167	216,281
Other current liabilities	5	46,943,744	53,755,176
Total		19,508,226	27,136,356
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	29,109	102,368
Long-term loans and advances	7	293,700	307,080
Current assets			
Trade receivables	8	917,385	1,896,988
Cash and bank balances	9	18,091,131	24,829,920
Short-term loans and advances	7	176,901	-
Total		19,508,226	27,136,356
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

For and behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	10	33,643,872	33,221,893
Other income	11	1,077,031	119,385
Total revenue		34,720,903	33,341,278
Expenses			
Employee benefits expense	12	19,367,142	19,174,817
Operational and other expense	13	17,209,097	12,795,167
Depreciation expense	14	55,585	87,999
Finance costs	15	54,827	41,098
Total expenses		36,686,651	32,099,081
Profit / (Loss) before tax		(1,965,748)	1,242,197
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profir / (Loss) for the year		(1,965,748)	1,242,197
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

For and on behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	(1,965,748)	1,242,197
Adjustments for:		
Depreciation expense	55,585	87,999
Loss on Sale of Assets	15,525	-
Bad debts	27,238	-
Unrealised foreign exchange loss / (gain)	1,235,313	(56,987)
Interest income	(155,941)	(119,385)
Operating profit before working capital changes	(788,028)	1,153,824
Movements in working capital :		
(Increase) / Decrease in trade receivables	952,365	(21,195)
(Increase) / Decrease in loans and advances	(163,521)	(660)
Increase / (Decrease) in trade payables, other current liabilities	(6,895,546)	6,321,128
Cash generated from operations	(6,894,730)	7,453,097
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(6,894,730)	7,453,097
B. Cash flows used in investing activities		
Purchase of fixed assets	-	(60,935)
Interest received	155,941	119,385
Net cash used in investing activities (B)	155,941	58,450
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)	(6,738,789)	7,511,547
Cash and cash equivalents at the beginning of the year	24,829,920	17,318,373
Cash and cash equivalents at the end of the year	18,091,131	24,829,920

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

**For and on behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai**

Sd/-
Chan Kum Ming
[Director]

Place : Singapore
Date : February 10, 2017

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, 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.

For translating income and expense during the year ended December 31, 2015, the rates used were CNY 1= Rs. 10.21. For translating assets and liabilities at the year-end, the rates used were CNY 1=

(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, 2016

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	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, 2016		December 31, 2015	
	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, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(25,659,601)	(26,901,798)
Add: Profit/ (Loss) for the current year	(1,965,748)	1,242,197
Net deficit in the statement of profit and loss	(27,625,349)	(25,659,601)
Foreign currency translation reserve		
Balance as per last financial statement	(10,297,599)	(10,240,650)
Add: Current year translation differences	1,233,164	(56,949)
Closing balance	(9,064,435)	(10,297,599)
Total	(36,689,784)	(35,957,200)

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2016**

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	132,167	216,281
Sub total (A)	132,167	216,281
Other liabilities		
Payables to related parties ECnet, Limited, Singapore	46,847,476	53,629,981
Income tax Payable	96,268	-
Other payables	-	125,195
Sub total (B)	46,943,744	53,755,176
Total (A+B)	47,075,911	53,971,457

6. 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
	1.1.2016	During the year			31.12.2016	1.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Computer Hardware	833,786	-	413,933	(22,871)	396,982	747,511	48,767	398,407	(21,202)	376,668	20,314	86,275
Furniture & Fixtures	686,814	-	-	(29,925)	656,889	686,814	-	-	(29,925)	656,889	-	-
Office Equipments	221,298	-	-	(9,643)	211,655	205,205	6,818	-	(9,163)	202,860	8,795	16,093
Total	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
Previous Year	1,864,256	60,935	-	(183,293)	1,741,898	1,734,862	87,999	-	(183,331)	1,639,530	102,368	129,394

7. Long -term Loans and advances

Particulars	Long term		Short term	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Security deposit				
Unsecured, considered good	293,700	307,080	-	-
Sub Total (A)	293,700	307,080	-	-
Other loans and advances				
GST receivable	-	-	176,901	-
Sub Total (B)	-	-	176,901	-
Total (A+B)	293,700	307,080	176,901	-

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2016**

8. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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	917,385	1,896,988
Sub Total (B)	917,385	1,896,988
Total (A+B)	917,385	1,896,988

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2016**

9. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Cash on hand	177,421	188,034
Balances with other banks		
On current accounts	17,913,710	24,641,886
Total	18,091,131	24,829,920

10. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	33,643,872	33,221,893
Total	33,643,872	33,221,893

11. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest Income	155,941	119,385
Miscellaneous income	921,090	-
Total	1,077,031	119,385

12. Employee benefit expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus (including staff welfare expenses)	14,553,817	13,450,400
Contribution to employee's benefit funds	4,813,325	5,724,417
Total	19,367,142	19,174,817

ECNET (SHANGHAI) CO. LTD., SHANGHAI

Notes to Financial Statements for the year ended December 31, 2016

13. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	152,835	-
Travelling and conveyance	1,195,080	914,464
Repair and maintenance	54,643	55,123
Rent - premises	1,370,749	1,224,960
Power and fuel	53,614	56,630
Communication costs	299,239	377,740
Printing and stationery	259,172	338,370
Legal and professional expenses	2,652,576	4,850,341
Bad debts	27,238	-
Rates & taxes	164,799	264,203
Management fees	8,235,698	3,857,294
Foreign exchange fluctuation (net)	2,727,929	856,042
Loss on sale of assets	15,525	-
Total	17,209,097	12,795,167

14. Depreciation expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation	55,585	87,999
Total	55,585	87,999

15. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	54,827	41,098
Total	54,827	41,098

16. 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, USA(formerly known as Indus Software, Inc) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f December 10, 2015) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited,India (Ceased to be related party of the Company w.e.f. July 7, 2015) 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	IBIZCS Group Pte Limited, Singapore w.e.f April 30, 2015. Following are the subsidiaries of IBIZCS Group Pte Limited. 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	Chan Kum Ming, Director

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Notes to Financial Statements for the year ended December 31, 2016

Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:
(Amount in Rs.)

TRANSACTIONS	For the year ended December, 31	
	2016	2015
ECnet Limited, Singapore		
Sub-Contracting Expenses	259,938	4,005,330
Management Fees Paid	8,235,698	3,857,294

Inter-companies balances as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2016	2015
ECnet Limited, Singapore		
Amount payable	46,847,476	53,629,981

17. 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, 2016	Year ended December 31, 2015
	Rs.	Rs.
Lease payments for the year	1,370,749	1,224,960
Non-cancellable operating lease obligation		
Not later than one year	1,326,182	358,260
Later than one year but not later than five years	-	-
Later than five years	-	-

18. 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 2016 and December 31 2015, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

19. The Company incurred a net loss of Rs. 1,965,748 during the financial year ended 31 December, 2016, and as at that date Company's total liabilities exceeded its total assets by Rs. 27,567,685. 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.

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

**For and behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris International Limited, UK

Report on the Financial Statements

We have audited the accompanying financial statements of Computaris International Limited, UK ("the Company"), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris International Limited, U.K.
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	48,296	48,296
Reserves and surplus	4	257,271,712	184,486,596
Current liabilities			
Trade payables	6	13,863,745	8,072,906
Other current liabilities	6	165,182,869	236,608,584
Short-term provisions	5	3,762,762	4,824,798
Total		440,129,384	434,041,180
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	32,318	65,213
Intangible assets	8	19,937,119	34,074,449
Investments	9	14,756,389	1,100,387
Other non current assets	11.2	-	15,967,139
Current assets			
Trade receivables	11.1	224,364,422	197,027,197
Cash and bank balances	12	152,659,702	133,877,357
Short-term loans and advances	10	4,762,964	6,308,227
Other current assets	11.2	23,616,470	45,621,211
Total		440,129,384	434,041,180
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

For and on behalf of the Board of Directors of
Computaris International Limited, U.K.

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Raluca Marina Rusu
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Computaris International Limited, U.K.
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	13	828,497,133	869,868,626
Other income	14	71,012,340	109,929
Total revenue		899,509,473	869,978,555
Expenses			
Employee benefits expense	15	9,963,660	6,576,693
Operational and other expenses	16	792,640,972	831,567,476
Depreciation and amortisation expense	17	15,011,414	6,373,409
Finance costs	18	846,188	1,566,164
Total expenses		818,462,234	846,083,742
Profit before tax		81,047,239	23,894,813
Tax expense/(credit)			
Current tax / (credit)		3,902,326	4,824,700
Total tax expense / (credit)		3,902,326	4,824,700
Profit for the year		77,144,913	19,070,113
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

For and on behalf of the Board of Directors of
Computaris International Limited, U.K.

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Raluca Marina Rusu
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Computaris International Limited, U.K.
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	81,047,239	23,894,813
Adjustments for:		
Depreciation and amortisation expense	15,011,414	6,373,409
Provision for doubtful debts and advances (net)	226,067	-
Unrealised foreign exchange (loss) / gain	(5,173,247)	(415,145)
Interest income	(12,344)	-
Dividend Income	(70,999,996)	-
Operating profit/(loss) before working capital changes	20,099,133	29,853,077
Movements in working capital :		
(Increase) / Decrease in trade receivables	(27,563,292)	66,127,407
(Increase) / Decrease in other non-current assets	15,967,139	(15,967,139)
(Increase) / Decrease in other current assets	22,004,741	(29,090,372)
Decrease / (Increase) in loans and advances	1,545,263	2,515,168
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(65,634,876)	32,240,566
Cash generated from operations	(33,581,892)	85,678,707
Direct taxes paid, net of refunds	4,964,362	2,453,696
Net cash flow from / (used in) operating activities (A)	(38,546,254)	83,225,011
B. Cash flows used in investing activities		
Purchase of fixed assets	-	(40,513,201)
Investment in Subsidiary	(13,683,740)	-
Interest received	12,344	-
Net cash fro, / (used in) investing activities (B)	(13,671,396)	(40,513,201)
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)	18,782,346	42,711,810
Cash and cash equivalents at the beginning of the year	133,877,357	91,165,547
Cash and cash equivalents at the end of the year	152,659,702	133,877,357

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

For and on behalf of the Board of Directors of
Computaris International Limited, U.K.

Sd/-
Raluca Marina Rusu
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place: Romania
Date : February 10, 2017

Place : Singapore
Date : February 10, 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 has 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.

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>
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.

(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.

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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were GBP 1= Rs. 98.06. For translating assets and liabilities at the year-end, the rates used were GBP 1= Rs. 98.07.

(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.

3. Share capital

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	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 December 31, 2016		As at December 31, 2015	
	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

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2016****4. Reserves and surplus**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Balance as per last financial statement	152,111,529	133,041,416
Add: Profit for the current year	77,144,913	19,070,113
Net surplus in the statement of profit and loss	229,256,442	152,111,529
Foreign currency translation reserve		
Balance as per last financial statement	32,365,263	32,783,321
Add: Current year translation differences	(4,359,797)	(418,058)
Closing balance	28,005,466	32,365,263
Capital Reserve	9,804	9,804
Total	257,271,712	184,486,596

Computaris International Limited, U.K.

Notes to Financial Statements for the year ended December 31, 2016

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other provision		
Provision for Income tax	3,762,762	4,824,798
Total	3,762,762	4,824,798

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	13,863,745	8,072,906
Sub total (A)	13,863,745	8,072,906
Other liabilities		
Payable to Related Parties		
R Systems International Limited, India	6,394,832	4,925,609
Computaris Romania srl, Romania	50,677,254	71,613,143
Computaris USA, Inc. USA	13,864,103	27,361,214
Computaris Polska sp zoo, Poland	30,941,136	65,792,495
ICS Computaris International SRL, Moldova	3,582,900	15,898,494
Payable for purchase of fixed assets	-	12,646,560
Unearned revenue	59,722,644	38,367,931
Other	-	3,138
Sub total (B)	165,182,869	236,608,584
Total (A+B)	179,046,614	244,681,490

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
	01.1.2016	During the year			31.12.2016	01.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Computer hardware	857,186	-	-	7,179	850,007	791,973	33,538	-	7,822	817,689	32,318	65,213
Total	857,186	-	-	7,179	850,007	791,973	33,538	-	7,822	817,689	32,318	65,213
Previous year	761,238	97,869	-	1,921	857,186	761,238	32,655	-	1,920	791,973	65,213	-

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
	01.1.2016	During the year			31.12.2016	01.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Customer contract	16,685,956	-	-	(99,931)	16,785,887	6,340,883	6,720,200	-	297,934	12,763,150	4,022,737	10,345,073
Intellectual Property Right	23,729,376	-	-	(142,196)	23,871,573	-	8,257,676	-	300,485	7,957,191	15,914,382	23,729,376
Total	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
Previous year	-	40,415,332	-	-	40,415,332	-	6,340,754	-	(129)	6,340,883	34,074,449	-

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2016****9. Non-current investments**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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)	992,607	1,007,109
ICS Computaris International SRL, Moldova (1 Share (Previous year 1 share) of no par value)	25,009	23,536
Computaris Romania srl, Romania (100 (Previous year 100) shares of RON 16 each)	30,885	43,461
Computaris Malaysia Sdn. Bhd. (1,000 (Previous year 1,000) ordinary shares of RM 1 each)	18,559	20,201
Computaris USA, LLC (100 (Previous year 100) shares of USD 1 each)	5,589	6,080
Computaris Philippines Pte. Ltd. Inc. (10,000,000 (Previous year Nil) shares of PHP 1 each)	13,683,740	-
Total	14,756,389	1,100,387

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2016**

10. Loans and advances

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	4,724,269	5,598,727
Sub total (A)	4,724,269	5,598,727
Other loans & advances		
Other recoverable	38,695	709,500
Sub total (B)	38,695	709,500
Total (A+B)	4,762,964	6,308,227

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,694,962	562,330
Unsecured, considered doubtful	5,739,519	4,511,873
	8,434,481	5,074,203
Provision for doubtful receivables	5,739,519	4,511,873
Sub total (A)	2,694,962	562,330
Other receivables		
Unsecured, considered good	221,669,460	196,464,867
Unsecured, considered doubtful	-	1,620,328
	221,669,460	198,085,195
Provision for doubtful receivables	-	1,620,328
Sub total (B)	221,669,460	196,464,867
Total (A+B)	224,364,422	197,027,197

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management Computaris Philippines Pte. Ltd. Inc.	8,841,092	-

11.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 12)	-	15,967,139	-	-
Unbilled revenue	-	-	23,616,470	45,621,211
Total	-	15,967,139	23,616,470	45,621,211

12. Cash & bank balances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Balance with other banks:				
On current accounts			152,659,702	133,877,357
	-	-	152,659,702	133,877,357
Other bank balances				
Margin money deposit (refer detail below)	-	15,967,139		
	-	15,967,139	-	-
Amount disclosed under non-current assets (refer note 11.2)	-	(15,967,139)	-	-
Total	-	-	152,659,702	133,877,357
Detail of margin money deposit				
Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.		
Margin moneys deposit against performance guarantees	-	15,967,139		
Total	-	15,967,139		

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2016****13. Revenue from operations**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	828,497,133	869,868,626
Total	828,497,133	869,868,626

14. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income	12,344	49,816
Provision for doubtful debts and advances (net)	-	60,113
Dividend income from subsidiary *	70,999,996	-
Total	71,012,340	109,929

* 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, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus including contribution to employee's benefits fund	9,963,660	6,576,693
Total	9,963,660	6,576,693

16. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	261,613	-
Travelling and conveyance	14,112,733	15,537,886
Insurance	706,384	1,102,326
Repair and maintenance	813,691	-
Provision for doubtful debts and advances (net)	226,067	-
Membership & Subscription Fees	208,963	-
Rent - premises	101,135	184,555
Rent - equipment	67,523	-
Communication costs	547,543	2,441,866
Printing and stationery	20,078	30,400
Advertising and sales promotion	1,914,947	4,930,706
Legal and professional expenses	772,840,506	796,472,591
Foreign exchange fluctuation (net)	326,532	10,309,854
Miscellaneous expenses	493,257	557,292
Total	792,640,972	831,567,476

17. Depreciation and amortization expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	33,538	32,655
Amortisation on intangible assets	14,977,876	6,340,754
Total	15,011,414	6,373,409

18. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	846,188	1,566,164
Total	846,188	1,566,164

19. Related Party Disclosures

(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	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	R Systems International Ltd., India R Systems, Inc., USA ECnet Ltd, Singapore R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Solutions, Inc., USA (merged into R SystemS, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited, India (ceased to be fellow subsidiary w.e.f. July 07, 2015)
	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	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 Raluca Marina Rusu, Director Bogdan Mihai Danila, Director (resigned on October 02, 2015) Michal Misiaszek, Director (resigned on January 30, 2015)

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2016

(ii) Details of transactions with related parties for period ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	December 31,	
	2016	2015
R Systems International Limited		
Services received	32,632,634	36,347,639
Amount payable	6,394,832	4,925,609
Computaris Romania S.R.L., Romania		
Services received	359,774,140	375,362,120
Amount Payable	50,677,254	71,613,143
Computaris USA Inc., USA		
Services received	107,774,332	104,975,853
Amount payable	13,864,103	27,361,214
Computaris Polska sp Zoo, Poland		
Services received	177,043,134	147,926,565
Amount payable	30,941,136	65,792,495
ICS Computairs International S.R.L., Moldova		
Services received	48,316,894	48,193,159
Amount payable	3,582,900	15,898,494
Computaris Malaysian Sdn. Bhd., Malaysia		
Services received	14,095,176	13,465,815
Amount payable	-	-
Computaris Philippines Pte. Ltd. Inc., Philippines		
Services rendered	18,248,703	-
Amount receivable	8,841,092	-

Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

Particulars	December 31,	
	2016	2015
Name of key management personnel		
Raluca Marina Rusu	7,933,375	6,560,513
Bogdan Mihai Danila	-	4,277,018
Total	7,933,375	10,837,531

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:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	101,135	184,555
Non-cancellable operating lease obligation		
Not later than one year	8,391	9,617
Later than one year but not later than five years	-	-
Later than five years	-	-

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2016

21. On August 07, 2015, the Company has entered into an Assets Purchase Agreement (APA) for acquisition of certain customer contracts and related intellectual property rights from the subsidiary of a leading European telecommunication company for a maximum consideration of Euro 700,000 on fulfilment of certain conditions. The aforesaid assets purchase was completed on October 1, 2015.

The management has assessed Euro 567,382 as the estimated purchase price for the aforesaid assets acquired basis the conditions specified in APA and accordingly recorded the following intangible assets.

	Amount in Euro	Amount in INR
Customer contracts	234,250	16,685,956
Intellectual Property Rights (Software)	333,132	23,729,376
Total consideration paid	567,382	40,415,332

The assets acquired are amortized on following basis :-

Intangible assets	Amortization period
Customer contracts	Over the period of contract
Intellectual Property Rights (Software)	3 years

22. On January 1, 2016, the Company changed its functional currency from Great Britain Pound (GBP) to Euro (EUR) due to majority of its customers being invoiced in the Euro. In addition to this, the majority of services provided by suppliers are also invoiced in the Euro resulting in the Euro being the main baking currency used by the Company.
23. The Company has no material deferred tax component as at December 31, 2016. Hence no deferred tax has been recorded in the books.
24. 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

**For and on behalf of the Board of Directors of
Computaris International Limited, UK**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Raluca Marina Rusu
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris Romania Srl, Romania
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	23,429	23,429
Reserves and surplus	4	85,675,435	93,576,448
Current liabilities			
Trade payables	5	7,560,506	3,161,816
Other current liabilities	5	7,689,634	6,096,869
Short-term provisions	6	6,856,649	2,971,981
Total		107,805,653	105,830,543
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	10,820,485	9,746,057
Intangible assets	8	3,804,249	3,168,268
Capital Work in progress		-	12,522
Deferred tax Asset	9	634,958	104,004
Other non-current assets	11.2	2,558,874	2,608,394
Current assets			
Trade receivables	11.1	65,422,596	71,975,056
Cash and bank balances	12	6,442,100	12,443,346
Short-term loans and advances	10	7,805,615	4,754,789
Other current assets	11.2	10,316,776	1,018,107
Total		107,805,653	105,830,543
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

For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Cristiana Iavorschi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Computaris Romania Srl, Romania			
Statement of Profit & Loss for the year ended December 31, 2016			
	Notes	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	13	407,351,300	377,732,938
Other income	14	133,431	988,516
Total revenue		407,484,731	378,721,454
Expenses			
Employee benefits expense	15	314,863,524	295,853,854
Operating and other expense	16	50,947,936	50,693,298
Depreciation and amortisation expense	17	12,397,588	8,449,462
Finance costs	18	508,484	541,346
Total expense		378,717,532	355,537,960
Profit / (Loss) before tax		28,767,199	23,183,494
Tax expense			
Current tax		5,651,726	4,618,262
Deferred tax charge / (credit)		(263,186)	(383,671)
Total tax expense		5,388,540	4,234,591
Profit / (Loss) for the year		23,378,659	18,948,903
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

For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Cristiana Iavorschi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Computaris Romania Srl, Romania
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	28,767,199	23,183,494
Adjustments for:		
Depreciation and amortisation expense	12,397,588	8,449,462
Unrealised foreign exchange (loss) / gain	(2,105,848)	(4,160,954)
Interest income	(29,780)	(57,893)
Profit on sale of Fixed Asset	(103,651)	(271,298)
Operating profit/(loss) before working capital changes	38,925,508	27,142,811
Movements in working capital :		
(Increase) / Decrease in trade receivables	6,552,460	(11,053,668)
(Increase) / Decrease in other current assets	(9,298,669)	(1,018,107)
(Increase) / Decrease in loans and advances	(3,050,826)	916,892
Increase / (Decrease) in short-term and long-term provision	996,521	797,838
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	5,991,455	(2,763,924)
Cash generated from operations	40,116,449	14,021,842
Direct taxes paid, net of refunds	(2,763,579)	(4,618,262)
Net cash flow from operating activities (A)	37,352,870	9,403,580
B. Cash flows used in investing activities		
Purchase of fixed assets	(13,701,404)	(12,639,173)
Proceeds from sale of fixed assets	103,651	271,298
Interest received	29,780	57,893
(Increase) / Decrease in non-current bank balances	49,520	163,543
Net cash used in investing activities (B)	(13,518,453)	(12,146,439)
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 (A + B + C)	(6,001,246)	(2,742,859)
Cash and cash equivalents at the beginning of the year	12,443,346	15,186,205
Cash and cash equivalents at the end of the year	6,442,100	12,443,346

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

For and on behalf of the Board of Directors of
Computaris Romania Srl.,Romania

Sd/-
Cristiana Iavorschi
[Director]

Place : Romania
Date : February 10, 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 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>
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 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 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 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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were RON 1= Rs. 16.02. For translating assets and liabilities at the year-end, the rates used were RON 1= Rs. 16.01.

(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.

3. Share capital

Particulars	As at	
	December 31, 2016 Rs.	December 31, 2015 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, 2016		December 31, 2015	
	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

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	90,052,645	71,103,742
Add: Profit for the current year	23,378,659	18,948,903
Less: Dividend appropriation	29,835,663	-
Net surplus in the statement of profit and loss	83,595,641	90,052,645
Foreign currency translation reserve		
Balance as per last financial statement	139,000	4,827,016
Add: Current year translation differences	(1,444,009)	(4,688,016)
Closing balance	(1,305,009)	139,000
Capital Reserve	3,384,803	3,384,803
Total	85,675,435	93,576,448

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	7,560,506	3,161,816
Sub total (A)	7,560,506	3,161,816
Other liabilities		
Unearned revenue	7,006	7,046
Other payables	7,682,628	6,089,823
Sub total (B)	7,689,634	6,096,869
Total (A+B)	15,250,140	9,258,685

6. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	3,968,502	2,971,981
Sub total (A)	3,968,502	2,971,981
Other provision		
Income tax	2,888,147	-
Sub total (B)	2,888,147	-
Total	6,856,649	2,971,981

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
	01-Jan-16	During the year			31-Dec-16	01-Jan-16	During the year			31-Dec-16	31-Dec-16	31-Dec-15
Leasehold Improvement	1,774,545	248,265	-	246,122	1,776,688	1,774,545	3,114	-	246,283	1,531,376	245,312	-
Computer hardware	37,622,511	7,767,268	29,322,372	714,247	15,353,160	28,229,221	7,964,318	29,322,372	946,581	5,924,586	9,428,574	9,393,290
Furniture & fixtures	1,515,951	830,692	-	803,438	1,543,205	1,163,184	117,134	-	802,780	477,538	1,065,667	352,767
Office & electrical equipments	1,015,160	82,661	171,605	19,273	906,943	1,015,160	1,822	171,605	19,366	826,011	80,932	-
SUB TOTAL	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
Previous year	43,902,430	8,628,653	8,012,681	2,590,235	41,928,167	35,647,384	6,653,091	8,012,681	2,105,684	32,182,110	9,746,057	8,255,046

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
	01-Jan-16	During the year			31-Dec-16	01-Jan-16	During the year			31-Dec-16	31-Dec-16	31-Dec-15
Computer Software	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
Total	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
Previous year	14,820,531	3,997,998	2,329,619	874,410	15,614,500	13,793,997	1,796,371	2,329,619	814,517	12,446,232	3,168,268	1,026,534

9. Deferred tax Asset (net)

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Deferred tax assets		
Timing differences for deferred tax assets component	634,958	104,004
Deferred tax Asset	634,958	104,004

10. Short term loans and advances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	3,835,526	1,677,202
Unsecured, considered doubtful	97,144	99,024
	3,932,670	1,776,226
Provision for doubtful advances	97,144	99,024
Sub total (A)	3,835,526	1,677,202
Other loans and advances		
VAT receivable	3,946,368	2,789,401
Other receivable	23,721	288,186
Sub total (B)	3,970,089	3,077,587
Total (A+B)	7,805,615	4,754,789

11. Trade receivables

11.1 Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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	65,422,596	71,975,056
Total (B)	65,422,596	71,975,056
Total (A+B)	65,422,596	71,975,056

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management		
Computaris International Limited	50,449,626	71,975,056
Computaris Polska sp z o.o., Poland	7,228,025	-
Computaris USA Inc.	23,721	-

11.2 Other current assets

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 12)	2,558,874	2,608,394	-	-
Unbilled revenue	-	-	10,316,776	1,018,107
Total	2,558,874	2,608,394	10,316,776	1,018,107

12. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents				
Cash on hand			231,535	200,467
Balance with other banks				
On current accounts			2,656,533	4,621,592
On deposit accounts with original maturity of less than 3 months			3,554,032	7,621,287
			6,442,100	12,443,346
Other bank balances				
Margin money deposit (refer detail below)	2,558,874	2,608,394	-	-
	2,558,874	2,608,394	-	-
Amount disclosed under non-current assets (refer note 11.2)	(2,558,874)	(2,608,394)	-	-
Total	-	-	6,442,100	12,443,346

Detail of margin money deposit

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Margin moneys deposit against performance guarantees	2,558,874	2,608,394
Total	2,558,874	2,608,394

13. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	407,351,300	377,732,938
Total	407,351,300	377,732,938

14. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income	29,780	57,893
Profit on Sale of Assets	103,651	271,298
Foreign exchange fluctuation (net)	-	556,323
Miscellaneous income	-	103,002
Total	133,431	988,516

15. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	312,729,282	293,521,584
Staff welfare expenses	2,134,242	2,332,270
Total	314,863,524	295,853,854

16. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	4,247,648	3,594,007
Travelling and conveyance	5,025,745	5,981,383
Insurance	325,579	206,597
Repair and maintenance	2,584,706	2,341,466
Membership & Subscription Fees	12,273	71,445
Rent - premises	16,010,574	15,231,762
Power and fuel	512,906	864,577
Communication costs	3,252,161	3,054,423
Printing and stationery	3,236,493	1,616,702
Advertising and sales promotion	6,650,227	5,705,039
Legal and professional expenses	5,758,424	8,926,845
Foreign exchange fluctuation (net)	736,805	-
Security expenses	65,589	63,435
Miscellaneous expenses	2,528,806	3,035,617
Total	50,947,936	50,693,298

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	8,086,388	6,653,091
Amortisation on intangible assets	4,311,200	1,796,371
Total	12,397,588	8,449,462

18. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	508,484	541,346
Total	508,484	541,346

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)
Fellow subsidiaries	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
Other related parties	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Solutions, Inc., USA (merged into R Systems, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) R Systems Product & Technologies Private Limited, India (ceased to be fellow subsidiary w.e.f. July 07, 2015) 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

Wholly owned subsidiary of R Systems (Singapore) Pte Limited, Singapore.	IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, 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 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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(ii) Details of transactions with related parties for period ended December 31, 2016 and December 31, 2015 (Amount in Rs.)

Particulars	December 31,	
	2016	2015
Computaris International Limited		
Services rendered	358,880,575	377,139,514
Account Receivables	50,449,626	71,975,056
Computaris Polska sp z o.o., Poland		
Services rendered	11,034,585	-
Account Receivables	7,228,025	-
Computaris USA Inc.		
Services rendered	2,236	-
Account Receivables	23,721	-

Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

Particulars	December 31,	
	2016	2015
Name of key management personnel		
Cristiana Iavorschi	4,359,597	3,767,012
Total	4,359,597	3,767,012

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:

	Period ended December 31, 2016 Rs.	Period ended December 31, 2015 Rs.
Lease payments for the year	16,010,574	15,231,762
Non-cancellable operating lease obligation		
Not later than one year	6,604,861	13,568,150
Later than one year but not later than five years	5,772,768	5,194,412
Later than five years	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

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

**For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Cristiana Iavorschi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris Polska Sp z o.o., Poland
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	804,450	804,450
Reserves and surplus	4	(1,949,996)	25,791,857
Current liabilities			
Trade payables	6	72,305,412	67,558,951
Other current liabilities	6	28,057,559	14,059,555
Short-term provisions	5	3,632,151	3,713,569
Total		102,849,576	111,928,382
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	3,244,268	3,273,980
Intangible assets	8	70,253	-
Deferred tax assets (net)	10	1,796,093	1,629,839
Long-term loans and advances	9	3,308,599	3,762,448
Current assets			
Trade receivables	11.1	38,644,716	72,563,259
Cash and bank balances	12	27,300,433	20,464,253
Short-term loans and advances	9	13,874,739	6,164,052
Other current assets	11.2	14,610,475	4,070,551
Total		102,849,576	111,928,382
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

For and on behalf of the Board of Directors of
Computaris Polska, Sp z o.o., Poland

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Dariusz Górczyński
[Director]

Sd/-
Monika Borkowska
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Poland
Date : February 10, 2017

Place : Poland
Date : February 10, 2017

Computaris Polska Sp z o.o., Poland			
Statement of Profit and Loss for the period ended December 31, 2016			
	Notes	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	13	234,767,714	213,283,104
Other income	14	1,898,834	1,740,465
Total revenue		236,666,548	215,023,569
Expenses			
Employee benefits expense	15	164,170,801	143,260,293
Operational and other expenses	16	67,232,678	60,913,735
Depreciation expense	17	2,043,597	2,259,419
Finance costs	18	230,250	241,954
Total expenses		233,677,326	206,675,401
Profit / (loss) before tax		2,989,222	8,348,168
Tax expense			
Current tax		1,760,825	3,779,411
Deferred tax charge (net)		(254,806)	(1,694,900)
Total tax expense		1,506,019	2,084,511
Profit / (loss) for the year		1,483,203	6,263,657
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

For and on behalf of the Board of Directors of
Computaris Polska, Sp z o.o., Poland

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Dariusz Górczyński
[Director]

Sd/-
Monika Borkowska
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Poland
Date : February 10, 2017

Place : Poland
Date : February 10, 2017

Computaris Polska Sp z o.o., Poland
Cash Flow Statement for the period ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	2,989,222	8,348,168
Adjustments for:		
Depreciation and amortisation expense	2,043,597	2,259,419
Profit on sale / discard of fixed assets (net)	-	(13,991)
Debts and advances provided / written off (net)	-	-
Provision for impairment in value of investment		
Unrealised foreign exchange (loss) / gain	333,801	(869,776)
Interest income	-	(1,872)
Operating profit/(loss) before working capital changes	5,366,620	9,721,948
Movements in working capital :		
(Increase) / Decrease in trade receivables	33,918,543	(1,817,148)
(Increase) / Decrease in other current assets and non-current assets	(10,539,924)	13,048,135
(Increase) / Decrease in loans and advances	(7,601,990)	(451,137)
Increase / (Decrease) in short-term and long-term provision	(81,418)	(222,074)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	18,744,465	(8,788,973)
Cash generated from operations	39,806,296	11,490,751
Direct taxes paid, net of refunds	(1,415,673)	(5,180,353)
Net cash flow from operating activities (A)	38,390,623	6,310,398
B. Cash flows used in investing activities		
Investment in Private company		
Purchase of fixed assets	(2,230,542)	(2,359,072)
Proceeds from sale of fixed assets	99,345	413,580
Interest received	-	1,872
Net cash used in investing activities (B)	(2,131,197)	(1,943,620)
C. Cash flows used in financing activities		
Dividend paid	(29,423,246)	-
Net cash used in financing activities (C)	(29,423,246)	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	6,836,180	4,366,778
Cash and cash equivalents at the beginning of the year	20,464,253	16,097,475
Cash and cash equivalents at the end of the year	27,300,433	20,464,253

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

For and on behalf of the Board of Directors of
Computaris Polska, Sp z o.o., Poland

Sd/-
Dariusz Górczyński
[Director]

Sd/-
Monika Borkowska
[Director]

Place : Poland
Date : February 10, 2017

Place : Poland
Date : February 10, 2017

1. Company Overview

Computaris Polska, sp zo.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 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. 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.

(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 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 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.

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, 2016, the rates used were Polish zloty 1= Rs. 17.02. For translating assets and liabilities at the year-end, the rates used were Polish zloty 1= Rs. 16.97.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, 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.

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.

3. Share capital

Particulars	As at	
	December 31, 2016	December 31, 2015
	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, 2016		December 31, 2015	
	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, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	8,055,799	1,792,142
Add: Profit / (loss) for the current year	1,483,203	6,263,657
Less: Dividend appropriation	29,423,246	-
Total	(19,884,244)	8,055,799
Foreign currency translation reserve		
Balance as per last financial statement	1,466,684	2,500,589
Add: Current year translation differences	198,190	(1,033,905)
Closing balance	1,664,874	1,466,684
Capital Reserve	16,269,374	16,269,374
Total	(1,949,996)	25,791,857

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.

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits	3,632,151	3,713,569
Total	3,632,151	3,713,569

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	72,305,412	67,558,951
Sub total (A)	72,305,412	67,558,951
Other liabilities		
Payable to Related Parties		
Computaris Romania srl, Romania	7,252,766	-
Computaris International Limited, UK	3,271,903	-
Unearned revenue	5,229,586	4,697,275
Withholding tax payable	1,252,882	954,439
Others payables	11,050,422	8,407,841
Sub total (B)	28,057,559	14,059,555
Total (A+B)	100,362,971	81,618,506

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
	1.1.2016	During the year			31.12.2016	1.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Building- leasehold	392,559	-	-	18,186	374,373	49,100	98,635	-	7,325	140,410	233,963	343,459
Computer hardware	10,684,271	2,141,795	266,921	494,981	12,064,164	7,987,287	1,846,738	167,576	464,576	9,201,873	2,862,291	2,696,984
Furniture & fixtures	1,017,485	-	-	47,138	970,347	911,057	23,771	-	43,423	891,405	78,942	106,428
Office & electrical equipments	1,047,328	-	-	48,521	998,807	920,219	54,962	-	45,446	929,735	69,072	127,109
Total	13,141,643	2,141,795	266,921	608,826	14,407,691	9,867,663	2,024,106	167,576	560,770	11,163,423	3,244,268	3,273,980
Previous year	12,629,709	2,359,072	1,247,951	599,187	13,141,643	9,069,166	2,259,419	1,023,355	437,567	9,867,663	3,273,980	3,560,543

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
	1.1.2016	During the year			31.12.2016	1.1.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Computer Software	950,306	88,747	-	87,022	952,031	950,306	19,491	-	88,019	881,778	70,253	-
Total	950,306	88,747	-	87,022	952,031	950,306	19,491	-	88,019	881,778	70,253	-
Previous year	1,089,669	-	-	139,363	950,306	1,089,669	-	-	139,363	950,306	-	-

9. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	2,957,430	2,557,522
Sub total (A)	-	-	2,957,430	2,557,522
Security deposit				
Unsecured, considered good	2,237,548	2,346,245	-	-
Sub total (B)	2,237,548	2,346,245	-	-
Other loans & advances				
Advance Income Tax	1,071,051	1,416,203	-	-
VAT receivable	-	-	10,917,309	3,606,530
Sub total (C)	1,071,051	1,416,203	10,917,309	3,606,530
Total (A+B+C)	3,308,599	3,762,448	13,874,739	6,164,052

10 Deferred tax assets (net)

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Deferred tax assets		
Timing differences for deferred tax assets component	4,456,101	2,290,071
Gross deferred tax assets	4,456,101	2,290,071
Deferred tax liability		
Timing differences for deferred tax liability component	2,660,008	660,232
Gross deferred tax liability	2,660,008	660,232
Deferred tax assets (net)	1,796,093	1,629,839

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Sub total (A)	-	-
Other receivables		
Unsecured, considered good	38,644,716	72,563,259
Sub total (B)	38,644,716	72,563,259
Total (A+B)	38,644,716	72,563,259

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management Computaris International Limited	30,907,586	65,823,974

11.2 Other current assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenue	14,610,475	4,070,551
Total	14,610,475	4,070,551

12. Cash and bank balances

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash on hand	29,561	28,265
Balances with others banks:		
On current Account	27,270,872	20,435,988
Total	27,300,433	20,464,253

13. Revenue from operation

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	234,767,714	213,283,104
Total	234,767,714	213,283,104

14. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income	-	1,872
Profit on sale of assets	-	13,991
Foreign exchange fluctuation (net)	-	470,920
Miscellaneous income	1,898,834	1,253,682
Total	1,898,834	1,740,465

15. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	162,814,678	141,641,204
Staff welfare expenses	1,356,123	1,619,089
Total	164,170,801	143,260,293

16. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	1,797,130	2,121,549
Travelling and conveyance	10,457,922	9,055,293
Insurance	288,127	292,625
Repair and maintenance	2,629,317	2,731,667
Rent - premises	10,541,090	7,222,232
Rent - equipment	42,974	23,829
Power and fuel	632,104	584,552
Communication costs	1,872,146	1,779,426
Printing and stationery	1,011,550	848,463
Advertising and sales promotion	1,210,337	801,825
Legal and professional expenses (including contract cost)	34,394,877	34,550,416
Foreign exchange fluctuation (net)	1,758,386	-
Rates and taxes	188,708	376,045
Security expenses	188,623	152,185
Miscellaneous expenses	219,387	373,628
Total	67,232,678	60,913,735

17. Depreciation expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	2,024,106	2,259,419
Amortisation on intangible assets	19,491	-
Total	2,043,597	2,259,419

18. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	230,250	241,954
Total	230,250	241,954

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)
Fellow Subsidiaries	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	R Systems International Limited, India R Systems, Inc., USA R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Solutions, Inc., USA (merged into R Systems, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée, 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
Wholly Owned Subsidiary 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	Dariusz Górczyński, Director Monika Borkowska, Director

(ii) Details of transactions with related parties for the period ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	December 31,	
	2016	2015
Computaris International Limited		
Services rendered	177,209,302	147,472,327
Amount receivable	30,907,586	65,823,974
Amount payable	3,271,903	-
Computaris Romania S.R.L., Romania		
Services received	11,073,178	-
Amount payable	7,252,766	-

Remuneration to key management personnel	2016	2015
Dariusz Górczyński	5,816,518	6,107,907
Monika Borkowska	2,957,953	2,701,136
Total	8,774,471	8,809,043
Other Payments		
Monika Borkowska	6,480	33,702
Total	6,480	33,702

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:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	10,069,404	6,751,431
Minimum Lease Payments:		
Not later than one year	6,411,602	2,693,449
Later than one year but not later than five years	11,877,314	21,475,071
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.

21. The Company has total accumulated losses of Rs. 1,949,996 as at 31 December, 2016, and as at that date Company's total liabilities exceeded its total assets by Rs. 1,145,546. 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

**For and on behalf of the Board of Directors of
Computaris Polska, Sp z o.o., Poland**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Dariusz Górczyński
[Director]

Sd/-
Monika Borkowska
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Poland
Date : February 10, 2017

Place : Poland
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,

The Members of ICS Computaris International S.R.L, Moldova, Moldova

Report on the Financial Statements

We have audited the accompanying financial statements of ICS Computaris International S.R.L, Moldova, Moldova (“the Company”), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

ICS Computaris International Srl, Moldova
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	20,693	20,693
Reserves and surplus	4	16,911,042	29,526,953
Current liabilities			
Trade payables	6	212,956	284,620
Short-term provisions	5	911,000	994,648
Total		18,055,691	30,826,914
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	1,055,803	1,176,182
Intangible assets	8	246,970	705,047
Long-term loans and advances	9	-	647,384
Other non-current assets	10.2	540,282	536,943
Current assets			
Trade receivables	10.1	3,549,126	15,956,791
Cash and bank balances	11	2,098,306	2,670,933
Short-term loans and advances	9	10,565,204	9,133,634
Total		18,055,691	30,826,914
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

For and on behalf of the Board of Directors of
ICS Computaris International Srl, Moldova

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Gurghis Calin
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Moldova
Date : February 10, 2017

ICS Computaris International Srl, Moldova			
Profit and Loss Account for the year ended December 31, 2016			
	Notes	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	12	48,302,981	48,741,062
Other income	13	-	2,185,729
Total revenue		48,302,981	50,926,791
Expenses			
Employee benefits expense	14	33,712,735	32,964,304
Operational and other expense	15	13,455,380	18,695,631
Depreciation and amortisation expense	16	1,770,469	1,119,409
Finance costs	17	108,493	194,333
Total expenses		49,047,077	52,973,677
Profit / (Loss) before tax		(744,096)	(2,046,886)
Tax expense			
Current tax		805,188	266,545
Total tax expense		805,188	266,545
Profit/ (Loss) for the year		(1,549,284)	(2,313,431)
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
Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ICS Computaris International Srl, Moldova

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Gurghis Calin
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Moldova
Date : February 10, 2017

ICS Computaris International Srl, Moldova
Cash Flow Statement for the period ended December 31, 2016

	For the year ended December 31, 2016	For the year ended December 31, 2015
	Rs.	Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	(744,096)	(2,046,886)
Adjustments for:		
Depreciation and amortisation expense	1,770,469	1,119,409
Unrealised foreign exchange (loss) / gain	131,093	(5,931,087)
Operating profit/(loss) before working capital changes	1,157,466	(6,858,564)
Movements in working capital :		
(Increase) / Decrease in Trade Receivables	12,407,665	5,452,115
(Increase) / Decrease in loans and advances	(1,431,571)	1,554,889
Increase / (Decrease) in short-term and long-term provision	(83,648)	(256,725)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(71,664)	92,610
Cash generated from operations	11,978,248	(15,675)
Direct taxes paid, net of refunds	(157,804)	(913,929)
Net cash flow from operating activities (A)	11,820,444	(929,604)
B. Cash flows used in investing activities		
Purchase of fixed assets	(1,188,165)	(1,342,172)
Net cash used in investing activities (B)	(1,195,861)	(1,342,173)
C. Cash flows used in financing activities		
Dividend paid	(11,193,870)	-
(Increase) / Decrease in other non-current assets	(3,339)	105,894
Net cash used in financing activities (C)	(11,197,209)	105,894
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(572,626)	(2,165,882)
Cash and cash equivalents at the beginning of the year	2,670,932	4,836,814
Cash and cash equivalents at the end of the year	2,098,306	2,670,932

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

**For and on behalf of the Board of Directors of
ICS Computaris International Srl, Moldova**

Sd/-
Gurghis Calin
[Director]

Place : Moldova
Date : February 10, 2017

1. Company Overview

ICS Computaris International S.R.L, Moldova (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 Republic of Moldova on February 28, 2008 having its registered office is Vlaicu Pircalab Street, No 63, Et.8, oficiu B, MD-2012, Sky Tower Business Center Chisinau, Republica Moldova.

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 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

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.	3 years
Furniture and fittings	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 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 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 Moldovan Leu (MDL) 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 MDL 1= Rs. 3.38. For translating assets and liabilities at the year-end, the rates used were MDL 1= Rs. 3.40.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were MDL 1= Rs. 3.44. For translating assets and liabilities at the year-end, the rates used were MDL 1= Rs. 3.38.

(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.

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	Rs.	Rs.
Authorised shares		
1 Shares (Previous year 1 share) of no par value	-	-
Issued, subscribed and paid up capital		
1 Shares (Previous year 1 share) of no par value	20,693	20,693
Total	20,693	20,693

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

Particulars	As at		As at	
	December 31, 2016		December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1	20,693	1	20,693
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1	20,693	1	20,693

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	34,236,434	36,549,865
Add: Profit / (Loss) for the current year	(1,549,284)	(2,313,431)
Less: Dividend appropriation	11,193,870	-
Net surplus in the statement of profit and loss	21,493,280	34,236,434
Foreign currency translation reserve		
Balance as per last financial statement	(7,981,534)	(1,747,147)
Add: Current year translation differences	127,243	(6,234,387)
Closing balance	(7,854,291)	(7,981,534)
Capital Reserve	3,272,053	3,272,053
Total	16,911,042	29,526,953

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	911,000	994,435
Sub total (A)	911,000	994,435
Other provision		
ESI Payable	-	213
Sub total (A)	-	213
Total	911,000	994,648

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	212,956	284,620
Total	212,956	284,620

Schedule 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
	1.1.2016		During the year		31.12.2016	1.1.2016		During the year		31.12.2016	31.12.2016	31.12.2015
Computer hardware	3,646,272	534,825	-	(22,674)	4,203,771	2,621,971	537,274	-	(18,687)	3,177,932	1,025,839	1,024,301
Furniture & fixtures	964,775	-	-	(6,000)	970,775	829,624	106,416	-	(5,630)	941,670	29,105	135,151
Office & electrical equipments	234,239	-	-	(1,456)	235,695	217,509	15,903	-	(1,424)	234,836	859	16,730
Total	4,845,286	534,825	-	(30,130)	5,410,241	3,669,104	659,593	-	(25,741)	4,354,438	1,055,803	1,176,182
Previous year	5,539,509	413,321	-	(1,107,544)	4,845,286	3,741,464	752,341	-	(824,701)	3,669,104	1,176,182	1,798,045

Schedule 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
	1.1.2016		During the year		31.12.2016	1.1.2016		During the year		31.12.2016	31.12.2016	31.12.2015
Computer Software	2,387,941	653,340	-	(14,850)	3,056,131	1,682,894	1,110,876	-	(15,391)	2,809,161	246,970	705,047
Total	2,387,941	653,340	-	(14,850)	3,056,131	1,682,894	1,110,876	-	(15,391)	2,809,161	246,970	705,047
Previous year	1,746,847	928,851	-	(287,757)	2,387,941	1,583,126	367,068	-	(267,300)	1,682,894	705,047	163,721

ICS Computaris International Srl, Moldova
Notes to Financial Statements for the year ended December 31, 2016

9. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	1,037,341	1,681,993
Sub total (A)	-	-	1,037,341	1,681,993
Other loans and advances				
VAT receivable	-	-	8,129,093	6,415,800
Other recoverables	-	-	1,398,770	1,035,841
Advance income taxes	-	647,384	-	-
Sub total (B)	-	647,384	9,527,863	7,451,641
Total (A+B)	-	647,384	10,565,204	9,133,634

10. Trade receivables and other current assets

10.1 Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	3,549,126	15,956,791
Sub Total (B)	3,549,126	15,956,791
Total (A+B)	3,549,126	15,956,791

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management Computaris International Limited	3,549,126	15,956,791

10.2 Other non-current assets

Particulars	Non-Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 11)	540,282	536,943
Total	540,282	536,943

11. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalent				
Balance with other banks:				
On current accounts			2,098,306	2,670,933
			2,098,306	2,670,933
Margin money deposit (refer detail below)	540,282	536,943		
	540,282	536,943	-	-
Amount disclosed under non-current assets (refer note 10)	(540,282)	(536,943)	-	-
Total	-	-	2,098,306	2,670,933

Detail of margin money deposit

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Margin moneys deposit against performance guarantee	540,282	536,943
Total	540,282	536,943

12. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Sale of services	48,302,981	48,741,062
Total	48,302,981	48,741,062

13. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Foreign exchange fluctuation (net)	-	1,456,835
Miscellaneous income	-	728,894
Total	-	2,185,729

14. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Salaries, wages and bonus	29,904,830	29,562,881
Contribution to employee's benefits fund	3,807,905	3,401,423
Total	33,712,735	32,964,304

15. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Recruitment and training expenses	648,055	764,133
Travelling and conveyance	3,725,370	9,804,897
Rent - premises	5,490,802	5,542,730
Communication costs	714,006	708,139
Legal and professional expenses	272,338	382,622
Foreign exchange fluctuation (net)	639,130	-
Miscellaneous expenses	1,965,679	1,493,110
Total	13,455,380	18,695,631

16. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Depreciation on tangible assets	659,593	752,341
Amortisation on intangible assets	1,110,876	367,068
Total	1,770,469	1,119,409

17. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Bank charges	108,493	194,333
Total	108,493	194,333

18. 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)
Fellow Subsidiaries	Computairs Romania S.R.L.,Romania Computaris Polska sp Zoo, Poland Computaris USA, LLC Computaris Malaysian SDN.BHD., Malaysia Computaris Philippines Pte. Ltd. Inc., Philippines
Other Subsidiaries in Group	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Solutions, Inc., USA (merged into R Systems, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada) ECnet Ltd, Singapore R Systems Product & Technologies Private Limited, India (ceased to be related party w.e.f. July 07, 2015)

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.	IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, 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 Service Limited. (IBIZ HK), Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd. (100% by IBIZ HK), People's Republic of China.

Key Management Personnel	Gurghis Calin, Director
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(ii) Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	December 31,	
	2016	2015
Computaris International Limited		
Services rendered	48,302,981	48,741,062
Amount Receivables	3,549,126	15,956,791

Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

Particulars	December 31,	
	2016	2015
Name of key management personnel		
Gurghis Calin	774,630	723,730
Total	774,630	723,730

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:

	December 31,	
	2016	2015
Lease payments for the year	5,490,802	5,542,730
Non-cancellable operating lease obligation		
Not later than one year	1,384,564	5,558,182
Later than one year but not later than five years	-	1,492,334
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

20. The Company has no material deferred tax component as at December 31, 2016. Hence no deferred tax has been recorded in the books.

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

**For and on behalf of the Board of Directors of
ICS Computaris International S.R.L, Moldova**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Gurghis Calin
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Moldova
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris Malaysia Sdn. Bhd., Malaysia
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,930	14,930
Reserves and surplus	4	1,740,428	1,119,394
Current liabilities			
Trade payables	6	231,780	244,236
Short-term provisions	5	223,812	129,430
Total		2,210,950	1,507,990
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	185,998	355,503
Intangible assets	8	-	-
Long-term loans and advances	9	165,730	300,489
Current assets			
Cash and bank balances	10	1,843,300	833,758
Short-term loans and advances	9	15,922	18,240
Total		2,210,950	1,507,990
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

For and on behalf of the Board of Directors of
Computaris Malaysia Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Tham Kok Kee
[Director]

Sd/-
Yeo Chun Lan
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

Computaris Malaysia Sdn. Bhd., Malaysia			
Profit and Loss Account for the period ended December 31, 2016			
	Notes	For the period ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	11	13,896,428	13,173,551
Other income	12	-	129,812
Total revenue		13,896,428	13,303,363
Expenses			
Employee benefits expense	13	9,279,281	8,439,462
Operational and other expense	14	3,359,496	4,182,237
Depreciation and amortisation expense	15	174,114	101,591
Finance costs	16	1,705	1,929
Total expenses		12,814,596	12,725,219
Profit/(Loss) before tax		1,081,832	578,144
Tax expense			
Current tax		391,708	150,862
Total tax expense		391,708	150,862
Profit/(Loss) for the year		690,124	427,282
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

For and on behalf of the Board of Directors of
Computaris Malaysia Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Tham Kok Kee
[Director]

Sd/-
Yeo Chun Lan
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

Computaris Malaysia Sdn. Bhd., Malaysia
Cash Flow Statement for the period ended December 31, 2016

	For the year ended December 31, 2016	For the year ended December 31, 2015
	Rs.	Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	1,081,832	578,144
Adjustments for:		
Depreciation and amortisation expense	174,114	101,591
Unrealised foreign exchange (loss) / gain	(73,699)	(151,674)
Operating profit/(loss) before working capital changes	1,182,247	528,061
Movements in working capital :		
(Increase) / Decrease in loans and advances	5,699	9,954
Increase / (Decrease) in short-term and long-term provision	(19,236)	36,376
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(12,456)	3,266
Cash generated from operations	1,156,254	577,657
Direct taxes paid, net of refunds	(146,712)	(246,004)
Net cash flow from operating activities (A)	1,009,542	331,653
B. Cash flows used in investing activities		
Purchase of fixed assets	-	(407,256)
Net cash used in investing activities (B)	-	(407,256)
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)	1,009,542	(75,603)
Cash and cash equivalents at the beginning of the year	833,758	909,361
Cash and cash equivalents at the end of the year	1,843,300	833,758

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

For and on behalf of the Board of Directors of
Computaris Malaysia Sdn. Bhd., Malaysia

Sd/-
Tham Kok Kee
[Director]

Place : Malaysia
Date : February 10, 2017

Sd/-
Yeo Chun Lan
[Director]

Place : Malaysia
Date : February 10, 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 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>
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 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 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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were MYR 1= Rs.16.48. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 15.46.

(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.

3. Share capital

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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 December 31, 2016		As at December 31, 2015	
	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

Comptaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Balance as per last financial statement	1,148,677	721,395
Add: Profit for the current year	690,124	427,282
Net surplus in the statement of profit and loss	1,838,801	1,148,677
Foreign currency translation reserve		
Balance as per last financial statement	(29,283)	123,555
Add: Current year translation differences	(69,090)	(152,838)
Closing balance	(98,373)	(29,283)
Total	1,740,428	1,119,394

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2016

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	110,194	129,430
Sub total (A)	110,194	129,430
Other provision		
Income tax	113,618	-
Sub total (B)	113,618	-
Total	223,812	129,430

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	231,780	244,236
Total	231,780	244,236

Schedule 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
	1.1.2016		During the year		31.12.2016	1.1.2016		During the year		31.12.2016	31.12.2016	31.12.2015
Computer hardware	451,853	-	-	9,033	442,820	109,257	160,552	-	12,987	256,822	185,998	342,596
Office equipments	75,450	-	-	1,508	73,942	62,543	13,562	-	2,163	73,942	-	12,907
Total	527,303	-	-	10,541	516,762	171,800	174,114	-	15,150	330,764	185,998	355,503
Previous year	140,704	407,256	-	20,657	527,303	100,047	92,179	-	20,426	171,800	355,503	40,657

Schedule 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
	1.1.2016		During the year		31.12.2016	1.1.2016		During the year		31.12.2016	31.12.2016	31.12.2015
Computer Software	58,864	-	-	1,177	57,687	58,864	-	-	1,177	57,687	-	-
Total	58,864	-	-	1,177	57,687	58,864	-	-	1,177	57,687	-	-
Previous Year	68,993	-	-	10,129	58,864	58,648	9,412	-	9,196	58,864	-	10,345

9. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2013 Rs.	As at December 31, 2012 Rs.
Security deposit				
Unsecured, considered good	165,730	169,111	-	-
Total (A)	165,730	169,111	-	-
Other loans and advances				
Advance income taxes	-	131,378	-	-
Advance VAT	-	-	15,922	18,240
Sub total (B)	-	131,378	15,922	18,240
Total (A+B)	165,730	300,489	15,922	18,240

Computaris Malaysia Sdn. Bhd., Malaysia

Notes to Financial Statements for the year ended December 31, 2016

10. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balance with other banks		
On current accounts	1,843,300	833,758
Total	1,843,300	833,758

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2016

11. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	13,896,428	13,173,551
Total	13,896,428	13,173,551

12. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Foreign exchange fluctuation (net)	-	80,442
Miscellaneous Income	-	49,370
Total	-	129,812

13. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	7,985,769	7,471,093
Contribution to employee's benefits fund	969,533	898,394
Staff welfare expenses	323,979	69,975
Total	9,279,281	8,439,462

14. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Recruitment and training expenses	8,446	8,209
Travelling and conveyance	1,368,730	2,177,503
Insurance	19,978	187,769
Repair and maintenance	2,436	2,456
Membership & Subscription Fees	15,966	14,869
Rent - premises	584,712	502,762
Communication costs	278,583	254,397
Printing and stationery	31,006	28,254
Advertising and sales promotion	9,550	15,495
Legal and professional expenses	782,312	790,787
Foreign exchange fluctuation (net)	30,307	-
Miscellaneous expenses	227,470	199,736
Total	3,359,496	4,182,237

15. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	174,114	101,591
Amortisation on intangible assets	-	-
Total	174,114	101,591

16. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Bank charges	1,705	1,929
Total	1,705	1,929

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)
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	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be related party w.e.f. July 07, 2015) R Systems Solutions, Inc., USA (merged into R Systems, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, 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

Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, 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 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
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(ii) Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

Particulars	(Amount in Rs.)	
	December 31,	
	2016	2015
Computaris International Limited		
Services rendered	13,896,428	13,173,551
Accounts receivable	-	-

Remuneration to key management personnel	2016	2015
Tham Kok Kee	3,422,709	4,158,762
Yeo Chun Lan	1,244,137	1,186,848
Total	4,666,846	5,345,610

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:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	584,712	502,762
Non-cancellable operating lease obligation		
Not later than one year	136,434	139,122
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, 2016. 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

**For and on behalf of the Board of Directors of
 Computaris Malaysia Sdn. Bhd., Malaysia**

Sd/-
 CA. S.K. RELAN
 Membership No. 12149

Sd/-
 Tham Kok Kee
 [Director]

Sd/-
 Yeo Chun Lan
 [Director]

Place : New Delhi
 Date : February 10, 2017

Place : Malaysia
 Date : February 10, 2017

Place : Malaysia
 Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris USA, Inc., USA			
Balance Sheet as at December 31, 2016			
	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,558	4,558
Reserves and surplus	4	14,455,723	13,708,766
Non-current liabilities			
Deferred tax liabilities (net)		104,605	245,501
Current liabilities			
Trade payables	6	743,100	5,901,887
Other current liabilities	6	38,141,654	33,069,177
Short-term provisions	5	224,696	1,802,657
Total		53,674,336	54,732,546
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	291,806	1,017,728
Current assets			
Trade receivables	8.1	18,129,115	38,092,049
Cash and bank balances	9	34,176,396	12,446,336
Short-term loans and advances	10	70,099	417,769
Other current assets	8.2	1,006,920	2,758,664
Total		53,674,336	54,732,546
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Computaris USA, Inc., USA
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	11	136,085,561	157,073,071
Other income	12	919,979	214,133
Total revenue		137,005,540	157,287,204
Expenses			
Operational and other expenses	13	135,813,774	151,625,005
Depreciation and amortisation expense	14	729,694	407,417
Total expenses		136,543,468	152,032,422
Profit / (loss) before tax		462,072	5,254,782
Tax expense			
Current tax		232,078	1,748,024
Deferred tax charge		(145,939)	(69,987)
Total tax expense		86,139	1,678,037
Profit / (loss) for the year		375,933	3,576,745
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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Computaris USA, Inc., USA

Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	462,072	5,254,782
Adjustments for:		
Depreciation and amortisation expense	729,694	407,417
Provision for doubtful debt and advances (written back)	(919,979)	878,342
Loss on Sale of Fixed Asset	-	8,019
Unrealised foreign exchange (loss) / gain	497,704	621,210
Operating profit/(loss) before working capital changes	769,491	7,169,770
Movements in working capital :		
(Increase) / Decrease in trade receivables	20,882,913	6,925,834
(Increase) / Decrease in Other current assets	1,751,744	46,015
(Increase) / Decrease in loans and advances	347,670	(417,769)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(227,206)	(10,236,473)
Cash generated from operations	23,524,612	3,487,377
Direct taxes paid, net of refunds	(1,810,039)	(4,994,092)
Net cash flow from operating activities (A)	21,714,573	(1,506,715)
B. Cash flows used in investing activities		
Purchase of fixed assets	-	(481,013)
Proceeds from Sale of fixed assets	15,487	13,547
Net cash used in investing activities (B)	15,487	(467,466)
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)	21,730,060	(1,974,181)
Cash and cash equivalents at the beginning of the year	12,446,336	14,420,517
Cash and cash equivalents at the end of the year	34,176,396	12,446,336

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

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

Sd/-
Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 10, 2017

Sd/-
Harpreet Rekhi
[Director]

Place : Singapore
Date : February 10, 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 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, 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.

(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.

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 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 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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, the rates used were USD \$ 1= Rs. 64.15. For translating assets and liabilities at the year-end, the rates used were USD \$ 1= Rs. 66.16.

(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 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.

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	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, 2016		December 31, 2015	
	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

Computaris USA, Inc., USA

Notes to Financial Statements for the year ended December 31, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	13,090,966	9,514,221
Add: Profit / (loss) for the current year	375,933	3,576,745
Net surplus/ (deficit) in the statement of profit and loss	13,466,899	13,090,966
Foreign currency translation reserve		
Balance as per last financial statement	617,800	33,167
Add: Current year translation differences	371,024	584,633
Closing balance	988,824	617,800
Total	14,455,723	13,708,766

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2016**

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other provision		
Income tax	224,696	1,802,657
Total	224,696	1,802,657

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	743,100	5,901,887
Sub total (A)	743,100	5,901,887
Other liabilities		
Payable to Related Parties		
R System Inc. USA	36,029,050	32,095,706
Systemes R. International Ltee, Canada	1,970,912	973,471
Computaris Romania Srl, Romania	23,842	-
Sub total (B)	38,141,654	33,069,177
Total (A+B)	38,884,754	38,971,064

Schedule 7: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2016	DURING THE YEAR			31.12.2016	1.1.2016	DURING THE YEAR			31.12.2016	31.12.2016	31.12.2015
Plant and Machinery	603,267	-	-	(16,141)	619,408	335,141	204,261	-	(11,198)	550,600	68,808	268,126
Computer hardware	1,281,885	-	111,805	(34,298)	1,204,378	532,283	525,433	96,318	(19,982)	981,380	222,998	749,602
Office & electrical equipments	53,189	-	-	(1,423)	54,612	53,189	-	-	(1,423)	54,612	-	-
Total	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
Previous year	1,491,156	481,013	107,634	(73,806)	1,491,156	558,868	307,617	-	(14,847)	558,868	932,288	932,288

8 Trade receivables & other assets

8.1 Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	-	905,794
	-	905,794
Provision for doubtful receivables	-	905,794
Total (A)	-	-
Other receivables		
Unsecured, considered good	18,129,115	38,092,049
Unsecured, considered doubtful	-	-
	18,129,115	38,092,049
Provision for doubtful receivables	-	-
Total (B)	18,129,115	38,092,049
Total (A+B)	18,129,115	38,092,049

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management		
Computaris International Limited	13,838,428	27,207,038

8.2 Other assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenues	1,006,920	2,758,664
Total	1,006,920	2,758,664

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2016**

9. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balance with other banks:		
On current accounts	34,176,396	12,446,336
Total	34,176,396	12,446,336

Computaris USA, Inc., USA

Notes to Financial Statements for the year ended December 31, 2016

10. Short term loans and advances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	70,099	417,769
Total	70,099	417,769

Computaris USA, Inc., USA

Notes to Financial Statements for the year ended December 31, 2016

11. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sale of services	136,085,561	157,073,071
Total	136,085,561	157,073,071

12. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest on:		
Provision for doubtful debts and advances written back (net)	919,979	-
Miscellaneous income	-	214,133
Total	919,979	214,133

13. Operational and other expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Travelling and conveyance	1,185,048	1,644,806
Repair and maintenance	262,852	169,035
Provision for doubtful debts and advances (net)	-	878,342
Membership & Subscription Fees	28,691	50,679
Communication costs	269,637	228,117
Legal and professional expenses	132,988,794	148,354,124
Loss on sale of Assets	-	8,019
Foreign exchange fluctuation (net)	849,832	131,508
Miscellaneous expenses	228,920	160,375
Total	135,813,774	151,625,005

14. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets	729,694	407,417
Total	729,694	407,417

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)
Fellow Subsidiaries	Computairs Romania S.R.L., Romania Computaris Polska sp Zoo, Poland ICS Computairs International S.R.L., Moldova Computaris Malaysian SDN.BHD., Malaysia Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)
Other related parties	R Systems International Limited., India R Systems, Inc., USA R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Solutions, Inc., USA (merged into R Systems, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée, 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.	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 1, 2016) Michal Misiaszek, Director (resigned on January 30, 2015)

Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2016

(ii) Details of transactions with related parties for period ended December 31, 2016 and December 31, 2015:

Particulars	December 31,2016	December 31,2015
Computaris International Limited		
Services rendered	107,140,552	105,788,097
Amount receivable	13,838,428	27,207,038
R System Inc.		
Amount payable	36,029,050	32,095,706
Services received	123,280,367	108,430,399
Systèmes R. International Ltée.		
Amount payable	1,970,912	973,471
Services received	6,194,031	6,040,881
Computaris Romania Srl, Romania		
Amount payable	23,842	-
Services received	2,231	-

Payment to key management personnel for year ended December 31, 2016 and December 31, 2015:

Particulars	December 31,2016	December 31,2015
Name of key management personnel		
Michal Misiaszek	-	824,320
Total	-	824,320

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

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016, the Statement of Profit and Loss and Cash Flow Statement for the period May 23, 2016 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris Philippines Pte. Ltd. Inc., Philippines
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	14,482,718
Reserves and surplus	4	(753,165)
Current liabilities		
Trade payables	5	10,400,781
Other current liabilities	5	11,246,481
Total		35,376,815
ASSETS		
Non-current assets		
Deferred tax assets (net)	6	12,800
Long-term loans and advances	7	6,855
Current assets		
Trade receivables	8.1	10,293,939
Cash and bank balances	9	13,110,234
Short-term loans and advances	7	1,301,938
Other current assets	8.2	10,651,049
Total		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

For and on behalf of the Board of Directors of
Computaris Philippines Pte. Ltd. Inc., Philippines

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Raluca Marina Rusu
[Director]

Sd/-
Tham Kok Kee
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

Computaris Philippines Pte. Ltd. Inc., Philippines		
Profit and Loss Account for the period May 23, 2016 to December 31, 2016		
	Notes	For the period May 23, 2016 to December 31, 2016
		Rs.
Income		
Revenue from operations	10	19,027,683
Other income	11	13,612
Total revenue		19,041,295
Expenses		
Operational and other expense	12	19,064,315
Finance costs	13	8,670
Total expenses		19,072,985
Profit/(Loss) before tax		(31,690)
Tax expense		
Current tax		-
Deferred tax charge / (credit)		(13,128)
Total tax expense		(13,128)
Profit/(Loss) for the period		(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

For and on behalf of the Board of Directors of
Computaris Philippines Pte. Ltd. Inc., Philippines

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Raluca Marina Rusu
[Director]

Sd/-
Tham Kok Kee
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

Computaris Philippines Pte. Ltd. Inc., Philippines
Cash Flow Statement for the period May 23, 2016 to December 31, 2016

	For the period May 23, 2016 to December 31, 2016 Rs.
A. Cash flow from operating activities	
Net profit/(loss) before taxation	(31,690)
Adjustments for:	
Unrealised foreign exchange (loss) / gain	(734,275)
Operating profit/(loss) before working capital changes	(765,965)
Movements in working capital :	
(Increase) / Decrease in trade receivables	(10,293,939)
(Increase) / Decrease in loans and advances	(1,308,793)
(Increase) / Decrease in other current assets	(10,651,049)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	21,647,262
Net cash flow from operating activities (A)	(1,372,484)
B. Cash flows used in investing activities	
Net cash used in investing activities (B)	-
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 period (A + B + C)	13,110,234
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

For and on behalf of the Board of Directors of
Computaris Philippines Pte. Ltd. Inc., Philippines

Sd/-
Raluca Marina Rusu
[Director]

Place : Romania
Date : February 10, 2017

Sd/-
Tham Kok Kee
[Director]

Place : Malaysia
Date : February 10, 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 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.

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.

(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.

(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.

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 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, 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.

For translating assets and liabilities as on May 23, 2016, the rates used were PHP 1= Rs. 1.44.

(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.

3. Share capital

Particulars	As at December 31, 2016 Rs.
Authorised Share Capital 10,000,000 ordinary shares of PHP 1 each	PHP 10,000,000
Issued, subscribed and paid up capital 10,000,000 ordinary shares of PHP 1 each	14,482,718
Total	14,482,718

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

Particulars	As at December 31, 2016	
	No.	Rs.
Shares outstanding at the beginning of the period	-	-
Add: Shares issued during the period	10,000,000	14,482,718
Shares outstanding at the end of the period	10,000,000	14,482,718

Computaris Philippines Pte. Ltd. Inc., Philippines**Notes to Financial Statements for the period ended December 31, 2016**

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.
Statement of Profit and Loss	
Balance as per last financial statement	-
Add: Profit for the current period	(18,562)
Net surplus in the statement of profit and loss	(18,562)
Foreign currency translation reserve	
Balance as per last financial statement	-
Add: Current period translation differences	(734,603)
Closing balance	(734,603)
Total	(753,165)

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the period ended December 31, 2016

5. Other current liabilities

Particulars	As at December 31, 2016 Rs.
Trade payables	10,400,781
Sub total (A)	10,400,781
Other liabilities	
Payable to Related Parties	
Computaris International Limited, UK	8,902,365
Unearned revenue	1,289,802
VAT Payables	1,048,145
Other payables	6,169
Sub total (B)	11,246,481
Total	21,647,262

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the period ended December 31, 2016

6. Deferred tax assets (net)

Particulars	As at December 31, 2016 Rs.
Deferred tax assets	
Timing differences for deferred tax assets component	12,800
Gross deferred tax assets	12,800
Deferred tax liability	
Timing differences for deferred tax liability component	-
Gross deferred tax liability	-
Deferred tax assets (net)	12,800

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the period ended December 31, 2016

7. Loans and advances

Particulars	Non-Current	Current
	As at December 31, 2016 Rs.	As at December 31, 2016 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	-	1,301,938
Sub total (A)	-	1,301,938
Security deposit		
Unsecured, considered good	6,855	-
Sub Total (B)	6,855	-
Total (A+B)	6,855	1,301,938

Computaris Philippines Pte. Ltd. Inc., Philippines
Notes to Financial Statements for the period ended December 31, 2016

8.1 Trade receivables

Particulars	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	10,293,939
Total (B)	10,293,939
Total (A+B)	10,293,939

8.2 Other current assets

Particulars	As at December 31, 2016 Rs.
Unbilled revenue	10,651,049
Total	10,651,049

Computaris Philippines Pte. Ltd. Inc., Philippines

Notes to Financial Statements for the period ended December 31, 2016

9. Cash and bank balances

Particulars	As at December 31, 2016 Rs.
Cash and cash equivalents	
Balance with other banks	
On current accounts	304,371
On deposit accounts with original maturity of less than 3 months	12,805,863
Total	13,110,234

Computaris Philippines Pte. Ltd. Inc., Philippines**Notes to Financial Statements for the period ended December 31, 2016**

10. Revenue from operations

Particulars	For the period May 23, 2016 to December 31, 2016 Rs.
Sale of services	19,027,683
Total	19,027,683

11. Other income

Particulars	For the period May 23, 2016 to December 31, 2016 Rs.
Interest Income	13,612
Total	13,612

12. Operational and other expenses

Particulars	For the period May 23, 2016 to December 31, 2016 Rs.
Travelling and conveyance	7,649
Printing and stationery	10,759
Legal and professional expenses	19,036,062
Foreign exchange fluctuation (net)	79
Miscellaneous expenses	9,766
Total	19,064,315

13. Finance cost

Particulars	For the period May 23, 2016 to December 31, 2016 Rs.
Bank charges	8,670
Total	8,670

14. 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)
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	R Systems International Ltd., India R Systems, Inc., USA R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Solutions, Inc., USA (merged into R Systems, Inc., USA w.e.f. December 10, 2015) R Systems (Singapore) Pte Limited, Singapore. RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée, 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

Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	IBIZ Consulting Pte. Ltd., Singapore (Formerly known as IBIZCS Group Pte Limited, 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 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
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(ii) Details of transactions with related parties for the period ended December 31, 2016:

Particulars	(Amount in Rs.)
	Period ended December 31, 2016
Computaris International Limited	
Services received	18,425,743
Accounts payable	8,902,365

15. This being the first accounting period, comparable figures of previous period are not available/applicable.

As per our report of even date.

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

**For and on behalf of the Board of Directors of
Computaris Philippines Pte. Ltd. Inc., Philippines**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Raluca Marina Rusu
[Director]

Sd/-
Tham Kok Kee
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Romania
Date : February 10, 2017

Place : Malaysia
Date : February 10, 2017

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 (formerly known as Systèmes R. International Ltée, Canada) (“the Company”), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place : New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée)**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	5,039,560	11,636
Reserves and surplus	4	(16,944,559)	(10,698,418)
Current liabilities			
Short-term provision	5	680,920	636,670
Trade payables	6	4,480,117	1,465,568
Other current liabilities	7	20,592,526	12,954,120
Total		13,848,564	4,369,576
Non-current assets			
Tangible assets	8	140,822	-
Long-term loans and advances	10	332,574	-
Current assets			
Trade receivables	9.1	5,283,661	3,505,959
Cash and bank balances	11	6,579,679	646,782
Short-term loans and advances	10	1,253,831	216,835
Other current assets	9.2	257,997	-
Total		13,848,564	4,369,576
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

For and on behalf of the Board of Directors of
RSYS Technologies Ltd., Canada

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée)
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	12	24,433,889	18,167,187
Other income	13	3,823,400	-
Total revenue		28,257,289	18,167,187
Expenses			
Employee benefits expense	14	16,990,496	13,287,228
Operational and other expenses	15	16,619,016	12,661,234
Depreciation expense	16	26,549	-
Finance costs	17	298,114	214,811
Total expenses		33,934,175	26,163,273
Profit / (Loss) before tax		(5,676,886)	(7,996,086)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(5,676,886)	(7,996,086)
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

For and on behalf of the Board of Directors of
RSYS Technologies Ltd., Canada

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée)
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before taxation	(5,676,886)	(7,996,086)
Adjustments for:		
Depreciation	26,549	-
Provision for doubtful debts/advances (net)	(3,823,400)	3,781,661
Unrealised foreign exchange loss / (gain)	(5,630)	(39,435)
Operating profit before working capital changes	(9,479,367)	(4,253,860)
Movements in working capital :		
(Increase) / Decrease in trade receivables	3,178,709	(1,245,289)
(Increase) / Decrease in other current assets	(1,291,892)	166,262
(Increase) / Decrease in loans and advances	(334,976)	35,190
Increase / (Decrease) in Short term provisions	-	430,455
Decrease / (Increase) in intra-group balances	6,054,713	4,690,583
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	2,908,812	758,488
Cash generated from / (used in) operations	1,035,999	581,829
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	1,035,999	581,829
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)	5,932,897	581,829
Cash and cash equivalents at the beginning of the year	646,782	64,953
Cash and cash equivalents at the end of the year	6,579,679	646,782

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date : February 10, 2017

**For and on behalf of the Board of Directors of
RSYS Technologies Ltd., Canada**

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

1. Company Overview

RSYS Technologies Ltd. (formerly known as Systèmes R. International Ltée) (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 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 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>
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 and the revenue can be reliably measured.

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 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. 50.75. For translating assets and liabilities at the year-end, the rates used were CAD 1= Rs. 50.39.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2015, 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. 47.67.

(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.

3. Share capital

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Authorised Share Capital				
200 (Previous year 200) Common Stock of CAD 1 each		CAD 200		CAD 200
25 (Previous year Nil) Preferred Stock of CAD 3992 each		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 Nil) Preferred Stock of CAD 3992 each		5,027,924		-
Total		5,039,560		11,636

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

Particulars	As at December 31, 2016		As at December 31, 2015	
	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 December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Preferred Stock outstanding at the beginning of the year	-	-	-	-
Add: Preferred Stock issued during the year	25	5,027,924	-	-
Preferred Stock outstanding at the end of the year	25	5,027,924	-	-

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as per last financial statements	(11,619,268)	(3,623,182)
Add: Profit / (Loss) for the year	(5,676,886)	(7,996,086)
Net deficit in the statement of profit and loss	(17,296,154)	(11,619,268)
Foreign currency translation reserve		
Balance as per last financial statements	920,850	78,324
Add: Current year translation differences	(569,255)	842,526
Closing balance	351,595	920,850
Total	(16,944,559)	(10,698,418)

5. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	680,920	636,670
Total (A)	680,920	636,670

6. Trade Payables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	4,480,117	1,465,568
Total	4,480,117	1,465,568

7. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Payable to related parties		
R Systems international Limited, India	358,093	-
R Systems Inc. USA	19,995,151	12,679,857
Other payables - statutory dues	239,282	274,263
Total	20,592,526	12,954,120

18. Related Party Disclosures

Holding Company	R Systems International Limited., India
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA ECnet Ltd, Singapore Computaris International Limited, U.K. R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be fellow subsidiary w.e.f. July 07, 2015) R Systems Solutions, Inc., USA (merged with R Systems, Inc., USA w.e.f. December 10, 2015)

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., Philippines (incorporated on May 23, 2016)

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

- IBIZCS Group Pte Limited, Singapore
- Step down subsidiaries of IBIZCS Group Pte Limited, 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 Consulting Services (Shanghai) Co., Ltd, People's Republic of China

Key management personnel	Satinder Singh Rekhi, Director Sartaj Singh Rekhi, Director
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Details of transactions with related parties for year ended December 31, 2016 and December 31, 2015:

Particulars	For the year ended	
	December 31, 2016	December 31, 2015
Holding Company		
Amount payable	358,093	-
R Systems, Inc.		
Services rendered	741,135	-
Amount payables	19,995,151	12,679,857
Computaris USA Inc.		
Services rendered	6,162,728	6,089,621
Amount receivable	1,963,458	970,768

19. The Company incurred a net loss of Rs. 5,676,887 during the financial year ended 31 December, 2016, and as at that date Company's total liabilities exceeded its total assets by Rs. 11,905,000. 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

For and on behalf of the Board of Directors of
RSYS Technologies Ltd., Canada

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZCS Group Pte Ltd, Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of IBIZCS Group Pte Ltd, Singapore ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place : New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

IBIZCS GROUP PTE LTD, SINGAPORE
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	54,091,105	46,610,905
Reserves and surplus	4	(3,009,528)	(1,531,375)
Current liabilities			
Trade payables	5	376,064	21,267,353
Other current liabilities	6	17,003,499	1,144,731
Total		68,461,140	67,491,614
ASSETS			
Non-current assets			
Non-current investments	7	58,492,477	44,269,479
Current assets			
Cash and bank balances	8	9,968,663	18,539,635
Short-term loans and advances	9	-	4,682,500
Total		68,461,140	67,491,614
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

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 10, 2017

**For and on behalf of the Board of Directors of
IBIZCS Group Pte Ltd.**

Sd/-
Satinder Singh Rekhi

[Director]

Place : Singapore
Date: February 10, 2017

Sd/-
Ramasubramanian
Balasubramanian

[Director]

Place : Singapore
Date: February 10, 2017

IBIZCS GROUP PTE LTD, SINGAPORE**Statement of Profit and Loss the year ended December 31, 2016**

	Notes	For year ended December 31, 2016 Rs.	For period ended December 31, 2015 Rs.
Revenue			
Revenue from operations		-	-
Total revenue		-	-
Expenses			
Other expenses	10	1,246,154	1,754,777
Finance costs	11	22,865	49,248
Total expenses		1,269,019	1,804,025
Loss before tax		(1,269,019)	(1,804,025)
Tax expense			
Current tax expense / (credit)		-	-
Total tax expense / (credit)		-	-
Loss for the year / period		(1,269,019)	(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

For and on behalf of the Board of Directors of
IBIZCS Group Pte Ltd.

Sd/-
CA. S.K. RELAN

Sd/-
Satinder Singh Rekhi

Sd/-
Ramasubramanian
Balasubramanian

Membership No. 12149

[Director]

[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

IBIZCS GROUP PTE LTD, SINGAPORE**Cash Flow Statement for the year ended December 31, 2016**

	For year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(1,269,019)	(1,804,025)
Adjustments for:		
Unrealised foreign exchange gain/loss	(2,680,132)	747,623
Operating profit/(loss) before working capital changes	(3,949,151)	(1,056,402)
Movements in working capital :		
(Increase) / Decrease in loans and advances and other current assets	4,682,500	(4,682,500)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(5,032,521)	1,128,037
Cash generated from operations	(4,299,172)	(4,610,865)
Net cash flow from operating activities (A)	(4,299,172)	(4,610,865)
B. Cash flows used in investing activities		
Investment in Subsidiary	(11,752,000)	(23,412,500)
Net cash used in investing activities (B)	(11,752,000)	(23,412,500)
C. Cash flows used in financing activities		
Proceeds from issue of common stock	7,480,200	46,563,000
Net cash used in financing activities (C)	7,480,200	46,563,000
Net increase / (decrease) in cash and cash equivalents during the period (A + B + C)	(8,570,972)	18,539,635
Cash and cash equivalents at the beginning of the period	18,539,635	-
Cash and cash equivalents at the end of the period	9,968,663	18,539,635

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

**For and on behalf of the Board of Directors of
IBIZCS Group Pte Ltd.**

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 10, 2017

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

1. Company Overview

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, 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.

For translating income and expense during the period from May 01 to December 31, 2015, the rates used were SGD 1 = Rs. 46.98. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 46.83.

(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.

IBIZCS GROUP PTE LTD, SINGAPORE

Notes to Financial Statements for year ended December 31, 2016

3. Share capital

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Authorised Capital 1,151,000 ordinary shares of no par value (Previous year 1,001,000 ordinary shares of no par value)		-		-
Issued, subscribed and paid up capital 1,151,000 ordinary shares of no par value (Previous year 1,001,000 ordinary shares of no par value)		54,091,105		46,610,905
Total		54,091,105		46,610,905

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

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year / period	1,001,000	46,610,905	1,000	47,905
Add: Shares issued during the year / period	150,000	7,480,200	1,000,000	46,563,000
Shares outstanding at the end of the reporting year / period	1,151,000	54,091,105	1,001,000	46,610,905

IBIZCS GROUP PTE LTD, SINGAPORE

Notes to Financial Statements for year ended December 31, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Profit and Loss Account		
Balance as the beginning of reporting year / period	(1,797,941)	6,084
Add: Loss for the current year / period	(1,269,019)	(1,804,025)
Net deficit in the profit and loss Account	(3,066,960)	(1,797,941)
Foreign currency translation reserve		
Balance as the beginning of reporting year / period	266,566	-
Add: Current year / period translation differences	(209,134)	266,566
Closing balance	57,432	266,566
Total	(3,009,528)	(1,531,375)

IBIZCS GROUP PTE LTD, SINGAPORE

Notes to Financial Statements for year ended December 31, 2016

5. Trade payable

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	376,064	21,267,353
Total	376,064	21,267,353

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other liabilities		
Payable to Related parties:		
PT. IBIZCS Indonesia	17,003,499	-
Ramasubramaniam Balasubramaniam	-	20,799,103
IBIZ Consulting Services Sdn. Bhd., Malaysia	-	308,483
IBIZ Consulting Services Pte. Ltd., Singapore	-	749,200
IBIZ Consulting Services Limited., Hongkong	-	87,048
Total	17,003,499	21,943,834

IBIZCS GROUP PTE LTD, SINGAPORE

Notes to Financial Statements for year ended December 31, 2016

7. Non-current investments

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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 1,200,000) ordinary shares of no par value	37,559,391	25,706,925
(ii) IBIZ Consulting Services Sdn. Bhd., Malaysia 250,000 (previous year 100,000) ordinary shares of no par value	4,519,819	2,213,184
(iii) PT. IBIZCS, Indonesia 250,000 (previous year 250,000) ordinary shares of no par value	15,828,769	15,767,148
(iv) IBIZ Consulting Services Limited, Honkong 10,000 (previous year 10,000) ordinary shares of no par value	87,388	87,048
(v) IBIZ Consulting Services Private Limited, India 50,000 (previous year 50,000) ordinary shares of Rs. 10 each	497,110	495,174
Total	58,492,477	44,269,479

IBIZCS GROUP PTE LTD, SINGAPORE**Notes to Financial Statements for year ended December 31, 2016****8. Cash and bank balances**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	9,968,663	18,539,635
Total	9,968,663	18,539,635

9. Loans and Advances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Loans & advances to related parties		
IBIZ Consulting Service Limited, Hongkong	-	4,682,500
Total	-	4,682,500

10. Other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Legal and professional expenses	838,843	704,634
Foreign exchange fluctuation (net)	391,683	1,038,399
Miscellaneous expenses	15,628	11,744
Total	1,246,154	1,754,777

11. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Bank charges	22,865	49,248
Total	22,865	49,248

IBIZCS GROUP PTE LTD, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2016****12. 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 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 (formerly known as Systèmes R. International Ltée) R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be related party of w.e.f. July 7, 2015) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f. December 10, 2015)
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

IBIZCS GROUP PTE LTD, SINGAPORE**Notes to Financial Statements for the year ended December 31, 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, 2016	For the period ended December, 31 2015
<u>IBIZ Consultancy Services Pte Ltd, Singapore</u> (i) Investment made in share capital	11,752,000	23,412,500
<u>IBIZ Consulting Services Sdn, Bhd, Malaysia</u> (i) Investment made in share capital	2,297,986	-
<u>R Systems (Singapore) Pte Limited, Singapore</u> (i) Issue of share capital	-	46,563,000

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2016	2015
<u>IBIZ Consulting Services Pte Ltd, Singapore</u> (i) Amount payable	-	749,200
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u> (i) Amount payable	-	308,483
<u>IBIZ Consulting Services Limited, Hong Kong</u> (i) Amount payable	-	87,048
(ii) Amount receivable	-	4,682,500
<u>PT. IBIZCS Indonesia</u> (i) Amount payable	17,003,499	-
<u>Amount due to key management personnel</u> (i) Ramasubramanian Balasubramnian	-	20,799,103

13. The holding company R Systems (Singapore) Pte Limited had acquired all the share capital of the Company on April 30, 2015. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited. Accordingly, the accounts for previous period were prepared for eight months i.e. from May 1, 2015 to December 31, 2015.

IBIZCS GROUP PTE LTD, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2016

14. 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

For and on behalf of the Board of Directors of

IBIZCS Group Pte Ltd.

Sd/-

CA. S.K. RELAN

Membership No. 12149

Sd/-

Satinder Singh Rekhi

[Director]

Sd/-

Ramasubramanian Balasubramanian

[Director]

Place : New Delhi

Date : February 10, 2017

Place : Noida

Date : February 10, 2017

Place : Singapore

Date : February 10, 2017

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, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year the ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place : New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	68,983,100	56,546,600
Reserves and surplus	4	(49,018,223)	(70,134,941)
Non-current liabilities			
Long-term borrowings	5	-	-
Other long term liabilities	6	1,166,809	-
Current liabilities			
Trade payables	7	41,968,134	47,913,306
Other current liabilities	8	28,358,663	46,383,536
Short-term provisions	9	1,242,515	1,874,719
Total		92,700,998	82,583,220
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	6,283,716	6,806,281
Intangible assets	11	861,022	484,554
Long-term loans and advances	12	1,769,440	2,727,061
Current assets			
Trade receivables	13	47,294,666	49,232,455
Cash and bank balances	14	10,750,518	5,289,746
Short-term loans and advances	12	9,514,897	749,200
Other current assets	15	16,226,739	17,293,923
Total		92,700,998	82,583,220
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

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date : February 10, 2017

For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd.

Sd/-
Satinder Singh Rekhi

[Director]

Place : Singapore
Date : February 10, 2017

Sd/-
Ramasubramanian
Balasubramanian

[Director]

Place : Singapore
Date : February 10, 2017

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Revenue			
Revenue from operations	16	255,050,410	197,245,399
Other income	16	14,552,012	-
Total revenue		269,602,422	197,245,399
Expenses			
Employee benefits expense	17	132,658,712	79,972,770
Operational and other expenses	18	111,609,236	113,809,344
Depreciation and amortisation expense	19	3,134,560	409,320
Finance costs	20	460,994	601,924
Total expenses		247,863,502	194,793,358
Profit before tax		21,738,920	2,452,041
Tax expense			
Current tax expense / (credit)		(894,590)	(93,952)
Total tax expense / (credit)		(894,590)	(93,952)
Profit for the period		22,633,510	2,545,993
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

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date : February 10, 2017

**For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd.**

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	21,738,920	2,452,041
Adjustments for:		
Depreciation and amortisation expense	3,134,560	409,320
Provision for doubtful debts and advances (net)	(10,795,898)	9,736,997
Bad debts	623,155	11,979
Unrealised foreign exchange loss / (gain)	(1,655,918)	1,373,040
Interest expense	15,752	153,256
Operating profit/(loss) before working capital changes	13,060,571	14,136,633
Movements in working capital :		
(Increase) / Decrease in trade receivables	12,110,532	(22,612,273)
(Increase) / Decrease in loans and advances and other current assets	(6,740,892)	1,745,411
Increase / (Decrease) in short-term and long-term provision	77,922	1,849,998
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(23,970,045)	(6,737,286)
Cash generated from operations	(5,461,912)	(11,617,517)
Direct taxes paid, net of refunds	184,464	1,148,882
Net cash flow from operating activities (A)	(5,277,448)	(10,468,635)
B. Cash flows used in investing activities		
Purchase of fixed assets	(2,849,337)	(7,770,032)
Net cash used in investing activities (B)	(2,849,337)	(7,770,032)
C. Cash flows used in financing activities		
Government grants received	1,166,809	-
Proceeds from issue of common stock	12,436,500	23,013,100
Interest paid	(15,752)	(153,256)
Net cash used in financing activities (C)	13,587,557	22,859,844
Net increase / (decrease) in cash and cash equivalents during the period (A + B + C)	5,460,772	4,621,177
Cash and cash equivalents at the beginning of the period	5,289,746	668,569
Cash and cash equivalents at the end of the period	10,750,518	5,289,746

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

For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd.

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date : February 10, 2017

Sd/-
Satinder Singh Rekhi
[Director]

Place : Singapore
Date : February 10, 2017

Sd/-
Ramasubramanian
Balasubramanian
[Director]
Place : Singapore
Date : February 10, 2017

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2016

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, 2016

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, 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.

For translating income and expense during the period ended December 31, 2015, the rates used were SGD 1 = Rs. 46.98. For translating assets and liabilities at the year-end, the rates used were SGD 1 = Rs. 46.83.

(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, 2016

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	Rs.	Rs.
Authorised shares		
1,450,000 ordinary shares no par value (Previous year 12,00,000 ordinary shares of no par value)	-	-
Issued, subscribed and paid up capital		
1,450,000 ordinary shares no par value (Previous year 12,00,000 ordinary shares of no par value)	68,983,100	56,546,600
Total	68,983,100	56,546,600

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

Particulars	As at		As at	
	December 31, 2016		December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year / period	1,200,000	56,546,600	700,000	33,533,500
Add: Shares issued during the year / period	250,000	12,436,500	500,000	23,013,100
Shares outstanding at the end of the year / period	1,450,000	68,983,100	1,200,000	56,546,600

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance at the beginning of reporting year / period	(71,438,104)	(73,984,097)
Add: Profit for the current year / period	22,633,510	2,545,993
Net Deficit in the statement of profit and loss	(48,804,594)	(71,438,104)
Foreign currency translation reserve		
Balance at the beginning of reporting year / period	1,303,163	-
Add: Current year / period translation differences	(1,516,792)	1,303,163
Closing balance	(213,629)	1,303,163
Total	(49,018,223)	(70,134,941)

5. Long term borrowings

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unsecured Loans form Banks (refer Note 1 below)	-	989,147
Less: Current marurities of Long term Borrowings (shown under other current Liabilities)	-	989,147
Total	-	-

Note:

(1) Term loans from banks are unsecured and carries interest rate ranging from 3.99% to 6.02% per annum. The term laons are repayble in equated monthly instalments ranging from 36 to 48 months from the date of loan.

6. Other Long term Liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unamortised government subsidy	1,166,809	-
Total	1,166,809	-

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2016

7. Trade Payable

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	41,968,134	47,913,306
Total	41,968,134	47,913,306

8. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other liabilities		
Payable to related parties		
IBIZ Consulting Services Sdn Bhd, Malaysia	127,802	2,465,507
ECnet Limited	774,598	761,562
R Systems International Limited	-	550,662
IBIZ Consultancy Services India Pvt Ltd, India	5,011,053	2,609,062
Unearned Revenue	18,578,150	23,975,269
Advance from Customer	1,607,710	8,519,230
Book overdraft	-	5,527,797
Other liabilities	2,259,350	985,300
Current maturities of long term borrowings	-	989,147
Sub total (B)	28,358,663	46,383,536

9. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	1,242,515	1,164,593
Sub Total (A)	1,242,515	1,164,593
Other provision		
Income tax	-	710,126
Sub Total (B)	-	710,126
Total (A+B)	1,242,515	1,874,719

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2016
10. 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
	01.01.2016	During the year			31.12.2016	01.01.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Building- leasehold	3,706,433	-	-	(14,485)	3,720,918	182,467	1,284,527	-	43,508	1,423,486	2,297,432	3,523,966
Computer hardware	4,314,597	2,116,535	-	(16,847)	6,447,979	4,071,390	479,563	-	612	4,550,341	1,897,638	243,207
Furniture & fixtures	813,936	31,068	-	(3,182)	848,186	256,489	122,785	-	3,224	376,050	472,136	557,447
Video projector	73,796	-	-	(289)	74,085	73,796	-	-	(289)	74,085	-	-
Communication equipments	2,627,641	5,171	-	(10,269)	2,643,081	145,980	911,397	-	30,806	1,026,571	1,616,510	2,481,661
Air Conditioners	988,780	-	-	(3,864)	992,644	988,780	-	-	(3,864)	992,644	-	-
Total	12,525,183	2,152,774	-	(48,936)	14,726,893	5,718,902	2,798,272	-	73,997	8,443,177	6,283,716	6,806,281
Previous year	5,419,367	7,251,859	-	146,043	12,525,183	5,466,654	377,263	-	125,015	5,718,902	6,806,281	-

11. Intangible 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
	01.01.2016	During the year			31.12.2016	01.01.2016	During the year			31.12.2016	31.12.2016	31.12.2015
Computer Software	1,022,490	696,563	-	(6,718)	1,725,771	537,936	336,288	-	9,475	864,749	861,022	484,554
Total	1,022,490	696,563	-	(6,718)	1,725,771	537,936	336,288	-	9,475	864,749	861,022	484,554
Previous year	517,706	518,173	-	13,389	1,022,490	517,706	32,057	-	11,827	537,936	484,554	-

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2016

12. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advance recoverable from Related parties:				
IBIZ Consulting Service, Malaysia			9,168,324	9,132,632
IBIZ Consulting Service, China			8,423,316	8,390,524
IBIZ Consultancy services India Private Limited			14,311,611	14,255,896
IBIZ Consulting Service, HK			12,656,765	12,607,493
IBIZCS Group Pte Ltd, Singapore			-	749,200
			44,560,016	45,135,745
Provision for doubtful advances			35,391,692	44,386,545
Total (A)	-	-	9,168,324	749,200
Security deposit				
Unsecured, considered good	1,769,440	2,727,061	-	-
Total (B)	1,769,440	2,727,061	-	-
Other loans and advances				
Unsecured considered good				
Prepaid expenses	-	-	346,573	-
Total (C)	-	-	346,573	-
Total (A+B+C)	1,769,440	2,727,061	9,514,897	749,200

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for year ended December 31, 2016

13. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	5,894,789	12,246,590
Unsecured, considered doubtful	49,557,502	42,568,466
	55,452,291	54,815,056
Provision for doubtful receivables	49,557,502	51,933,467
Sub Total (A)	5,894,789	2,881,589
Other receivables		
Unsecured, considered good	41,399,877	46,350,866
Sub Total (B)	41,399,877	46,350,866
Total (A+B)	47,294,666	49,232,455

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from related parties:		
IBIZ Consulting Services Sdn Bhd, Malaysia	458,592	10,591,909
PT. IBIZ Indonesia, Indonesia	2,284,160	1,677,436
IBIZ Consulting Services Limited, Hong Kong	45,496,778	36,924,802
IBIZ Consulting Services Co., Ltd, China	4,341,496	4,232,028
	52,581,026	53,426,175
Less: Provision for doubtful receivables	41,500,707	38,835,457
Total	11,080,319	14,590,718

14. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Cash on hand	57	57
Balances with other banks:		
On current accounts	10,750,461	5,289,689
Total	10,750,518	5,289,746

15. Other current assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenue	16,226,739	17,293,923
Total	16,226,739	17,293,923

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2016

16. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Sale of services	255,050,410	197,245,399
Total	255,050,410	197,245,399

17. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Government grant	2,554,719	-
Provision for doubtful debts and advances written back (net)	10,795,898	-
Foreign exchange fluctuation (net)	1,201,395	-
Total	14,552,012	-

18. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Salaries, wages and bonus	121,955,388	73,659,485
Contribution to employee's benefits fund	6,959,969	4,341,323
Staff welfare	3,743,355	1,971,962
Total	132,658,712	79,972,770

19. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Recruitment and training expenses	806,524	847,104
Travelling and conveyance	2,985,212	2,237,587
Cost of third party items	80,590,234	87,736,187
Repair and maintenance	248,199	892,648
Provision for doubtful debts and advances (net)	-	9,736,997
IT support services	973,680	-
Management fee	2,343,648	2,245,453
Rent - premises	5,250,440	3,107,642
Bad debts	623,155	11,979
Power and fuel	633,898	560,646
Communication costs	1,858,776	1,173,304
Printing and Stationery	481,857	434,461
Advertising and sales promotion	2,315,702	1,247,680
Legal and professional expenses	10,584,324	4,824,457
Foreign exchange fluctuation (net)	-	135,623
Rates and taxes	179,031	-
Miscellaneous expenses	1,734,556	863,029
Total	111,609,236	116,054,797

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2016****19. Depreciation and amortisation expenses**

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Depreciation on tangible assets	2,798,272	377,263
Amortisation on intangible assets	336,288	32,057
Total	3,134,560	409,320

20. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Interest on loans	15,752	153,256
Bank charges	445,242	448,668
Total	460,994	601,924

20. Related Party Disclosures

Holding Company	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
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) R Systems Product & Technologies Private Limited, India (ceased to be related party of w.e.f. July 7, 2015) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f. December 10, 2015)
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, 2016	For the period ended December, 31 2015
<u>R System International Limited</u>		
(i) Consultancy fee paid	286,262	828,657
<u>ECnet Limited, Singapore</u>		
(i) Management fee paid	2,343,648	2,245,453
(ii) Services received	973,680	-
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Services received	9,762,549	3,151,920
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>		
(i) Services received	514,750	-
(ii) Services rendered	1,321,855	3,468,003
<u>PT. IBIZCS Indonesia</u>		
(i) Services rendered	395,075	1,206,175
<u>IBIZ Consulting Services Limited, Hong Kong</u>		
(i) Services rendered	8,209,510	6,173,903
<u>IBIZCS Group Pte Ltd, Singapore</u>		
(i) Capital contribution received	12,436,500	23,013,100

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2016	2015
<u>R System International Limited</u>		
(i) Amount payable	-	550,662
<u>ECnet Limited, Singapore</u>		
(i) Amount payable	774,598	761,562
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Amount payable	5,011,053	2,609,063
(ii) Amount receivable [net of provision Rs. 14,311,611 (previous year Rs. 14,255,896)]	-	-
<u>PT. IBIZCS Indonesia</u>		
(i) Amount receivable	2,284,160	1,677,436
<u>IBIZ Consulting Services Limited, Hong Kong</u>		
(i) Amount receivable [net of provision Rs. 50,078,155 (previous year Rs. 41,798,605)]	8,075,389	7,733,691
<u>IBIZ Consulting Service (Shanghai) Co., Ltd., People's Republic of China</u>		
(i) Amount receivable [net of provision Rs. 12,502,634 (previous year Rs. 12,101,330)]	262,178	521,222
<u>IBIZ Consulting Services Sdn. Bhd., Malaysia</u>		
(i) Amount payable	127,802	2,465,507
(ii) Amount receivable [net of provision Rs. Nil (previous year Rs. 15,066,172)]	9,626,916	4,658,369
<u>IBIZCS Group Pte Ltd</u>		
(i) Amount receivable	-	749,200
<u>Amount receivable from key management personnel</u>		
(i) Ramasubramanian Balasubramanian	-	3,787,478

(c) Remuneration to key management personnel:

	(Amount in Rs.)	
	For the year ended December 31, 2016	For the period ended December, 31 2015
Ramasubramanian Balasubramanian	12,280,052	7,516,160

21. 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:

	(Amount in Rs.)	
	For the year ended December 31, 2016	For the period ended December, 31 2015
Lease payments for the year / period	5,250,440	3,107,642
Non-cancellable operating lease obligation:		
- Not later than one year	6,366,058	9,045,654
- Later than one year but not later than five years	5,005,036	11,326,827
- Later than five years	-	-
These leases have an average life of 3 years with no renewal option or escalation clause included in the contracts.		

22. R Systems (Singapore) Pte Limited had acquired all the share capital of IBIZCS Group Pte Ltd, Singapore on April 30, 2015. Since then, it became the wholly owned subsidiary of the group R Systems (Singapore) Pte Limited. Accordingly, the accounts for previous period were prepared for eight months i.e. from May 1, 2015 to December 31, 2015.

23. 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

**For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd., Singapore**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

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, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place : New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,105,862	1,782,512
Reserves and surplus	4	3,126,082	(2,850,281)
Defered tax liability	5	96,030	-
Current liabilities			
Trade payables	6	17,532,096	20,938,920
Other current liabilities	6	12,713,202	25,737,304
Short-term provisions	7	819,912	127,219
Total		38,393,184	45,735,674
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	534,944	8,192
Intangible assets	8.2	-	-
Intangible assets under development		-	-
Non-current investments		-	-
Deferred tax assets (net)		-	-
Long-term loans and advances	9	345,463	431,809
Current assets			
Trade receivables	10	20,432,386	29,775,122
Cash and bank balances	11	6,646,617	10,957,043
Short-term loans and advances	9	4,332,459	1,224,580
Other current assets	12	6,101,315	3,338,928
Total		38,393,184	45,735,674
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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 10, 2017

For and on behalf of the Board of Directors of
IBIZ Consulting Services Sdn. Bhd.

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Aloysius Suppiah
[Director]

Place : Singapore
Date: February 10, 2017

Place : Malaysia
Date: February 10, 2017

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Statement of Profit and Loss for the year ended December 31, 2016

	Notes	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Revenue			
Revenue from operations	13	66,387,292	65,446,372
Other income	14	-	438,203
Total revenue		66,387,292	65,884,575
Expenses			
Employee benefits expense	15	22,117,131	12,860,440
Operational and other expenses	16	36,864,362	49,061,947
Depreciation expense	8	120,628	26,573
Finance costs	17	39,390	18,122
Total expenses		59,141,511	61,967,082
Profit before tax		7,245,781	3,917,493
Tax expense			
Current tax expense		806,425	1,670,635
Total tax expense		806,425	1,670,635
Profit for the year / period		6,439,356	2,246,858
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

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 10, 2017

For and on behalf of the Board of Directors of
IBIZ Consulting Services Sdn. Bhd.

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Aloysius Suppiah
[Director]

Place : Singapore
Date: February 10, 2017

Place : Malaysia
Date: February 10, 2017

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	7,245,781	3,917,493
Adjustments for:		
Depreciation and amortisation expense	120,628	26,573
Loss on sale / discard of fixed assets (net)	91	-
Unrealised foreign exchange loss / (gain)	(470,947)	404,404
Operating profit/(loss) before working capital changes	6,895,553	4,348,470
Movements in working capital :		
(Increase) / decrease in trade receivables	9,342,736	7,213,640
(Increase) / decrease in loans and advances and other current assets	(4,230,197)	2,585,466
Increase / (decrease) in short-term and long-term provision	39,711	127,219
Increase / (decrease) in trade payables, other current liabilities and other long-term liabilities	(16,430,926)	(7,942,517)
Cash generated from operations	(4,383,123)	6,332,278
Direct taxes paid, net of refunds	(1,611,136)	-
Net cash flow from operating activities (A)	(5,994,259)	6,332,278
B. Cash flows used in investing activities		
Purchase of fixed assets	(639,517)	-
Net cash used in investing activities (B)	(639,517)	-
C. Cash flows used in financing activities		
Proceeds from issue of common stock	2,323,350	-
Net cash used in financing activities (C)	2,323,350	-
Net increase / (decrease) in cash and cash equivalents during the period (A + B + C)	(4,310,426)	6,332,278
Cash and cash equivalents at the beginning of the year / period	10,957,043	4,624,765
Cash and cash equivalents at the end of the year / period	6,646,617	10,957,043

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

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 10, 2017

**For and on behalf of the Board of Directors of
IBIZ Consulting Services Sdn. Bhd.**

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Aloysius Suppiah
[Director]

Place : Singapore
Date: February 10, 2017

Place : Malaysia
Date: February 10, 2017

1. Company Overview

Ibiz Consulting Services Sdn. Bhd. (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 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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2015, the rates used were RM 1= Rs. 16.13. For translating assets and liabilities at the year-end, the rates used were RM 1= Rs. 15.46.

(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.

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Notes to Financial Statements for the year ended December 31, 2016

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	Rs.	Rs.
Authorised Capital 400,000 ordinary shares of no par value (Previous year 1,00,000 ordinary shares of no par value)	RM 400,000	RM 100,000
Issued, subscribed and paid up capital 250,000 ordinary shares of no par value (Previous year 1,00,000 ordinary shares of no par value)	4,105,862	1,782,512
Total	4,105,862	1,782,512

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

Particulars	As at		As at	
	December 31, 2016		December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year / period	100,000	1,782,512	100,000	1,782,512
Add: Shares issued during the year / period	150,000	2,323,350	-	-
Shares outstanding at the end of the year / period	250,000	4,105,862	100,000	1,782,512

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Notes to Financial Statements for the year ended December 31, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as the beginning of reporting year / period	(3,250,556)	(5,497,414)
Add: Profit for the current year / period	6,439,356	2,246,858
Net Deficit in the statement of profit and Loss	3,188,800	(3,250,556)
Foreign currency translation reserve		
Balance as the beginning of reporting year / period	400,275	-
Add: Current year / period translation differences	(462,993)	400,275
Closing balance	(62,718)	400,275
Total	3,126,082	(2,850,281)

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Notes to Financial Statements for the year ended December 31, 2016

5 Deferred tax liability

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Timing differences on account of depreciation	96,030	-
Total	96,030	-

6. Trade payables and other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	17,532,096	20,938,920
Total (A)	17,532,096	20,938,920
Other liabilities		
Payable to Related parties		
IBIZ Consulting services Pte Ltd	9,619,337	19,770,233
IBIZ Consulting services India Private Ltd	-	203,961
PT. Ibizcs Indonesia	-	664,292
Unearned revenue	2,614,687	4,406,107
Other liabilities	479,178	692,711
Total (B)	12,713,202	25,737,304
Total (A + B)	30,245,298	46,676,224

7. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	166,930	127,219
Sub Total (A)	166,930	127,219
Other provision		
Income tax	652,982	-
Sub Total (B)	652,982	-
Total	819,912	127,219

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
	31.12.2015	During the period			31.12.2016	31.12.2015	During the period			31.12.2016	31.12.2016	31.12.2015
Computer hardware	2,024,681	639,517	318,932	40,473	2,304,793	2,024,125	113,807	318,841	48,120	1,770,971	533,822	556
Furniture & fixtures	589,413	-	-	11,782	577,631	581,792	6,821	-	12,089	576,524	1,107	7,621
Video projector/Electrical Installation	142,368	-	-	2,846	139,522	142,353	-	-	2,846	139,507	15	15
Total	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
Previous year	3,497,345	-	287,507	453,376	2,756,462	3,458,459	26,573	287,475	449,287	2,748,270	8,192	-

9. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	4,332,459	915,420
Total (A)	-	-	4,332,459	915,420
Advance recoverable Related parties				
IBIZ Consulting Service Pte Ltd, Singapore			-	309,160
Total (B)	-	-	-	309,160
Security deposit				
Secured , Considered good				
Unsecured, considered good	345,463	431,809	-	-
Total (C)	345,463	431,809	-	-
Total (A+B+C)	345,463	431,809	4,332,459	1,224,580

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Notes to Financial Statements for the year ended December 31, 2016

10. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,170,422	10,981,710
Unsecured, considered doubtful	345,397	352,442
	1,515,819	11,334,152
Provision for doubtful receivables	345,397	352,442
Sub Total (A)	1,170,422	10,981,710
Other receivables		
Unsecured, considered good	19,261,964	18,793,412
Sub Total (B)	19,261,964	18,793,412
Total (A+B)	20,432,386	29,775,122

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from related parties		
PT. Ibizcs Indonesia	-	161,091
IBIZ Consultancy services India Private Ltd	167,479	-
IBIZ Consulting Services Pte Ltd, Singapore	127,697	2,473,824

11. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	6,646,617	10,957,043
Total	6,646,617	10,957,043

12. Other current assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenue	6,101,315	3,338,928
Total	6,101,315	3,338,928

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Notes to Financial Statements for the year ended December 31, 2016

13. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Sale of services	66,387,292	65,446,372
Total	66,387,292	65,446,372

14. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Miscellaneous income	-	437,776
Provision for doubtful debts and advances written back (net)	-	427
Total	-	438,203

15. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Salaries, wages and bonus	19,572,639	11,282,329
Contribution to employee's benefits fund	2,110,427	1,114,687
Staff welfare	434,065	463,424
Total	22,117,131	12,860,440

16. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Recruitment and training expenses	695,133	-
Travelling and conveyance	1,732,098	952,642
Insurance	16,302	50,731
Cost of third party items	24,637,238	37,372,528
Repair and maintenance	133,123	38,784
Rent - premises	1,749,751	193,510
Power and fuel	185,124	117,379
Communication costs	305,836	160,974
Printing and stationery	99,242	47,619
Advertising and sales promotion	155,830	911,432
Legal and professional expenses	6,284,963	6,395,927
Loss on sale of assets	97	-
Foreign exchange fluctuation (net)	669,090	1,968,748
Rates and taxes	122,804	728,440
Miscellaneous expenses	77,731	123,233
Total	36,864,362	49,061,947

17. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Bank charges	39,390	18,122
Total	39,390	18,122

IBIZ CONSULTING SERVICES SDN. BHD. MALAYSIA
Notes to Financial Statements for the year ended December 31, 2016

18. Related Party Disclosures

Holding Company	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
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) R Systems Product & Technologies Private Limited, India (ceased to be related party of w.e.f. July 7, 2015) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f. December 10, 2015)
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, 2016	For the period ended December, 31 2015
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Services received	-	670,834
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Services received	1,322,814	3,623,900
(ii) Services rendered	523,278	-
<u>ECnet (M) Sdn Bhd, Malaysia</u>		
(i) Services received	214,404	-

IBIZ CONSULTING SERVICES SDN. BHD. MALAYSIA
Notes to Financial Statements for the year ended December 31, 2016

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2016	2015
<u>IBIZ Consulting Services Pte Ltd ,Singapore</u>		
(i) Amount payable	9,619,337	19,770,223
(ii) Amount receivable	127,697	2,473,824
<u>IBIZ Consultancy Services India Private Limited</u>		
(i) Amount payable	-	203,961
(ii) Amount receivable	167,479	-
<u>PT. IBIZCS Indonesia</u>		
(i) Amount payable	-	664,292
(ii) Amount receivable	-	161,091
<u>IBIZCS Group Pte Ltd</u>		
(i) Amount receivable	-	309,160

(c) Remuneration to key management personnel:

(Amount in Rs.)

	For the year ended December 31, 2016	For the period ended December, 31 2015
Aloysius Suppiah	5,069,179	3,381,150
Tham Kok Kee	81,210	-

19. R Systems (Singapore) Pte Limited had acquired all the share capital of IBIZCS Group Pte Ltd, Singapore on April 30, 2015. Since then, it became the wholly owned subsidiary of the group R Systems (Singapore) Pte Limited. Accordingly, the accounts for previous period were prepared for eight months i.e. from May 1, 2015 to December 31, 2015.

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

**For and on behalf of the Board of Directors of
 IBIZ Consulting Services Sdn. Bhd.**

Sd/-
 CA. S.K. RELAN
 Membership No. 12149

Sd/-
 Ramasubramanian
 Balasubramanian
 [Director]

Sd/-
 Aloysius Suppiah
 [Director]

Place : New Delhi
 Date : February 10, 2017

Place : Singapore
 Date : February 10, 2017

Place : Malaysia
 Date : February 10, 2017

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. IBIZ Indonesia (“the Company”), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

PT. IBIZCS INDONESIA**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	11,130,480	11,130,480
Reserves and surplus	4	20,133,061	8,647,475
Current liabilities			
Trade payables	5	9,021,018	3,897,113
Other current liabilities	6	14,306,331	9,178,688
Short-term provisions	7	109,808	59,314
Total		54,700,698	32,913,070
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	474,368	435,684
Intangible assets	9	4,844	8,170
Long-term loans and advances	10	471,865	432,445
Current assets			
Trade receivables	11	4,796,346	4,408,808
Cash and bank balances	12	23,583,488	8,334,070
Short-term loans and advances	10	18,577,988	18,244,910
Other current assets	13	6,791,799	1,048,983
Total		54,700,698	32,913,070
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

For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Andrea Sorelli
[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Indonesia
Date: February 10, 2017

PT. IBIZCS INDONESIA**Statement of profit and loss for the year ended December 31, 2016**

	Notes	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Revenue			
Revenue from operations	14	47,966,052	18,512,864
Other income	15	149,745	1,355,683
Total revenue		48,115,797	19,868,547
Expenses			
Employee benefits expense	16	12,753,113	5,052,690
Operational and other expenses	17	21,065,204	11,617,308
Depreciation and amortisation expense	18	213,932	116,676
Finance costs	19	75,339	34,914
Total expenses		34,107,588	16,821,588
Profit before tax		14,008,209	3,046,959
Tax expense			
Current tax expense		3,265,478	533,800
Total tax expense / (credit)		3,265,478	533,800
Profit for the year		10,742,731	2,513,159
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

For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Andrea Sorelli
[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Indonesia
Date: February 10, 2017

PT. IBIZCS INDONESIA**Cash flow statement for the year ended December 31, 2016**

	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	14,008,209	3,046,959
Adjustments for:		
Depreciation and amortisation expense	213,932	116,676
Unrealised foreign exchange loss / (gain)	730,695	(231,552)
Interest income	(149,745)	(24,697)
Operating profit/(loss) before working capital changes	14,803,091	2,907,386
Movements in working capital :		
(Increase) / Decrease in trade receivables	(387,538)	1,544,159
(Increase) / Decrease in loans and advances and other current assets	(6,115,314)	442,052
Increase / (Decrease) in short-term and long-term provision	50,494	(414,795)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	7,325,831	497,413
Cash generated from operations	15,676,564	4,976,215
Direct taxes paid, net of refunds	(339,761)	(59,691)
Net cash flow from operating activities (A)	15,336,803	4,916,524
B. Cash flows used in investing activities		
Purchase of fixed assets	(237,130)	(98,883)
Interest received	149,745	24,697
Net cash used in investing activities (B)	(87,385)	(74,186)
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)	15,249,418	4,842,338
Cash and cash equivalents at the beginning of the period	8,334,070	3,491,732
Cash and cash equivalents at the end of the period	23,583,488	8,334,070

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 10, 2017

**For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia**

Sd/-
Ramasubramanian Balasubramanian
[Director]

Place : Singapore
Date: February 10, 2017

Sd/-
Andrea Sorelli
[Director]
Place : Indonesia
Date: February 10, 2017

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2016

1. Company Overview

PT. IBIZCS Indonesia. (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 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
End-user devices such as desktop, laptop, mobile phones	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.

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2016

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. 5.05. For translating assets and liabilities at the year-end, the rates used were IDR 1000 = Rs. 5.05.

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. 4.76. For translating assets and liabilities at the year-end, the rates used were IDR 1000= Rs. 4.82.

(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, 2016

3. Share capital

Particulars	As at December 31, 2016		As at December 31, 2015	
	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, 2016		As at December 31, 2015	
	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, 2016****4. Reserves and surplus**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as at the beginning of the year / period	8,886,568	6,373,409
Add: Profit for the current year / period	10,742,731	2,513,159
Net surplus in the statement of profit and loss	19,629,299	8,886,568
Foreign currency translation reserve		
Balance as at the beginning of the year / period	(239,093)	-
Add: Current year / period translation differences	742,855	(239,093)
Closing balance	503,762	(239,093)
Total	20,133,061	8,647,475

PT. IBIZCS INDONESIA**Notes to Financial Statements for the year ended December 31, 2016****5. Trade payables**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	9,021,018	3,897,113
Total	9,021,018	3,897,113

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other liabilities		
Payable to Related parties		
IBIZ consulting Services Pte Ltd, Singapore	2,240,775	1,653,259
IBIZ consulting Services SD Bhd, Malaysia	-	162,002
Unearned revenue	2,527,750	3,140,994
Other Payables	9,537,806	4,222,433
Total	14,306,331	9,178,688

7. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	109,808	59,314
Total	109,808	59,314

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
	1.1.2016		During the year		31.12.2016	1.1.2016		During the year		31.12.2016	31.12.2016	31.12.2015
Computer	620,161	153,935	-	(23,293)	797,389	549,273	69,690	-	(20,630)	639,593	157,796	70,888
Printer	11,445	-	-	(430)	11,875	9,344	969	-	(351)	10,664	1,211	2,101
Furniture and fixtures	470,196	81,395	-	(11,098)	562,689	135,557	131,254	-	(3,040)	269,851	292,838	334,639
Video projector	23,252	-	-	(873)	24,125	2,906	6,031	-	(110)	9,047	15,078	20,346
Communication equipment	25,435	1,800	-	(955)	28,190	17,725	2,355	-	(665)	20,745	7,445	7,710
Air conditioner	9,036	-	-	(339)	9,375	9,036	-	-	(339)	9,375	-	-
Vehicle	72,285	-	-	(2,715)	75,000	72,285	-	-	(2,715)	75,000	-	-
Total	1,231,810	237,130	-	(39,703)	1,508,643	796,126	210,299	-	(27,850)	1,034,275	474,368	435,684
Previous period	1,179,675	98,883	-	46,748	1,231,810	721,158	114,372	-	39,404	796,126	435,684	-

Schedule 9: Intangible 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
	1.1.2016		During the year		31.12.2016	1.1.2016		During the year		31.12.2016	31.12.2016	31.12.2015
Computer software	10,505	-	-	(395)	10,900	2,335	3,633	-	(88)	6,056	4,844	8,170
Total	10,505	-	-	(395)	10,900	2,335	3,633	-	(88)	6,056	4,844	8,170
Previous period	10,672	-	-	167	10,505	-	2,304	-	(31)	2,335	8,170	-

10. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	18,577,988	18,244,910
Unsecured, considered doubtful			-	2,910,521
Provision for doubtful advances	-	-	18,577,988	21,155,431
Total (A)	-	-	18,577,988	18,244,910
Security deposit				
Unsecured, considered good	471,865	432,445	-	-
Total (B)	471,865	432,445	-	-
Total (A+B)	471,865	432,445	18,577,988	18,244,910

Loans and advances Include amounts due from related parties

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
IBIZCS Group Pte Ltd			16,795,000	-
Ramasubramanian Balasubramanian			-	17,443,494
Total			16,795,000	17,443,494

PT. IBIZCS INDONESIA

Notes to Financial Statements for the year ended December 31, 2016

11. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	155,224	27,626
Unsecured, considered doubtful	772,513	-
	927,737	27,626
Provision for doubtful receivables	772,513	-
Sub Total (A)	155,224	27,626
Other receivables		
Unsecured, considered good	4,641,122	4,381,182
Unsecured, considered doubtful	106,803	-
	4,747,925	4,381,182
Provision for doubtful receivables	106,803	-
Sub Total (B)	4,641,122	4,381,182
Total (A+B)	4,796,346	4,408,808

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management:		
IBIZ consulting Services SD Bhd, Malaysia	-	668,106
IBIZ consulting Services India Private limited, India	-	334,053
Total	-	1,002,159

12. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Cash on hand	7,538	124,274
Balances with other banks:		
On current accounts	23,575,950	8,209,796
Total	23,583,488	8,334,070

13. Other current assets

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Unbilled revenue	6,791,799	1,048,983
Total	6,791,799	1,048,983

PT. IBIZCS INDONESIA**Notes to Financial Statements for the year ended December 31, 2016****14. Revenue from operations**

Particulars	For the year ended December 31, 2016 Rs.	For the period period December 31, 2015 Rs.
Sale of services	47,966,052	18,512,864
Total	47,966,052	18,512,864

15. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the period period December 31, 2015 Rs.
Interest on:		
Interest income	149,745	24,697
Miscellaneous income	-	9,155
Foreign exchange fluctuation (net)	-	1,321,831
Total	149,745	1,355,683

16. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the period period December 31, 2015 Rs.
Salaries, wages and bonus	11,067,834	4,453,082
Contribution to employee's benefits fund	471,693	212,338
Staff welfare	1,213,586	387,270
Total	12,753,113	5,052,690

17. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period period December 31, 2015 Rs.
Recruitment and training expenses	7,375	28,237
Travelling and conveyance	984,658	1,028,226
Third party item cost	14,511,579	8,087,897
Repair and maintenance	43,610	30,176
Provision for doubtful debts and advances (net)	879,316	-
Rent - premises	1,617,907	979,783
Power and fuel	22,112	22,604
Communication costs	280,943	147,923
Printing and stationery	73,813	59,334
Advertising and sales promotion	105,248	166,163
Legal and professional expenses	761,016	823,068
Bad debts	-	62,227
Foreign exchange fluctuation (net)	607,269	-
Rates and taxes	1,149,737	87,971
Miscellaneous expenses	20,621	93,699
Total	21,065,204	11,617,308

PT. IBIZCS INDONESIA**Notes to Financial Statements for the year ended December 31, 2016**

18. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period period December 31, 2015 Rs.
Depreciation on tangible assets	210,299	114,372
Amortisation on intangible assets	3,633	2,304
Total	213,932	116,676

19. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the period period December 31, 2015 Rs.
Bank charges	75,339	34,914
Total	75,339	34,914

20. Related Party Disclosures

Holding Company	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 IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China
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) R Systems Product & Technologies Private Limited, India (ceased to be related party of w.e.f. July 7, 2015) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f. December 10, 2015)
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
Key management personnel	ECnet Kabushiki Kaisha, Japan Ramasubramanian Balasubramanian, Director Andrea Sorelli, Director

PT. IBIZCS INDONESIA**Notes to Financial Statements for the year ended December 31, 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, 2016	For the period ended December, 31 2015
<u>IBIZ Consulting Services Pte Ltd, Singapore</u> (i) Services received	414,311	1,174,996
<u>IBIZ Consultancy Services India Private Limited</u> (i) Services received	338,827	-

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2016	2015
<u>IBIZ Consulting Services Pte Ltd, Singapore</u> (i) Amount payable	2,240,775	1,653,259
<u>IBIZ Consultancy Services India Private Limited</u> (i) Amount receivable	-	334,053
<u>IBIZ Consulting Services Sdn. Bhd., Malaysia</u> (i) Amount payable	-	162,002
(ii) Amount receivable	-	668,106
<u>IBIZCS Group Pte Ltd</u> (i) Amount receivable	16,795,000	-
<u>Amount receivable / payable from / to key management personnel</u> (i) Ramasubramanian Balasubramanian	-	17,443,494
(ii) Andrea Sorelli	214,963	-

(c) Remuneration to key management personnel:

(Amount in Rs.)

	For the year ended December 31, 2016	For the period ended December, 31 2015
Andrea Sorelli	1,182,184	1,657,924

22. 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, 2016	For the period ended December, 31 2015
Lease payments for the year / period	1,617,907	979,783
Non-cancellable operating lease obligation:		
- Not later than one year	545,953	496,402
- Later than one year but not later than five years	-	-
- Later than five years	-	-
These leases have an average life of 3 years with no renewal option or escalation clause included in the contracts.		

23. R Systems (Singapore) Pte Limited had acquired all the share capital of IBIZCS Group Pte Ltd, Singapore on April 30, 2015. Since then, it became the wholly owned subsidiary of the group R Systems (Singapore) Pte Limited. Accordingly, the accounts for previous period were prepared for eight months i.e. from May 1, 2015 to December 31, 2015.

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

**For and on behalf of the Board of Directors of
PT. IBIZCS Indonesia**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Andrea Sorelli
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : Indonesia
Date : February 10, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZ Consultancy Services India Private Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of IBIZ Consultancy Services India Private Limited (“the Company”), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place : New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**Balance Sheet as at December 31, 2016**

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	500,000	500,000
Reserves and surplus	4	(6,858,562)	(7,536,607)
Current liabilities			
Trade payables	5	2,854,320	2,833,357
Other current liabilities	6	16,789,726	16,182,087
Short-term provisions	7	46,258	44,195
Total		13,331,742	12,023,032
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	781,855	911,057
Deferred tax assets (net)	9	225,952	91,170
Long-term loans and advances	10	2,926,126	2,774,513
Current assets			
Trade receivables	11	7,497,366	5,243,010
Cash and bank balances	12	1,782,843	2,996,882
Short-term loans and advances	10	117,600	6,400
Total		13,331,742	12,023,032
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

For and on behalf of the Board of Directors of
IBIZ Consultancy Services India Private Limited

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Gunalan Kalairajan
[Director]

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Statement of Profit and Loss for the year ended December 31,2016

	Notes	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Revenue			
Revenue from operations	13	23,920,767	15,840,427
Other income	14	43,340	306,179
Total revenue		23,964,107	16,146,606
Expenses			
Employee benefits expense	15	15,663,779	9,192,577
Operational and other expenses	16	7,306,095	6,036,508
Depreciation expense	17	662,852	396,720
Finance costs	18	18,065	13,527
Total expenses		23,650,791	15,639,332
Profit before tax		313,316	507,274
Tax expense			
Current tax / (credit)		(364,729)	(56,796)
Total tax expense / (credit)		(364,729)	(56,796)
Profit for the period		678,045	564,070
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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 10, 2017

For and on behalf of the Board of Directors of
IBIZ Consultancy Services India Private Limited

Sd/-
Gunalan Kalairajan
[Director]

Place : Singapore
Date: February 10, 2017

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 10, 2017

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Cash Flow Statement for the the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	313,316	507,274
Adjustments for:		
Depreciation expense	662,852	396,720
Operating profit/(loss) before working capital changes	976,168	903,994
Movements in working capital :		
(Increase) / Decrease in trade receivables	(2,254,356)	750,175
(Increase) / Decrease in loans and advances and other current assets	25,990	(827,152)
Increase / (Decrease) in short-term and long-term provision	2,063	44,195
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	312,267	(1,555,601)
Cash generated from operations	(937,868)	(684,389)
Direct taxes paid, net of refunds	257,479	-
Net cash flow from operating activities (A)	(680,389)	(684,389)
B. Cash flows used in investing activities		
Purchase of fixed assets	(533,650)	(153,115)
Net cash used in investing activities (B)	(533,650)	(153,115)
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)	(1,214,039)	(837,504)
Cash and cash equivalents at the beginning of the period	2,996,882	3,834,386
Cash and cash equivalents at the end of the period	1,782,843	2,996,882

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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 10, 2017

For and on behalf of the Board of Directors of
IBIZ Consultancy Services India Private Limited

Sd/-
Gunalan Kalairajan
[Director]

Place : Singapore
Date: February 10, 2017

Sd/-
Ramasubramanian Balasubramanian
[Director]

Place : Singapore
Date: February 10, 2017

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for the year ended December 31, 2016

1. Company Overview

IBIZ Consultancy Services India Private Limited (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 Flat-2, Kamalini, Old No.16, New No. 31, CIT Colony 1st Main Road, Mylapore, Chennai-600004.

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>
Office Equipment (other than end user devices)	5 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Electrical Installations	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.

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for the year ended December 31, 2016

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 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.

(ii) 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 reporting currency, by applying to the foreign currency amount the exchange rate between the reporting 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.

(i) 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.

(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.

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**Notes to Financial Statements for year ended December 31, 2016****3. Share capital**

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Authorised Capital 50000 (previous period 50,000) Equity Shares of Rs 10 each		500,000		500,000
Issued, subscribed and paid up capital 50000 (previous period 50,000) Equity Shares of Rs 10 each		500,000		500,000
Total		500,000		500,000

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

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year / period	50,000	500,000	50,000	500,000
Add: Shares issued during the year / period	-	-	-	-
Shares outstanding at the end of the year / period	50,000	500,000	50,000	500,000

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for year ended December 31, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as on beginning of the year / period	(7,536,607)	(8,100,677)
Add: Profit for the current year / period	678,045	564,070
Net Deficit in the statement of profit and loss	(6,858,562)	(7,536,607)
Total	(6,858,562)	(7,536,607)

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for year ended December 31, 2016

5. Trade payables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	2,854,320	2,833,357
Total	2,854,320	2,833,357

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other liabilities		
Payable to related parties		
Ibiz Consulting Services Pte Ltd, Singapore	14,294,614	14,255,918
Ibiz Consulting Services Sdn. Bhd. Malaysia	167,415	330,775
Advance from customers	5,167	5,167
Unearned revenue	1,886,023	1,236,092
Duties and taxes	436,507	354,135
Total	16,789,726	16,182,087

7. Short-term provisions

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits		
Compensated absences	46,258	44,195
Total	46,258	44,195

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for year ended December 31, 2016
Schedule 8: Tangible Assets
(Amount in Rs.)

Particulars	Gross Block				Depreciation				Net Block	
	As on	Additions	Deletions	Total	Upto	Additions	Deletions	Total	As at	As at
	01.01.2016	during the year		31.12.2016	31.12.2015	during the year		31.12.2016	31.12.2016	31.12.2015
Computer	6,486,016	533,650	-	7,019,666	5,778,850	608,800	-	6,387,650	632,016	707,166
Furniture & Fixtures	303,581	-	-	303,581	157,140	39,958	-	197,098	106,483	146,441
Electrical Installation	102,091	-	-	102,091	44,643	14,094	-	58,737	43,354	57,448
Office Equipment	74,604	-	-	74,604	74,602	-	-	74,602	2	2
Total	6,966,292	533,650	-	7,499,942	6,055,235	662,852	-	6,718,087	781,855	911,057
Previous year	6,813,177	153,115	-	6,966,292	5,658,515	396,720.00	-	6,055,235	911,057	-

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for year ended December 31, 2016

9. Deferred tax assets (net)		
Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Deferred tax assets		
Provision for Gratuity	237,926	169,876
Provision for compensated absences	14,293	13,656
Gross deferred tax assets	252,219	183,532
Deferred tax liability		
Differences in depreciation/amortisation and other differences in block of fixed assets as per tax books and financial books	26,267	92,362
Gross deferred tax liability	26,267	92,362
Deferred tax assets (net)	225,952	91,170

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for year ended December 31, 2016

10. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	117,600	6,400
Total (A)	-	-	117,600	6,400
Security deposit				
Unsecured, considered good	1,219,900	850,585	-	500,001
Total (B)	1,219,900	850,585	-	500,001
Other loans and advances				
Advance income tax	1,706,226	1,423,927	-	-
Total (C)	1,706,226	1,423,927	-	-
Total (A+B+C)	2,926,126	2,274,512	117,600	506,401

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED

Notes to Financial Statements for year ended December 31, 2016

11. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	731,620	515,089
Sub Total (A)	731,620	515,089
Other receivables		
Unsecured, considered good	6,765,746	4,727,921
Sub Total (B)	6,765,746	4,727,921
Total (A+B)	7,497,366	5,243,010

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Dues from companies under the same management:		
IBIZ Consulting Services Pte Ltd, Singapore	5,004,646	2,608,165
IBIZ Consulting Services Sdn Bhd., Malaysia	-	203,962
Total	5,004,646	2,812,127

12. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Cash on hand	6,023	4,634
Balances with Scheduled banks:		
On current accounts	1,776,820	2,992,248
Total	1,782,843	2,996,882

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for the year ended December 31, 2016

13. Revenue from operations

Particulars	For the year ended December, 31 2016 Rs.	For the period ended December 31, 2015 Rs.
Sale of services	23,920,767	15,840,427
Total	23,920,767	15,840,427

14. Other income

Particulars	For the year ended December, 31 2016 Rs.	For the period ended December 31, 2015 Rs.
Interest on Income tax refund	43,340	56,896
Miscellaneous income	-	5,100
Foreign exchange fluctuation (net)	-	244,183
Total	43,340	306,179

15. Employee benefits expense

Particulars	For the year ended December, 31 2016 Rs.	For the period ended December 31, 2015 Rs.
Salaries, wages and bonus	15,370,359	8,896,278
Contribution to employee's benefits fund	267,709	119,393
Staff Welfare	25,711	176,906
Total	15,663,779	9,192,577

16. Operational and other expenses

Particulars	For the year ended December, 31 2016 Rs.	For the period ended December 31, 2015 Rs.
Recruitment and training expenses	76,600	90,380
Travelling and conveyance	182,804	218,680
Third party item cost	4,178,513	4,621,043
Repair and maintenance	226,416	85,814
Rent - premises	1,444,516	504,000
Power and fuel	564,353	111,037
Communication costs	45,407	166,975
Printing and stationery	40,251	10,196
Advertising and sales promotion	57,280	80,000
Legal and professional expenses	264,975	147,267
Foreign exchange fluctuation (net)	201,655	-
Rates and taxes	1,098	1,116
Miscellaneous expenses	22,227	-
Total	7,306,095	6,036,508

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for the year ended December 31, 2016

Detail of auditors remuneration

Particulars	For the year ended December, 31 2016 Rs.	For the period ended December 31, 2015 Rs.
Statutory audit fee	145,000	150,000
Total	145,000	150,000

17. Depreciation expenses

Particulars	For the year ended December, 31 2016 Rs.	For the period ended December 31, 2015 Rs.
Depreciation on tangible assets	662,852	396,720
Total	662,852	396,720

18. Finance cost

Particulars	For the year ended December, 31 2016 Rs.	For the period ended December 31, 2015 Rs.
Bank charges	18,065	13,527
Total	18,065	13,527

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for the year ended December 31, 2016

19. Related Party Disclosures

Holding Company	IBIZCS Group Pte Ltd., Singapore
Fellow Subsidiaries	IBIZ Consulting Services Pte Ltd, Singapore IBIZ Consulting Services Sdn. Bhd., Malaysia PT. IBIZCS Indonesia., Indonesia IBIZ Consulting Services Limited, Hong Kong
Subsidiary of IBIZ Consulting Services 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 (formerly known as Systèmes R. International Ltée) R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be related party of w.e.f. July 7, 2015) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f. December 10, 2015)
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 Gunalan Kalairajan, Director Sornanathan Kalairajan, 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, 2016	For the period ended December, 31 2015
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Services rendered	9,759,128	3,151,920
<u>PT. IBIZCS Indonesia., Indonesia</u>		
(ii) Services rendered	339,800	-
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>		
(i) Services rendered	-	698,880

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for the year ended December 31, 2016

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2016	2015
<u>IBIZ Consulting Services Pte Ltd ,Singapore</u>		
(i) Amount payable	14,294,614	14,255,918
(ii) Amount receivable	5,004,646	2,608,165
<u>PT. IBIZCS Indonesia</u>		
(i) Amount payable	-	330,775
<u>IBIZ Consulting Services Sdn. Bhd.,Malaysia</u>		
(i) Amount receivable	-	203,962
(ii) Amount payable	167,415	-

(c) Remuneration to key management personnel:

(Amount in Rs.)

	For the year ended December 31, 2016	For the period ended December, 31 2015
Sornanathan Kalairajan	504,000	296,000

20. The net profit of the Company for the year ended December 31, 2016 is Rs. 678,045 and as at that date Company's total liabilities exceeded its total assets by Rs. 6,358,562. 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.

21. R Systems (Singapore) Pte Limited had acquired all the share capital of IBIZCS Group Pte Ltd, Singapore on April 30, 2015. Since then, it became the wholly owned subsidiary of the group R Systems (Singapore) Pte Limited. Accordingly, the accounts for previous period were prepared for eight months i.e. from May 1, 2015 to December 31, 2015.

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.
 ICAI Firm registration number: 001720N
 Chartered Accountants

**For and on behalf of the Board of Directors of
 IBIZ Consultancy Services India Private Limited**

Sd/-
 CA. S.K. RELAN
 Membership No. 12149

Sd/-
 Gunalan Kalairajan
 [Director]

Sd/-
 Ramasubramanian
 Balasubramanian
 [Director]

Place : New Delhi
 Date : February 10, 2017

Place : Singapore
 Date : February 10, 2017

Place : Singapore
 Date : February 10, 2017

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 (“the Company”), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

Place : New Delhi
Dated: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

IBIZ CONSULTING SERVICES LIMITED, HONG KONG

Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	81,606	81,606
Reserves and surplus	4	529,153	174,699
Current liabilities			
Trade payables	5	136,603	138,859
Other current liabilities	6	58,577,868	54,250,704
Total		59,325,230	54,645,868
ASSETS			
Non-current assets			
Non-current investments	7	-	-
Current assets			
Trade receivables	8	45,503,344	39,148,228
Cash and bank balances	9	3,070,424	4,877,325
Short-term loans and advances	10	10,751,462	10,620,315
Total		59,325,230	54,645,868
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

For and on behalf of the Board of Directors of
IBIZ Consulting Services Limited

Sd/-
CA. S.K. RELAN

Sd/-
Satinder Singh Rekhi

Sd/-
Ramasubramanian
Balasubramanian

Membership No. 12149

[Director]

[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Statement of Profit and Loss for year ended December 31, 2016

	Notes	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Revenue			
Revenue from operations	11	8,677,581	6,682,334
Other income	12	18,498	984,358
Total revenue		8,696,079	7,666,692
Expenses			
Operational and other expenses	13	8,292,356	6,294,578
Finance costs	14	59,394	66,399
Total expenses		8,351,750	6,360,977
Profit before tax		344,329	1,305,715
Tax expense			
Current tax / (credit)		-	-
Total tax expense / (credit)		-	-
Profit for the year / period		344,329	1,305,715
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

For and on behalf of the Board of Directors of
IBIZ Consulting Services Limited

Sd/-
CA. S.K. RELAN

Sd/-
Satinder Singh Rekhi

Sd/-
Ramasubramanian
Balasubramanian

Membership No. 12149

[Director]

[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	344,329	1,305,715
Adjustments for:		
Unrealised foreign exchange loss / (gain)	10,125	(23,419)
Operating profit/(loss) before working capital changes	354,454	1,282,296
Movements in working capital :		
(Increase) / Decrease in trade receivables	(6,355,116)	(5,631,312)
(Increase) / Decrease in loans and advances and other current assets	(131,147)	(509,152)
Decrease / (Increase) in intra-group balances	4,327,164	9,904,573
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(2,256)	(177,771)
Net cash flow from / (used in) operating activities (A)	(1,806,901)	4,868,634
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)	(1,806,901)	4,868,634
Cash and cash equivalents at the beginning of the year	4,877,325	8,691
Cash and cash equivalents at the end of the year	3,070,424	4,877,325

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

For and on behalf of the Board of Directors of
IBIZ Consulting Services Limited

Sd/-
CA. S.K. RELAN

Sd/-
Satinder Singh Rekhi

Sd/-
Ramasubramanian

Membership No. 12149

[Director]

[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

1. Company Overview

IBIZ Consulting Services Limited (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 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, 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.

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. 8.39. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.57.

(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, 2016

3. Share capital

Particulars	As at December 31, 2016		As at December 31, 2015	
	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 / period

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the reporting year / period	10,000	81,606	10,000	81,606
Add: Shares issued during the year / period	-	-	-	-
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, 2016**

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Profit and Loss Account		
Balance as the beginning of reporting year / period	198,118	(1,107,597)
Add: Profit for the current year / period	344,329	1,305,715
Net surplus in profit and loss account	542,447	198,118
Foreign currency translation reserve		
Balance as the beginning of reporting year / period	(23,419)	-
Add: Current year / period translation differences	10,125	(23,419)
Closing balance	(13,294)	(23,419)
Total	529,153	174,699

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2016

5. Trade Payables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	136,603	138,859
Total	136,603	138,859

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other liabilities		
Payable to Related parties		
Due to Subsidiary under same management		
IBIZ Consulting Services Pte ltd, Singapore	58,120,773	49,575,036
IBIZ Group Pte ltd, Singapore	-	4,675,668
Advance from customers	457,095	-
Total	58,577,868	54,250,704

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2016

7. Non-current investments

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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	4,783,007	4,677,415
Less : Provision for diminution in the value of Investment	4,783,007 -	4,677,415 -
Total	-	-

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2016

8. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	40,358,633	35,914,747
Sub Total (A)	40,358,633	35,914,747
Other receivables		
Unsecured, considered good	5,144,711	3,233,481
Sub Total (B)	5,144,711	3,233,481
Total (A+B)	45,503,344	39,148,228

Trade receivable include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Due from related party :		
IBIZ Consulting Services (Shanghai) Co. Ltd, China	45,297,037	37,706,739
Total	45,297,037	37,706,739

9. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	3,070,424	4,877,325
	3,070,424	4,877,325
Total	3,070,424	4,877,325

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2016

10. Short term Loans and advances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	-	19,286
Total (A)	-	19,286
Advance recoverable from:		
IBIZ Consulting Service (Shanghai) Co. Ltd., China	10,751,462	10,514,108
IBIZCS Group Pte Ltd, Singapore	-	86,921
Total (B)	10,751,462	10,601,029
Total (A+B)	10,751,462	10,620,315

IBIZ CONSULTING SERVICES LIMITED, HONG KONG
Notes to Financial Statements for the year ended December 31, 2016

11. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Sale of services	8,677,581	6,682,334
Total	8,677,581	6,682,334

12. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Foreign exchange fluctuation (net)	18,498	984,358
Total	18,498	984,358

13. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Third Party item cost including subcontracting	7,959,814	6,158,278
Legal and professional expenses	173,986	111,587
Rates and taxes	149,900	7,933
Miscellaneous expenses	8,656	16,780
Total	8,292,356	6,294,578

14. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Bank charges	59,394	66,399
Total	59,394	66,399

IBIZ CONSULTING SERVICES LIMITED, HONGKONG
Notes to Financial Statements for the year ended December 31, 2016

15. Related Party Disclosures

Holding Company	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 (formerly known as Systèmes R. International Ltée) R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be related party of w.e.f. July 7, 2015) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f. December 10, 2015)
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	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, 2016

(a) Transactions with related parties:

(Amount in Rs.)

	For the year ended December 31, 2016	For the period ended December, 31 2015
<u>IBIZ Consulting Service (Shanghai) Co., Ltd, People's Republic of China</u>		
(i) Services rendered	6,944,445	5,096,994
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Services received	7,959,807	6,158,278

(b) Outstanding balances:

(Amount in Rs.)

	As at December, 31	
	2016	2015
<u>IBIZ Consulting Service (Shanghai) Co., Ltd, People's Republic of China</u>		
(i) Amount receivable	56,048,499	48,220,847
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
(i) Amount payable	58,120,773	49,575,036
<u>IBIZCS Group Pte Ltd, Singapore</u>		
(i) Amount receivable	-	86,921
(ii) Amount payable	-	4,675,668
<u>Amount due to key management personnel</u>		
(i) Ramasubramanian Balasubramanian	31,423	15,777

16. R Systems (Singapore) Pte Limited had acquired all the share capital of IBIZCS Group Pte Ltd, Singapore on April 30, 2015. Since then, it became the wholly owned subsidiary of the group R Systems (Singapore) Pte Limited. Accordingly, the accounts for previous period were prepared for eight months i.e. from May 1, 2015 to December 31, 2015.

17. 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

**For and on behalf of the Board of Directors of
 IBIZ Consulting Services Limited**

Sd/-
 CA. S.K. RELAN
 Membership No. 12149

Sd/-
 Satinder Singh Rekhi
 [Director]

Sd/-
 Ramasubramanian
 Balasubramanian
 [Director]

Place : New Delhi
 Date : February 10, 2017

Place : Singapore
 Date : February 10, 2017

Place : Singapore
 Date : February 10, 2017

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, (“the Company”), which comprise the Balance Sheet as at December 31, 2016, 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 Board of Directors 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 Directors, 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, 2016;
- 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 Rule 7 of the Companies (Accounts) Rules, 2014.

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

PLACE : New Delhi
DATED: February 10, 2017

Sd/-
CA. S. K.RELAN
Membership No.012149

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Balance Sheet as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,980,381	4,980,381
Reserves and surplus	4	(69,105,495)	(67,215,813)
Current liabilities			
Trade payables	5	672,714	4,281,683
Other current liabilities	6	72,583,209	63,045,831
Total		9,130,809	5,092,082
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	119,554	124,997
Long-term loans and advances	8	101,816	106,451
Current assets			
Trade receivables	9	200,776	664,097
Cash and bank balances	10	8,602,134	4,153,978
Short-term loans and advances	8	106,529	42,559
Total		9,130,809	5,092,082
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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 10, 2017

For and on behalf of the Board of Directors of
IBIZ Consulting Services (Shanghai) Co., Ltd

Sd/-
Ramasubramanian Balasubramanian
[Director]

Place : Singapore
Date: February 10, 2017

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA**Statement of Profit and Loss for the year ended December 31, 2016**

	Notes	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Revenue			
Revenue from operations	11	15,923,768	17,747,189
Other income	12	113,305	730,350
Total revenue		16,037,073	18,477,539
Expenses			
Employee benefits expense	13	2,182,260	1,503,249
Operational and other expenses	14	18,599,002	19,484,017
Depreciation and amortisation expense	15	-	3,082
Finance costs	16	10,021	5,605
Total expenses		20,791,283	20,995,953
Loss before tax		(4,754,210)	(2,518,414)
Tax expense			
Current tax / (credit)		-	-
Total tax expense / (credit)		-	-
Loss for the year		(4,754,210)	(2,518,414)
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

Sd/-
CA. S.K. RELAN
Membership No. 12149

Place : New Delhi
Date: February 10, 2017

For and on behalf of the Board of Directors of
IBIZ Consulting Services (Shanghai) Co., Ltd

Sd/-
Ramasubramanian Balasubramanian
[Director]

Place : Singapore
Date: February 10, 2017

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Cash Flow Statement for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(4,754,210)	(2,518,414)
Adjustments for:		
Depreciation expense	-	3,082
Unrealised foreign exchange (loss) / gain	2,869,971	939,769
Interest income	(12,113)	(11,701)
Operating profit/(loss) before working capital changes	(1,896,352)	(1,587,264)
Movements in working capital :		
(Increase) / decrease in trade receivables	463,321	29,986
(Increase) / decrease in loans and advances and other current assets	(59,335)	(21,451)
Increase / (decrease) in trade payables, other current liabilities and other long-term liabilities	5,928,409	3,486,834
Net cash flow from operating activities (A)	4,436,043	1,908,105
B. Cash flows used in investing activities		
Interest received	12,113	11,701
Net cash from investing activities (B)	12,113	11,701
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)	4,448,156	1,919,806
Cash and cash equivalents at the beginning of the period	4,153,978	2,234,172
Cash and cash equivalents at the end of the period	8,602,134	4,153,978

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

For and on behalf of the Board of Directors of
IBIZ Consulting Services (Shanghai) Co., Ltd

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Ramasubramanian Balasubramanian
[Director]

Place : New Delhi
Date: February 10, 2017

Place : Singapore
Date: February 10, 2017

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 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 Rm 700, Jindu Centre, No 277 Wu Xing Road, Xuhui, 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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2015, the rates used were CNY 1= Rs. 10.30. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 10.24.

(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.

Segment reporting

(m)

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, 2016**

3. Share capital

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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 period

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Shares outstanding of USD 70,000 at the beginning of the year / period	4,980,381	4,980,381
Add: Shares issued during the year / period	-	-
Shares outstanding at the end of the year / period	4,980,381	4,980,381

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2016

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Statement of Profit and Loss		
Balance as at the beginning of the year / period	(68,153,627)	(65,635,213)
Add: Profit for the current year / period	(4,754,210)	(2,518,414)
Net deficit in the statement of profit and loss	(72,907,837)	(68,153,627)
Foreign currency translation reserve		
Balance as at the beginning of the year / period	937,814	-
Add: Current year / period translation differences	2,864,528	937,814
Closing balance	3,802,342	937,814
Total	(69,105,495)	(67,215,813)

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2016

5. Trade Payables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables	672,714	4,281,683
Sub total (A)	672,714	4,281,683

6. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Other liabilities		
Payable to Related parties		
IBIZ consulting Services Pte Ltd, Singapore	12,760,188	12,134,691
IBIZ consulting Services Limited, Hongkong	55,669,390	48,808,667
Advance from customers	2,241,762	66,218
Other liabilities	1,911,869	2,036,255
Sub total (B)	72,583,209	63,045,831
Total (A+B)	73,255,923	67,327,514

Schedule 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
	01.01.2016	DURING THE PERIOD			31.12.2016	01.01.2016	DURING THE PERIOD			31.12.2016	31.12.2016	31.12.2015
Furniture and fixtures	205,113	-	-	8,931	196,182	184,602	-	-	8,038	176,564	19,618	20,511
Communication equipment	1,044,857	-	-	45,497	999,360	940,371	-	-	40,947	899,424	99,936	104,486
Total	1,249,970	-	-	54,428	1,195,542	1,124,973	-	-	48,985	1,075,988	119,554	124,997
Previous year	1,269,252	-	-	19,282	1,249,970	1,139,215	3,082	-	17,324	1,124,973	124,997	-

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2016

8. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received				
Security deposit	101,816	106,451	-	-
Input GST	-	-	106,529	42,559
Total	101,816	106,451	106,529	42,559

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for year ended December 31, 2016

9. Trade receivables

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 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	200,776	664,097
Sub Total (B)	200,776	664,097
Total (A+B)	200,776	664,097

10. Cash and bank balances

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	8,602,134	4,153,978
Total	8,602,134	4,153,978

11. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Sale of services	15,923,768	17,747,189
Total	15,923,768	17,747,189

12. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Interest income	12,113	11,701
Miscellaneous income	101,192	718,649
Total	113,305	730,350

13. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Salaries, wages and bonus	2,069,841	1,236,395
Staff welfare	112,419	266,854
Total	2,182,260	1,503,249

14. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Recruitment and training expenses	-	3,606
Travelling and conveyance	29,284	131,217
Insurance	530,185	432,738
Third party item cost	7,373,484	13,243,103
Repair and maintenance	-	29,941
Rent - premises	623,199	428,617
Power and fuel	6,542	-
Communication costs	100,723	57,096
Printing and stationery	7,159	6,522
Advertising and sales promotion	60,714	-
Legal and professional expenses	6,077,165	3,278,838
Foreign exchange fluctuation (net)	3,530,597	1,689,085
Rates and taxes	257,926	183,254
Miscellaneous expenses	2,024	-
Total	18,599,002	19,484,017

15. Depreciation expenses

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Depreciation on tangible assets	-	3,082
Total	-	1,935,327

16. Finance cost

Particulars	For the year ended December 31, 2016 Rs.	For the period ended December 31, 2015 Rs.
Bank charges	10,021	5,605
Total	10,021	5,605

17. Related Party Disclosures

Holding Company	IBIZ Consulting Service Limited, Hongkong
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) R Systems Product & Technologies Private Limited, India (ceased to be related party of w.e.f. July 7, 2015) R Systems Solutions, Inc., USA (merged into R System Inc w.e.f. December 10, 2015) IBIZCS Group Pte Ltd. Singapore
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
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, Hongkong
Key management personnel	Ramasubramanian Balasubramanian, 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, 2016	For the period ended December, 31 2015
<u>IBIZ Consulting Services Limited, Hong Kong</u> (i) Services received	7,097,720	5,103,400

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD, CHINA
Notes to Financial Statements for the year ended December 31, 2016

(b) Outstanding balances:

	(Amount in Rs.)	
	As at December, 31	
	2016	2015
<u>IBIZ Consulting Services Limited, Hong Kong</u> (i) Amount payable	55,669,389	48,808,667
<u>IBIZ Consulting Services Pte Ltd, Singapore</u> (i) Amount payable	12,760,188	12,134,691

18. The net loss of the Company for the year ended December 31, 2016 is Rs. 4,754,210 and as at that date Company's total liabilities exceeded its total assets by Rs. 64,125,114. 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.

19. R Systems (Singapore) Pte Limited had acquired all the share capital of IBIZCS Group Pte Ltd, Singapore on April 30, 2015. Since then, it became the wholly owned subsidiary of the group R Systems (Singapore) Pte Limited. Accordingly, the accounts for previous period were prepared for eight months i.e. from May 1, 2015 to December 31, 2015.

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

**For and on behalf of the Board of Directors of
IBIZ Consulting Services (Shanghai) Co. Ltd.**

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Ramasubramanian Balasubramanian
[Director]

Place : New Delhi
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017