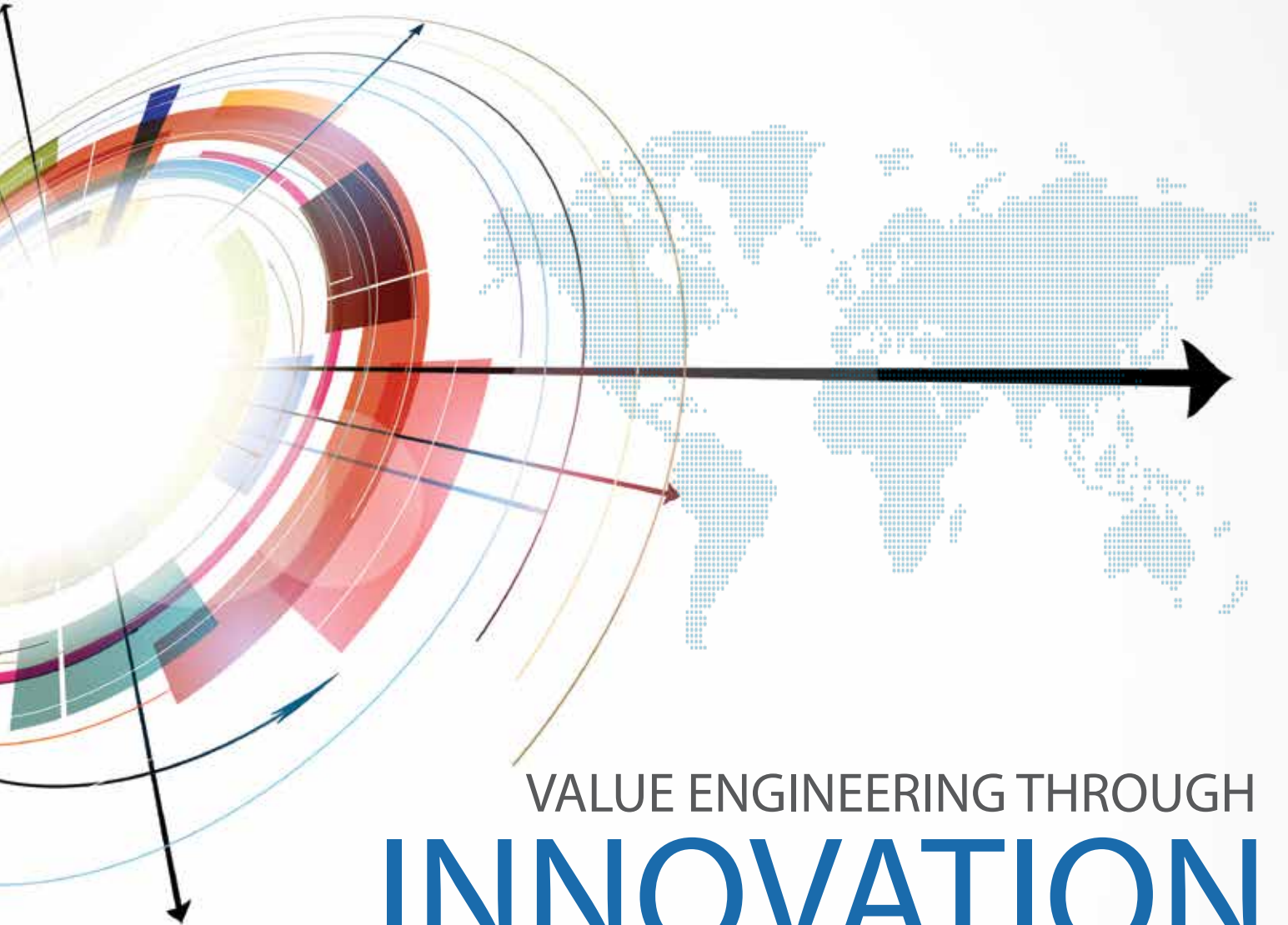




Caring - Innovating - Transforming

Subsidiary Financial Statements 2015



VALUE ENGINEERING THROUGH
INNOVATION



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, 2015, 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. 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, 2015;
- 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 06, 2016

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

R SYSTEMS (SINGAPORE) PTE. LTD**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	211,435,730	105,930,226
Reserves and surplus	4	58,916,673	62,295,922
Non-Current liabilities	5	88,091,873	-
Current liabilities			
Trade payables	7	2,455,805	1,218,831
Other current liabilities	7	41,930,730	19,612,902
Short-term provisions	6	1,860,897	1,604,970
Total		404,691,708	190,662,851
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	246,014	181,455
Intangible assets	9	695,300	-
Non-current investments	10	334,500,952	132,458,059
Other non-current assets	12.2	2,809,500	2,863,380
Current assets			
Trade receivables	12.1	49,975,071	43,416,969
Cash and bank balances	13	10,458,928	9,505,014
Short-term loans and advances	11	5,943,508	2,237,974
Other Current assets	12.2	62,435	
Total		404,691,708	190,662,851
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

R SYSTEMS (SINGAPORE) PTE. LTD**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	14	253,362,938	223,488,850
Other income	15	381,351	1,821,117
Total revenue		253,744,289	225,309,967
Expenses			
Employee benefits expense	16	226,239,243	198,990,341
Operational and other expense	17	26,825,307	21,367,174
Depreciation and amortisation expense	18	488,426	58,103
Finance costs	19	58,066	66,193
Total expenses		253,611,042	220,481,811
Profit / (loss) before tax		133,247	4,828,156
Tax expense			
Current tax		244,198	279,168
Total tax expense		244,198	279,168
Profit / (loss) for the year		(110,951)	4,548,988
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

R SYSTEMS (SINGAPORE) PTE. LTD
Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	133,247	4,828,156
Adjustments for:		
Depreciation and amortisation expense	488,426	58,103
Unrealised foreign exchange loss / (gain)	(175,099)	(115,404)
Interest income	(13,454)	(19,745)
Operating profit before working capital changes	433,120	4,751,110
Movements in working capital :		
(Increase) / Decrease in trade receivables	(8,740,404)	(409,875)
Decrease / (Increase) in intra-group balances	(14,579,116)	5,300,389
Increase / (Decrease) in short-term and long-term provision	310,588	166,828
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	2,353,891	(2,130,361)
Cash generated from operations	(20,221,921)	7,678,091
Direct taxes paid, net of refunds	(269,598)	(102,049)
Net cash used in operating activities (A)	(20,491,519)	7,576,042
B. Cash flows used in investing activities		
Purchase of fixed assets	(1,249,142)	(121,842)
Purchase of Investment	(82,370,785)	
Interest received	13,441	19,745
Net cash used in investing activities (B)	(83,606,486)	(102,097)
C. Cash flows used in financing activities		
Proceeds from issuance of share capital	105,051,919	-
Net cash from financing activities (C)	105,051,919	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	953,914	7,473,945
Cash and cash equivalents at the beginning of the year	9,505,014	2,031,069
Cash and cash equivalents at the end of the year	10,458,928	9,505,014

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 06, 2016

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 06, 2016

Place : Singapore
Date : February 06, 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 & 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 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.

(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 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 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 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.

(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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were SGD 1= Rs. 48.16. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 47.72.

(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 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.

R SYSTEMS (SINGAPORE) PTE. LTD

Notes to Financial Statements for the year ended December 31, 2015

3. Share capital

Particulars	As at	As at
	December 31, 2015	December 31, 2014
	Rs.	Rs.
Authorised shares		
51,22,125 (Previous year 4,070,000) Ordinary Shares of no Par Value	-	-
Issued, subscribed and paid up capital		
51,22,125 (Previous year 4,070,000) Ordinary Shares of no Par Value	211,435,730	105,930,226
Total	211,435,730	105,930,226

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	4,070,000	105,930,226	4,070,000	105,930,226
Add: Shares issued during the year	1,052,125	105,505,504	-	-
Shares outstanding at the end of the year	5,122,125	211,435,730	4,070,000	105,930,226

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2015**

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(7,103,501)	(11,652,489)
Add: Profit / (loss) for the current year	(110,951)	4,548,988
Net deficit in the statement of profit and loss	(7,214,452)	(7,103,501)
Foreign currency translation reserve		
Balance as per last financial statement	69,399,423	73,289,733
Add: Current year translation differences	(3,268,298)	(3,890,310)
Closing balance	66,131,125	69,399,423
Total	58,916,673	62,295,922

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2015**

5. Non Current Liability

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Deferred payment compensation to the erstwhile shareholders of IBIZCS Group Pte. Ltd., Singapore (refer note 22)	88,091,873	-
Total	88,091,873	-

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2015****6. Short-term provisions**

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits		
Compensated absences	1,616,705	1,330,108
Sub total (A)	1,616,705	1,330,108
Other provision		
Income tax	244,192	274,862
Sub total (B)	244,192	274,862
Total (A+B)	1,860,897	1,604,970

7. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	2,455,805	1,218,831
Sub total (A)	2,455,805	1,218,831
Other liabilities		
Payables to related parties		
Ecnet Singapore Ltd., Singapore	3,456,288	15,969,077
GST/Sales Tax	4,677,093	3,643,825
Deferred payment compensation to the erstwhile shareholders of IBIZCS Group Pte. Ltd., Singapore (refer note 22)	33,797,349	-
Sub total (B)	41,930,730	19,612,902
Total (A+B)	44,386,535	20,831,733

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
	1.1.2015		DURING THE YEAR		31.12.2015	1.1.2015		DURING THE YEAR		31.12.2015	31.12.2015	31.12.2014
Computer hardware	397,613	46,497	-	7,481	436,629	216,158	122,882	-	3,656	335,384	101,245	181,455
Office equipments	-	163,888	-	-	163,888	-	19,055	-	(64)	19,119	144,769	-
Total	397,613	210,385	-	7,481	600,517	216,158	141,937	-	3,592	354,503	246,014	181,455
Previous year	283,338	120,784	-	6,509	397,613	162,310	58,103	-	4,255	216,158	181,455	121,028

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
	1.1.2015		DURING THE YEAR		31.12.2015	1.1.2015		DURING THE YEAR		31.12.2015	31.12.2015	31.12.2014
Computer Software	42,951	1,042,947	-	808	1,085,090	42,951	346,489	-	(350)	389,790	695,300	-
Total	42,951	1,042,947	-	808	1,085,090	42,951	346,489	-	(350)	389,790	695,300	-
Previous year	43,961	-	-	1,010	42,951	43,961	-	-	1,010	42,951	-	-

R SYSTEMS (SINGAPORE) PTE. LTD

Notes to Financial Statements for the year ended December 31, 2015

10. Non Current Investment

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 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)	129,965,597	132,458,059
Investment In wholly owned Subsidiary: Other than Trade, unquoted IBIZCS Group Pte Ltd (refer note 22) (1,001,000 (Previous year Nil) ordinary equity shares of No Par Value)	204,535,355	-
Total	334,500,952	132,458,059

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2015**

11. Short term loans and advances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	2,925,716	1,624,140
Sub Total (A)	2,925,716	1,624,140
Loans & Advances		
Advance Recoverable		
Advance recoverable from R Systems International Limited	3,017,792	613,834
Sub Total (B)	3,017,792	613,834
Total (A+B)	5,943,508	2,237,974

R SYSTEMS (SINGAPORE) PTE. LTD
Notes to Financial Statements for the year ended December 31, 2015
12.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	2,762,922
	-	2,762,922
Provision for doubtful receivables	-	2,762,922
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	49,975,071	43,416,969
Unsecured, considered doubtful	1,497,472	1,526,229
	51,472,543	44,943,199
Provision for doubtful receivables	1,497,472	1,526,229
Sub Total (B)	49,975,071	43,416,969
Total (A+B)	49,975,071	43,416,969

12.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Non-current bank balances (refer note 13)	2,809,500	2,863,380		
Unbilled revenue			62,435	-
Total	2,809,500	2,863,380	62,435	-

R SYSTEMS (SINGAPORE) PTE. LTD

Notes to Financial Statements for the year ended December 31, 2015

13. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents				
Cash on hand			10,530	31,299
Balances with others banks				
On current accounts			10,448,398	9,473,715
			10,458,928	9,505,014
Other bank balances				
Margin money deposit (refer detail below)	2,809,500	2,863,380		
Amount disclosed under non-current assets (refer note 12.2)	(2,809,500)	(2,863,380)	-	-
Total	-	-	10,458,928	9,505,014

Detail of margin money deposit

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Margin moneys deposit to Government departments	2,809,500	2,863,380
Total	2,809,500	2,863,380

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2015**

14. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	253,362,938	223,488,850
Total	253,362,938	223,488,850

15. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest Income	13,454	19,779
Foreign exchange fluctuation (net)	-	14,593
Miscellaneous Income	367,897	1,786,745
Total	381,351	1,821,117

16. Employee benefits expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	222,135,321	194,150,682
Contribution to employee's benefits fund	1,599,067	2,699,698
Staff welfare	2,504,855	2,139,961
Total	226,239,243	198,990,341

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2015****17. Operational and other expenses**

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Recruitment and training expenses	1,020,940	982,511
Travelling and conveyance	806,069	707,706
Insurance	2,369,132	1,921,834
Repair and maintenance	190,570	-
Membership & Subscription Fees	76,810	73,118
Communication costs	330,172	380,661
Printing and stationery	36,140	95,861
Advertising and sales promotion	290,013	224,916
Legal and professional expenses	6,902,966	1,794,035
Management fees	14,672,734	15,141,190
Foreign exchange fluctuation (net)	16,476	-
Rates & taxes	54,611	-
Miscellaneous expenses	58,674	45,342
Total	26,825,307	21,367,174

18. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Depreciation on tangible assets	141,937	58,103
Amortisation on intangible assets	346,489	-
Total	488,426	58,103

19. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	58,066	66,193
Total	58,066	66,193

20. Related Party Disclosures

Holding Company	R Systems International Limited., India
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 System Inc w.e.f December 10, 2015) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f July 7, 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 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

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 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 Harpreet Rekhi, Director Chum Kum Ming, Director Joydeep Sen Chaudhuri, Director (Appointed on February 1, 2014)
--------------------------	--

Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:

Particulars	December 31, 2015	December 31, 2014
	Rs.	Rs.
<u>Holding Company- R Systems International Ltd</u>		
- Sub-contracting expenses	976,549	-
-Amount Receivable	3,017,792	613,834
<u>Fellow Subsidiary –EC net Ltd</u>		
- Services rendered	-	2,281,773
- Sub-contracting expenses	4,021,794	1,902,840
- Management fees paid	14,672,734	15,141,190
- Amount payable	3,456,288	15,969,077

Payment to key management personnel for year ended December 31, 2015 and December 31, 2014:

(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2015	2014
Joydeep Sen Chaudhuri	7,557,508	7,261,896

22. On April 30, 2015, the Company has acquired 100% share of IBIZCS Group Pte. Ltd, Singapore (IBIZ) for maximum consideration of SGD7.50 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 have been paid and balance Rs. 121,889,222 is 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, 2015 amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 33,797,349 and balance amount is payable after one year which has been disclosed separately under 'Other long-term liabilities' of Rs. 88,091,873.

Further, during the period Company has invested SGD 1,000,000 (Rs. 46,825,000) in IBIZ Group Pte. Ltd for investment in the down subsidiary of IBIZ as working capital

R SYSTEM (SINGAPORE) PTE LTD., SINGAPORE
Notes to Financial Statements for the year ended December 31, 2015

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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

R SYSTEMS, INC. USA			
Balance Sheet as at December 31, 2015			
	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	85,616,606	27,800,158
Reserves and surplus	4	393,131,792	281,117,841
Current liabilities			
Trade payables	6	113,062,907	100,504,098
Other current liabilities	6	15,572,138	11,907,871
Short-term provisions	5	26,099,847	63,569,334
Total		633,483,290	484,899,302
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	14,962,214	13,042,515
Intangible assets	9	1,590,029	904,814
Long-term loans and advances	7	455,137	939,560
Current assets			
Trade receivables	10.1	242,712,354	181,130,936
Cash and bank balances	11	309,350,578	192,922,922
Short-term loans and advances	7	49,232,884	77,875,826
Other current assets	10.2	15,180,094	18,082,729
Total		633,483,290	484,899,302
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 06, 2016

Place : Noida
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

R SYSTEMS, INC. USA
Statement of Profit and Loss for the year ended December 31, 2015

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	12	1,410,555,192	1,323,251,947
Other income	13	19,602,836	12,095,871
Total revenue		1,430,158,028	1,335,347,818
Expenses			
Employee benefits expense	14	801,619,245	683,071,591
Operational and other expenses	15	514,006,164	516,263,908
Depreciation and amortisation expense	16	10,260,892	8,609,524
Finance costs	17	1,112,353	1,023,970
Total expenses		1,326,998,654	1,208,968,993
Profit before tax		103,159,374	126,378,825
Tax expense			
Current tax / (credit)		8,890,789	46,816,730
Total tax expense / (credit)		8,890,789	46,816,730
Profit for the year		94,268,585	79,562,095
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 06, 2016

Place : Noida
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

R SYSTEMS, INC. USA**Cash Flow Statement for the year ended December 31, 2015**

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net Profit before taxation	103,159,374	126,378,825
Adjustments for:		
Depreciation and amortisation expense	10,260,892	8,609,525
Profit on sale / discard of fixed assets (net)	(352,825)	-
Bad Debt	8,747,909	-
Provision for doubtful debts and advances (net)	(8,127,047)	(11,023,585)
Unrealised foreign exchange loss / (gain)	17,401,556	5,011,964
Interest income	(1,219,111)	(1,072,007)
Operating profit/(loss) before working capital changes	129,870,748	127,904,722
Movements in working capital :		
(Increase) / Decrease in trade receivables	(40,245,586)	10,940,808
(Increase) / Decrease in loans and advances and other current assets	4,134,909	263,355
Decrease / (Increase) in intra-group balances	9,913,436	(11,563,990)
Increase / (Decrease) in short-term and long-term provision	4,596,247	(1,898,138)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	12,248,036	(21,273,246)
Cash generated from operations	120,517,790	104,373,511
Direct taxes paid, net of refunds	(50,956,523)	(2,591,477)
Net cash flow from operating activities (A)	69,561,267	101,782,034
B. Cash flows used in investing activities		
Purchase of fixed assets	(12,521,995)	(495,101)
Proceeds from sale of fixed assets	352,825	-
Interest received	1,219,111	1,072,007
Net cash used in investing activities (B)	(10,950,059)	576,906
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)	116,427,656	102,358,940
Cash and cash equivalents at the beginning of the year	192,922,922	90,563,982
Cash and cash equivalents at the end of the year	309,350,578	192,922,922

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 06, 2016

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : Noida
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

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 & 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>
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 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.

(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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

(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, 2015****3. Share capital**

Particulars	As at	As at
	December 31, 2015	December 31, 2014
	Rs.	Rs.
Authorised shares 5,000 (Previous year 5000) Common Stock, no par value	-	-
Issued, subscribed and paid up capital 2,150 (Previous year 2,000) Common Stock, no par value	85,616,606	27,800,158
Total	85,616,606	27,800,158

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	2,000	27,800,158	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	2,000	27,800,158

R SYSTEMS, INC. USA**Notes to Financial Statements for the year ended December 31, 2015**

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	227,277,254	147,715,159
Add: Profit for the current year	94,268,585	79,562,095
Net surplus in the statement of profit and loss	321,545,839	227,277,254
Foreign currency translation reserve		
Balance as per last financial statement	53,840,587	46,792,938
Add: Current year translation differences	17,745,366	7,047,649
Closing balance	71,585,953	53,840,587
Total	393,131,792	281,117,841

R SYSTEMS, INC. USA**Notes to Financial Statements for the year ended December 31, 2015****5. Short-term provisions**

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits		
Compensated absences	21,192,662	16,596,415
Sub Total (A)	21,192,662	16,596,415
Other provision		
Income tax	4,907,185	46,972,919
Sub Total (B)	4,907,185	46,972,919
Total (A+B)	26,099,847	63,569,334

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	113,062,907	100,504,098
Sub total (A)	113,062,907	100,504,098
Other liabilities		
Payable to Related parties		
R Systems Internataional Limited, India	4,667,897	2,965,166
R Systems Technologies Ltd., USA	7,908,958	7,563,976
ECnet Limited., Singapore	2,160,276	232,949
Other liabilities	835,007	1,145,780
Sub total (B)	15,572,138	11,907,871
Total (A+B)	128,635,045	112,411,969

R SYSTEMS, INC. USA

Notes to Financial Statements for the year ended December 31, 2015

7. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	373,833	893,607	14,484,472	15,232,324
Unsecured, considered doubtful			3,115,371	2,968,444
Provision for doubtful advances	373,833	893,607	17,599,843	18,200,768
			3,115,371	2,968,444
Total (A)	373,833	893,607	14,484,472	15,232,324
Advance recoverable from:				
R Systems International limited , India			8,888,390	11,799,529
R Systems Solutions, Inc., USA			-	1,421,243
Computaris USA, Inc			638,474	10,632,867
Systemes R. International Ltee, Canada			-	9,985,436
Loan recoverable from				
R Systems Technologies Ltd., USA			25,221,548	28,804,427
Total (B)	-	-	34,748,412	62,643,502
Security deposit				
Unsecured, considered good	81,304	45,953	-	-
Total (C)	81,304	45,953	-	-
Total (A+B+C)	455,137	939,560	49,232,884	77,875,826

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
	1.1.2015	MERGER	DURING THE YEAR			31.12.2015	1.1.2015	MERGER	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Leasehold Improvements	7,632,524	-	-	-	(377,781)	8,010,305	7,056,633	-	104,685	-	(352,558)	7,513,876	496,429	575,891
Computer hardware	63,334,801	2,214,040	267,928	-	(3,116,021)	68,932,790	56,472,990	1,916,253	4,575,552	-	(2,921,928)	65,886,723	3,046,067	6,861,811
Furniture & fixtures	11,383,472	525,123	-	-	(558,977)	12,467,572	7,224,266	268,440	799,108	-	(380,269)	8,672,083	3,795,489	4,159,206
Office & electrical equipments	6,948,916	2,471,011	5,808,607	-	(322,956)	15,551,490	6,551,803	106,890	1,635,139	-	(374,468)	8,668,300	6,883,190	397,113
Vehicles	20,914,909	-	-	2,615,835	(1,035,212)	19,334,286	19,866,415	348,458	2,615,835	2,615,835	(994,209)	18,593,247	741,039	1,048,494
Total	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
Previous year	107,578,630	-	495,036	-	(2,140,957)	110,214,622	88,080,824	-	7,104,127	-	(1,987,158)	97,172,107	13,042,515	19,497,806

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
	1.1.2015	MERGER	DURING THE YEAR			31.12.2015	1.1.2015	MERGER	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Computer Software	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
Total	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
Previous year	16,427,719	-	16,389	-	(326,933)	16,771,041	14,031,941	-	1,505,398	-	(328,888)	15,866,227	904,814	2,395,778

R SYSTEMS, INC. USA

Notes to Financial Statements for the year ended December 31, 2015

10. Trade receivables and other assets

10.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good		-
Unsecured, considered doubtful	24,911,151	20,782,989
	24,911,151	20,782,989
Provision for doubtful receivables	24,911,151	20,782,989
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	242,712,354	181,130,936
Unsecured, considered doubtful	2,158,600	4,361,451
	244,870,954	185,492,387
Provision for doubtful receivables	2,158,600	4,361,451
Sub Total (B)	242,712,354	181,130,936
Total (A+B)	242,712,354	181,130,936

Trade receivable include:

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Dues from companies under the same management		
Computaris USA Inc.	31,457,232	22,215,626
Systemes R. International Ltee, Canada	12,715,088	-

10.2 Other current assets

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenue	15,180,094	18,082,729
Total	15,180,094	18,082,729

R SYSTEMS, INC. USA**Notes to Financial Statements for the year ended December 31, 2015**

11. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	309,350,578	192,922,922
Total	309,350,578	192,922,922

R SYSTEMS, INC. USA**Notes to Financial Statements for the year ended December 31, 2015**

12. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	1,410,555,192	1,323,251,947
Total	1,410,555,192	1,323,251,947

13. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest income	1,219,111	1,072,007
Profit on sale of assets (net)	352,825	-
Miscellaneous income	9,859,623	-
Provision for doubtful debts and advances written back (net)	8,127,047	11,023,585
Foreign exchange fluctuation (net)	44,230	279
Total	19,602,836	12,095,871

14. Employee benefits expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	749,631,830	637,309,223
Contribution to employee's benefits fund	51,987,415	45,762,368
Total	801,619,245	683,071,591

R SYSTEMS, INC. USA**Notes to Financial Statements for the year ended December 31, 2015****15. Operational and other expenses**

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Recruitment and training expenses	4,306,576	4,114,827
Travelling and conveyance	33,577,855	41,559,145
Bad Debt	8,747,909	-
Insurance	4,465,888	3,228,707
Repair and maintenance	5,741,274	4,847,671
Membership & Subscription Fees	2,315,903	1,840,730
Rent - premises	17,866,407	7,578,643
Rent - equipment	578,689	604,706
Power and fuel	391,430	417,332
Communication costs	3,200,116	2,099,163
Printing and stationery	220,877	136,150
Advertising and sales promotion	493,911	623,312
Legal and professional expenses	430,486,798	447,742,149
Rates and taxes	1,505,445	1,387,932
Miscellaneous expenses	107,086	83,441
Total	514,006,164	516,263,908

16. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Depreciation on tangible assets	7,462,942	7,104,126
Amortisation on intangible assets	2,797,950	1,505,398
Total	10,260,892	8,609,524

17. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	1,112,353	1,023,970
Total	1,112,353	1,023,970

18. Related Party Disclosures

Holding Company	R Systems International Limited., India
Fellow Subsidiaries	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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f July 7, 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 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

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 (directors) and their relatives	Satinder Singh Rekhi, Director Harpreet Rekhi, Director Vinay NS 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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Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:

Particulars	For the year ended	
	December 31, 2015	December 31, 2014
Holding Company.		
Services Received	20,071,510	22,187,963
Services Rendered	8,152,374	7,509,231
Amount Payables	4,667,897	2,965,166
Amount Receivables	8,888,390	11,799,529
R Systems Technologies Ltd.		
Services Received	90,422,984	81,812,087
Interest Received	1,219,111	1,072,007
Amount Payable	7,908,958	7,563,976
Loan Outstanding	25,221,548	28,804,427
R Systems Solutions, Inc.		
Amount Receivables		1,421,243
ECnet Ltd.		
Amount Payables	2,160,276	232,949
Computaris USA Inc.		
Services Rendered	108,430,399	90,423,054
Amount Receivable	32,095,706	32,848,493
Systemes R. International Ltee, Canada.		
Amount Receivables	12,715,088	9,985,436
Remuneration to key management personnel and their relatives		
Sartaj Singh Rekhi	10,621,428	10,848,566
Ramneet Singh Rekhi	4,890,155	3,392,652
Vinay Narjit Singh Behl	2,886,750	2,288,668
Rent		
Satinder Singh Rekhi	4,156,920	3,661,380

Details of Loan given to R Systems Technologies Ltd, USA (formerly known as Indus Software Inc), a fellow subsidiary:

- The outstanding amount due is Rs. 25,221,548 (equivalent to \$ 381,249) and Rs. 28,804,427 (equivalent to \$ 456,959), as at December 31, 2015 and 2014, respectively.
- The maximum amount due is Rs. 28,249,508 (equivalent to \$ 427,020) during the year 2015.
- 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.

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, 2015 Rs.	Year ended December 31, 2014 Rs.
Lease payments for the year	9,206,157	7,578,629
Non-cancellable operating lease obligation		
Not later than one year	7,934,829	5,417,921
Later than one year but not later than five years	21,643,931	9,343,678

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 2015 and 2014, 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 06, 2016

Place : Noida
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

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 (formerly known as Indus Software Inc., USA) ("the Company"), which comprise the Balance Sheet as at December 31, 2015, 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. 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, 2015;
- 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 06, 2016

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

R Systems Technologies Limited, USA (Formerly known as Indus Software Inc.)**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,785,738	10,785,738
Reserves and surplus	4	(30,076,409)	(31,484,847)
Current liabilities			
Short-term Borrowings	6	25,221,548	28,804,427
Trade payables	7	2,137,666	2,036,848
Short-term provisions	5	897,557	860,648
Total		8,966,100	11,002,814
ASSETS			
Current assets			
Trade receivables	9	7,908,958	7,563,976
Cash and bank balances	10	1,024,064	3,407,320
Short-term loans and advances	8	33,078	31,518
Total		8,966,100	11,002,814
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., USA

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

R Systems Technologies Limited, USA (Formerly known as Indus Software Inc.)**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	11	90,422,984	81,812,087
Other income	12	-	206,087
Total revenue		90,422,984	82,018,174
Expenses			
Employee benefits expense	13	84,598,207	76,861,519
Operational and other expenses	14	2,246,436	2,035,643
Finance costs	15	1,219,111	1,072,007
Total expenses		88,063,754	79,969,169
Profit / (Loss) before tax		2,359,230	2,049,005
Tax expense			
Current tax		-	857,342
Total tax expense		-	857,342
Profit / Loss) for the year		2,359,230	1,191,663
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., USA

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

R Systems Technologies Limited, USA (Formerly known as Indus Software Inc.)
Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	2,359,230	2,049,005
Adjustments for:		
Unrealised foreign exchange loss / (gain)	91,308	61,993
Interest on loans	1,219,111	1,072,007
Deffered Taxes		
Operating profit before working capital changes	3,669,649	3,183,005
Movements in working capital :		
(Increase) / Decrease in loans and advances & other current assets	-	49,100
Decrease / (Increase) in intra-group balances	(4,828,277)	(1,312,468)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	-	(1,063,411)
Cash generated from operations	(1,158,628)	856,226
Direct taxes paid (net of refunds)	(5,517)	(72,984)
Net cash flow from operating activities (A)	(1,164,145)	783,242
B. Cash flows used in investing activities	-	-
Net cash from investing activities (B)	-	-
C. Cash flows used in financing activities		
Interest paid	(1,219,111)	(1,072,007)
Net cash used in financing activities (C)	(1,219,111)	(1,072,007)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(2,383,256)	(288,765)
Cash and cash equivalents at the beginning of the year	3,407,320	3,696,085
Cash and cash equivalents at the end of the year	1,024,064	3,407,320

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., USA

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

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 & 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 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 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.

(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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

(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.

R Systems Technologies Limited, USA (Formerly known as Indus Software Inc.)
Notes to Financial Statements for the year ended December 31, 2015

3. Share capital

Particulars	As at	As at
	December 31, 2015	December 31, 2014
	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, 2015		December 31, 2014	
	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 (Formerly known as Indus Software Inc.)**Notes to Financial Statements for the year ended December 31, 2015**

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(26,290,182)	(27,481,845)
Add: Profit / (Loss) for the current year	2,359,230	1,191,663
Net deficit in the statement of profit and loss	(23,930,952)	(26,290,182)
Foreign currency translation reserve		
Balance as per last financial statement	(5,194,665)	(4,806,035)
Add: Current year translation differences	(950,792)	(388,630)
Closing balance	(6,145,457)	(5,194,665)
Total	(30,076,409)	(31,484,847)

5. Short-term provisions

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Other provision		
Income tax	897,557	860,648
Total	897,557	860,648

6. Short-term borrowings

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unsecured Loan		
Loans from related parties repayable on demand (Refer note 16) R Systems Inc., USA	25,221,548	28,804,427
Total	25,221,548	28,804,427

7. Trade Payables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	2,137,666	2,036,848
Total	2,137,666	2,036,848

R Systems Technologies Limited, USA (Formerly known as Indus Software Inc.)
Notes to Financial Statements for the year ended December 31, 2015

8. Short term loans and advances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	33,078	31,518
Total	33,078	31,518

9. Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	567,610	540,840
	567,610	540,840
Provision for doubtful receivables	567,610	540,840
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	7,908,958	7,563,976
Unsecured, considered doubtful	-	-
	7,908,958	7,563,976
Provision for doubtful receivables	-	-
Sub Total (B)	7,908,958	7,563,976
Total (A+B)	7,908,958	7,563,976

Trade receivable include:

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Dues from companies under the same management R Systems Inc., USA	7,908,958	7,563,976

R Systems Technologies Limited, USA (Formerly known as Indus Software Inc.)
Notes to Financial Statements for the year ended December 31, 2015

10. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	1,024,064	3,407,320
Total	1,024,064	3,407,320

**R Systems Technologies Limited, USA (Formerly known
as Indus Software Inc.)**

Notes to Financial Statements for the year ended December 31, 2015

11. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	90,422,984	81,812,087
Total	90,422,984	81,812,087

12. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Advances written back	-	206,087
Total	-	206,087

13. Employee benefits expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	77,711,134	70,588,673
Contribution to employee's benefits fund	6,887,073	6,272,846
Total	84,598,207	76,861,519

14. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Travelling and conveyance	2,887	20,568
Legal and professional expenses	2,243,549	2,015,075
Total	2,246,436	2,035,643

15. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest on loans	1,219,111	1,072,007
Total	1,219,111	1,072,007

16. Related Party Disclosures

Holding Company	R Systems International Limited, India.
Fellow Subsidiaries	R Systems, Inc., USA R Systems Solutions, Inc., USA (merged into R System Inc w.e.f December 10, 2015) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f July 7, 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

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

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	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, 2015 and December 31, 2014:

(Amount in Rs.)

Particulars	December 31,	
	2015	2014
R Systems, Inc.		
Services Rendered	90,422,984	81,812,087
Interest Paid	1,219,111	1,072,007
Amount Receivable	7,908,958	7,563,976
Loan Payable	25,221,548	28,804,427

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

- The outstanding amount due is Rs.25, 221,548 (equivalent to \$ 381,249) and Rs.28,804,427 (equivalent to \$ 456,959), as at December 31, 2015 and 2014, respectively.
- The maximum amount due is Rs. 28,249,508 (equivalent to \$ 427,020) during the year 2015.
- The amount due are non-trade, interest is charged at 5% per annum and are due on demand.

17. 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 2015 and 2014, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

18. The Company recorded a net profit of Rs. 2,359,230 during the financial year ended 31 December, 2015, and as at that date Company's total liabilities exceeded its total assets by Rs. 19,290,671. 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.

19. 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 06, 2016

Place : Noida
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems Solutions, Inc., USA ("the Company"), which comprise the Balance Sheet as at December 10, 2015, 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. 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 10, 2015;
- 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:

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

R SYSTEMS SOLUTIONS, INC.
Balance Sheet as at December 10, 2015

	Notes	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	96,141,274	96,141,274
Reserves and surplus	4	(38,324,790)	(11,700,479)
Non-current liabilities			
Other long term liabilities	5	-	35,542
Current liabilities			
Trade payables	7	13,642,775	27,454,893
Other current liabilities	7	4,248,135	2,681,190
Short-term provisions	6	305,587	6,055,992
Total		76,012,981	120,668,412
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	2,918,591	7,392,340
Intangible assets	9	120,416	453,942
Long-term loans and advances	10	-	1,021,882
Current assets			
Trade receivables	11	5,611,581	93,548,528
Cash and bank balances	13	65,818,835	16,593,951
Short-term loans and advances	10	824,595	1,657,769
Other current assets	12	718,963	-
Total		76,012,981	120,668,412
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 Solutions, Inc.

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : December 10, 2015

Place : Singapore
Date : December 10, 2015

R SYSTEMS SOLUTIONS, INC.**Statement of Profit and Loss for the Period ended December 10, 2015**

	Notes	For the Period ended December 10, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	14	94,384,120	354,524,123
Other income	15	192,461	80,580
Total revenue		94,576,581	354,604,703
Expenses			
Employee benefits expense	16	89,213,311	258,244,427
Operational and other expenses	17	30,396,766	57,803,683
Depreciation and amortisation expense	18	5,184,341	6,520,691
Total expenses		124,794,418	322,568,801
Profit/ (Loss) before tax		(30,217,837)	32,035,902
Tax expense			
Current tax		64,013	126,089
Total tax expense		64,013	126,089
Profit / (Loss) for the Period		(30,281,850)	31,909,813
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 Solutions, Inc.

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : December 10, 2015

Place : Singapore
Date : December 10, 2015

R SYSTEMS SOLUTIONS, INC.
Cash Flow Statement for the Period ended December 10, 2015

	For the Period ended December 10, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before taxation	(30,217,837)	32,035,902
Adjustments for:		
Depreciation and amortisation expense	5,184,341	6,520,690
Profit on Sale of Assets	(70,329)	-
Debts and advances provided / written off (net)	39,142	-
Provision for impairment in value of investment	-	-
Unrealised foreign exchange loss / (gain)	3,417,959	(71,318)
Operating profit/(loss) before working capital changes	(21,646,724)	38,485,274
Movements in working capital :		
(Increase) / Decrease in trade receivables	87,897,805	(63,354,885)
Decrease / (Increase) in loans and advances and other current assets	1,251,950	1,304,902
Decrease / (Increase) in intra-group balances	2,114,208	(6,359,602)
Increase / (Decrease) in short-term and long-term provision	(5,658,962)	(286,621)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(14,510,780)	1,645,466
Cash generated from operations	49,447,497	(28,565,466)
Direct taxes paid, net of refunds	(155,456)	(23,082)
Net cash flow from operating activities (A)	49,292,041	(28,588,548)
B. Cash flows used in investing activities		
Purchase of fixed assets	(184,314)	(2,315,078)
Proceeds from sale of fixed assets	117,157	-
Net cash used in investing activities (B)	(67,157)	(2,315,078)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the Period (A + B + C)	49,224,884	(30,903,626)
Cash and cash equivalents at the beginning of the Period	16,593,951	47,497,577
Cash and cash equivalents at the end of the Period	65,818,835	16,593,951

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 Solutions, Inc.

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : December 10, 2015

Place : Singapore
Date : December 10, 2015

1. Company Overview

R Systems Solutions, Inc. is a wholly owned subsidiary of R Systems International Limited a Company incorporated in India. The Company provides outsourced solution for technical support, customer care and remote monitoring, primarily in the United States of America. The Company was incorporated under the laws of the State of California on February 18, 2000 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 & 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>
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 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.

(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, 2015, the rates used were US \$ 1= Rs. 64.01. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 66.72.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

(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.

3. Share capital

Particulars	As at December 10, 2015		As at December 31, 2014	
	No.	Rs.	No.	Rs.
Authorised Share Capital				
10,000,000 Series A Preferred Stock , No Par Value	-	-	-	-
50,000,000 Common Stock No Par Value	-	-	-	-
Issued, subscribed and paid up capital				
8,666,884 (Previous Year 8,666,844) Series A Preferred Stock , No Par Value	36,286,450	36,286,450	36,286,450	36,286,450
16,335,883 (Previous year 16,335,883) Common Stock No Par Value	59,854,824	59,854,824	59,854,824	59,854,824
Total	96,141,274	96,141,274	96,141,274	96,141,274

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

Particulars	As at December 10, 2015		As at December 31, 2014	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	8,666,884	36,286,450	8,666,884	36,286,450
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	8,666,884	36,286,450	8,666,884	36,286,450

B. Reconciliation of the Common Stock shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 10, 2015		As at December 31, 2014	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	16,335,833	59,854,824	16,335,833	59,854,824
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	16,335,833	59,854,824	16,335,833	59,854,824

4. Reserves and surplus

Particulars	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last account	(17,724,014)	(49,633,827)
Add: Profit / (Loss) for the Period	(30,281,850)	31,909,813
Net deficit in the statement of profit and loss	(48,005,864)	(17,724,014)
Foreign currency translation reserve		
Balance as per last account	6,023,535	3,966,928
Add: Current year translation differences	3,657,539	2,056,607
Closing balance	9,681,074	6,023,535
Total	(38,324,790)	(11,700,479)

R SYSTEMS SOLUTIONS, INC.**Notes to Financial Statements for the Period ended December 10, 2015**

5. Other long term liabilities

Particulars	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Security deposits	-	35,542
Total	-	35,542

6. Short-term provisions

Particulars	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits		
Compensated absences	240,199	5,899,161
Sub Total (A)	240,199	5,899,161
Other provision		
Income tax	65,388	156,831
Sub Total (B)	65,388	156,831
Total (A+B)	305,587	6,055,992

7. Other current liabilities

Particulars	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	13,642,775	27,454,893
Sub total (A)	13,642,775	27,454,893
Other liabilities		
Payable to Related parties		
R Systems International Limited, India	-	508,270
R Systems, Inc. , USA	4,159,578	1,421,243
Others	88,557	751,677
Sub total (B)	4,248,135	2,681,190
Total (A+B)	17,890,910	30,136,083

Schedule 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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Leasehold Improvements	1,072,847			1,072,847	-	166,554	920,355		1,086,909		-	906,293
Computer hardware	79,739,023	97,022	264,156	77,357,849	2,214,040	77,925,604	1,604,012	217,328	77,396,035	1,916,253	297,787	1,813,419
Furniture & fixtures	8,037,801			7,512,678	525,123	7,123,864	95,049		6,950,473	268,440	256,683	913,937
Office & electrical equipments	21,416,653	87,292		19,032,934	2,471,011	17,657,962	2,219,467		19,770,539	106,890	2,364,121	3,758,691
Total	110,266,324	184,314	264,156	104,976,308	5,210,174	102,873,984	4,838,883	217,328	105,203,956	2,291,583	2,918,591	7,392,340
Previous year	105,769,956	2,391,409	-	(2,104,959)	110,266,324	94,615,852	6,171,666	-	(2,086,466)	102,873,984	7,392,340	11,154,104

Schedule 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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Computer Software	3,847,225	-		2,702,332	1,144,893	3,393,283	345,458		2,714,264	1,024,477	120,416	453,942
Total	3,847,225	-	-	2,702,332	1,144,893	3,393,283	345,458	-	2,714,264	1,024,477	120,416	453,942
Previous year	3,772,154	-	-	(75,071)	3,847,225	2,973,573	349,025	-	(70,685)	3,393,283	453,942	798,581

10. Loans and advances

Particulars	Non-current		Current	
	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	201,024	-	1,657,769
Sub Total (A)	-	201,024	-	1,657,769
Loans & advances to related parties				
Advance recoverable from:				
R Systems International Limited			115,857	-
Sub Total (B)	-	-	115,857	-
Security deposit				
Unsecured, considered good		820,858	708,738	-
Sub Total (C)		820,858	708,738	-
Total (A+B+C)		1,021,882	824,595	1,657,769

11. Trade receivables

Particulars	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	9,139,477	8,595,894
	9,139,477	8,595,894
Provision for doubtful receivables	9,139,477	8,595,894
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	5,611,581	93,548,528
Sub Total (B)	5,611,581	93,548,528
Total (A+B)	5,611,581	93,548,528

12. Other current assets

Particulars	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenue	718,963	-
Total	718,963	-

R SYSTEMS SOLUTIONS, INC.**Notes to Financial Statements for the Period ended December 10, 2015**

13. Cash and bank balances

Particulars	As at December 10, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	65,818,835	16,593,951
Total	65,818,835	16,593,951

R SYSTEMS SOLUTIONS, INC.**Notes to Financial Statements for the Period ended December 10, 2015**

14. Revenue from operations

Particulars	For the Period ended December 10, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	94,384,120	354,524,123
Total	94,384,120	354,524,123

15. Other income

Particulars	For the Period ended December 10, 2015 Rs.	For the year ended December 31, 2014 Rs.
Advances written back	-	80,580
Profit on Sale of asset	70,329	-
Miscellaneous income	122,132	-
Total	192,461	80,580

16. Employee benefits expense

Particulars	For the Period ended December 10, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	81,336,453	236,441,674
Contribution to employee's benefits fund	7,876,858	21,802,753
Total	89,213,311	258,244,427

17. Operational and other expenses

Particulars	For the Period ended December 10, 2015 Rs.	For the year ended December 31, 2014 Rs.
Recruitment and training expenses	1,342,769	8,218,718
Travelling and conveyance	25,846	269,555
Insurance	544,754	759,185
Repair and maintenance	6,599,498	7,877,659
Provision for doubtful debts and advances (net)	39,142	-
Rent - premises	8,765,568	7,787,481
Power and fuel	666,238	1,135,755
Communication costs	2,273,639	2,272,480
Printing and stationery	82,293	248,711
Advertising and sales promotion	325,674	1,208,926
Legal and professional expenses	9,721,632	27,788,528
Rates and taxes	-	225,786
Miscellaneous expenses	9,713	10,899
Total	30,396,766	57,803,683

18. Depreciation and amortisation expenses

Particulars	For the Period ended December 10, 2015 Rs.	For the year ended December 31, 2014 Rs.
Depreciation on tangible assets	4,838,883	6,171,666
Amortisation on intangible assets	345,458	349,025
Total	5,184,341	6,520,691

19. Related Party Disclosures

Holding Company	R Systems International Limited., India
Fellow Subsidiaries	R Systems, Inc., USA R Systems Technologies Limited, USA(formerly known as Indus Software, Inc) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f July 7, 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

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

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
Sartaj Singh Rekhi, Director
Harpreet Rekhi, Director

Details of transactions with related parties for period ended December 10, 2015 and December 31, 2014:

(Amount in Rs.)

Particulars	December 10,	December 31,
	2015	2014
R Systems International Limited		
Service Received	503,910	1,991,791
Amount Payables	-	508,270
Amount Receivable	115,857	-
R Systems, Inc.		
Amount Payables	4,159,578	1,421,243

20. Operating Lease- Company as lessee

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

	Period ended	Year ended
	December	December
	10, 2015	31, 2014
	Rs.	Rs.
Lease payments for the year	8,765,568	7,787,481
Non-cancellable operating lease obligation		
Not later than one year	-	8,977,697
Later than one year but not later than five years	-	692,124
Later than five years		-

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

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

As per our report of even date.

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

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

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : December 10, 2015

Place : Singapore
Date : December 10, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Systèmes R. International Ltée, Canada

Report on the Financial Statements

We have audited the accompanying financial statements of Systèmes R. International Ltée, Canada ("the Company"), which comprise the Balance Sheet as at December 31, 2015, 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. 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, 2015;
- 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 06, 2016

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

SYSTEMES R. INTERNATIONAL LTÉE, CANADA**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	11,636	11,636
Reserves and surplus	4	(10,698,418)	(3,544,858)
Current liabilities			
Short-term provision	5	636,670	260,271
Trade payables	6	1,739,831	1,164,211
Other current liabilities	7	12,679,857	10,017,781
Total		4,369,576	7,909,041
Current assets			
Trade receivables	8.1	3,505,959	7,378,109
Cash and bank balances	10	646,782	64,953
Short-term loans and advances	9	216,835	285,729
Other current assets	8.2	-	180,250
Total		4,369,576	7,909,041
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
Systèmes R. International Ltée, Canada

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA**Statement of Profit and Loss for the period ended December 31, 2015**

	Notes	For the period ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Income			
Revenue from operations	11	18,167,187	13,924,833
Total revenue		18,167,187	13,924,833
Expenses			
Employee benefits expense	12	13,287,228	11,560,806
Operational and other expenses	13	12,661,234	4,599,463
Finance costs	14	214,811	136,387
Total expenses		26,163,273	16,296,656
Profit / (Loss) before tax		(7,996,086)	(2,371,823)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(7,996,086)	(2,371,823)
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
Systèmes R. International Ltée, Canada

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA
Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before taxation	(7,996,086)	(2,371,823)
Adjustments for:		
Provision for doubtful debts/advances	3,781,661	-
Unrealised foreign exchange loss / (gain)	(39,435)	(992)
Operating profit before working capital changes	(4,253,860)	(2,372,815)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(1,245,289)	(3,937,787)
(Increase) / Decrease in other current assets	166,262	(351,906)
(Increase) / Decrease in loans and advances	35,190	-
Increase / (Decrease) in Short term provisions	430,455	-
Decrease / (Increase) in intra-group balances	4,690,583	5,969,937
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	758,488	757,524
Cash generated from / (used in) operations	581,829	64,953
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	581,829	64,953
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)	581,829	64,953
Cash and cash equivalents at the beginning of the year	64,953	-
Cash and cash equivalents at the end of the year	646,782	64,953

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
Systèmes R. International Ltée, Canada

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

1. Company Overview

Systèmes R. International Ltée, Canada (the “Company”) is 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 is 417, Rue Saint-Pierre, Porte 604 Montréal (Québec) H2Y 2M4, Canada.

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 & 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 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.

(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.

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 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.

(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 period 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2014, the rates used were CAD 1= Rs. 55.25. For translating assets and liabilities at the year-end, the rates used were CAD 1= Rs. 54.42.

(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 i.e. providing information technology services in the Canada.

(k) Contingent liabilities

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

3. Share capital

Particulars	As at	As at
	December 31, 2015	December 31, 2014
	Rs.	Rs.
Authorised Share Capital		
200 (Previous year 200) Common Stock of CAD 1 each	CAD 200	CAD 200
Issued, subscribed and paid up capital		
200 (Previous year 200) Common Stock of CAD 1 each	11,636	11,636
Total	11,636	11,636

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	200	11,636	200	11,636
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	200	11,636	200	11,636

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statements	(3,623,182)	(1,251,359)
Add: Profit / (Loss) for the year	(7,996,086)	(2,371,823)
Net deficit in the statement of profit and loss	(11,619,268)	(3,623,182)
Foreign currency translation reserve		
Balance as per last financial statements	78,324	(37,109)
Add: Current year translation differences	842,526	115,433
Closing balance	920,850	78,324
Total	(10,698,418)	(3,544,858)

5. Short-term provisions

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits		
Compensated absences	636,670	260,271
Total (A)	636,670	260,271

6. Trade Payables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	1,465,568	919,869
Sub total (A)	1,465,568	919,869
Other liabilities		
Other payables	274,263	244,342
Sub total (B)	274,263	244,342
Total (A+B)	1,739,831	1,164,211

7. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Payable to related parties		
R Systems international Limited, India	-	808
R Systems Inc. USA	12,679,857	10,016,973
Total	12,679,857	10,017,781

8. Trade receivables and other assets

8.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	3,590,695	-
	3,590,695	-
Provision for doubtful receivables	3,590,695	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	3,505,959	7,378,109
Sub Total (B)	3,505,959	7,378,109
Total (A+B)	3,505,959	7,378,109

Trade receivable include:

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Dues from companies under the same management Computaris USA Inc.	970,768	1,733,735

8.2 Other current assets

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenue	-	180,250
Total	-	180,250

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA**Notes to Financial Statements for the year ended December 31, 2015**

9. Short term loans and advances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	216,835	285,729
Total	216,835	285,729

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA**Notes to Financial Statements for the year ended December 31, 2015**

10. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	646,782	64,953
Total	646,782	64,953

11. Revenue from operations

Particulars	For the period ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	18,167,187	13,924,833
Total	18,167,187	13,924,833

12. Employee benefits expense

Particulars	For the period ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	12,571,607	10,695,703
Contribution to employee's benefits fund	715,621	865,103
Total	13,287,228	11,560,806

13. Operational and other expenses

Particulars	For the period ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Legal and professional expenses	6,191,963	2,939,911
Travelling and conveyance	202,589	668,129
Insurance	38,792	32,843
Rent - premises	180,720	99,455
Communication costs	138,453	62,919
Foreign exchange fluctuation (net)	2,099,391	795,708
Printing and stationery	9,643	498
Recruitment & Training Exp	18,022	-
Provision for Doubtful Debts	3,781,661	-
Total	12,661,234	4,599,463

14. Finance cost

Particulars	For the period ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	214,811	136,387
Total	214,811	136,387

15. Related Party Disclosures

Holding Company	R Systems International Limited., India
Fellow Subsidiaries	<p>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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f July 7, 2015.</p> <p>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</p> <p>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</p>
Wholly Owned Subsidiary of R Systems (Singapore) Pte Limited, Singapore	<p>IBIZCS Group Pte Limited, Singapore w.e.f April 30, 2015.</p> <p>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.</p>
Key management personnel	<p>Satinder Singh Rekhi, Director Sartaj Singh Rekhi, Director</p>

Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:

Particulars	For the year ended	
	December 31, 2015	December 31, 2014
Holding Company		
Amount payables	-	808
R Systems, Inc.		
Amount payables	12,679,857	10,016,973
Computaris USA Inc.		
Services rendered	6,089,621	6,504,447
Amount receivable	970,768	1,733,735

16. The Company incurred a net loss of Rs. 7,996,086 during the financial year ended 31 December, 2015, and as at that date Company's total liabilities exceeded its total assets by Rs. 10,686,782. 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 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.

17. 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 Systèmes R. International Ltée, Canada

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

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ECNET LIMITED, SINGAPORE
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,438,892,001	2,438,892,001
Reserves and surplus	4	(2,367,557,921)	(2,321,733,879)
Non-current liabilities			
Other long term liabilities	5	153,726	235,271
Current liabilities			
Trade payables	6	9,339,984	7,489,499
Other current liabilities	6	29,075,632	34,772,136
Total		109,903,422	159,655,028
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	1,437,528	2,322,635
Intangible assets	8	738,335	19,888,823
Non-current investments	9	4,214,269	14,195,703
Long-term loans and advances	10	2,560,204	2,681,842
Current assets			
Trade receivables	11.1	11,125,064	11,911,423
Cash and bank balances	12	30,809,448	20,007,149
Short-term loans and advances	10	56,808,532	86,132,150
Other current assets	11.2	2,210,042	2,515,303
Total		109,903,422	159,655,028
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 Ltd, Singapore

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

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET LIMITED, SINGAPORE**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	13	183,499,339	178,817,022
Other income	14	71,852,186	83,817,478
Total revenue		255,351,525	262,634,500
Expenses			
Employee benefits expense	15	127,557,682	129,053,323
Operational and other expense	16	150,680,548	113,490,807
Depreciation and amortisation expense	17	8,278,192	10,204,937
Finance costs	18	350,218	245,777
Total expenses		286,866,640	252,994,844
Profit/ (Loss) before tax and exceptional items		(31,515,115)	9,639,656
Exceptional items	19	11,959,025	-
Profit/ (Loss) before tax		(43,474,140)	9,639,656
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(43,474,140)	9,639,656
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 Ltd, Singapore

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

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET LIMITED, SINGAPORE

Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net Profit/(loss) before taxation	(43,474,140)	9,639,656
Adjustments for:		
Depreciation and amortisation expense	8,278,192	10,204,937
Impairment loss on intangible assets [refer note 23]	11,959,025	
Provision for doubtful debts written back (Net)	36,336,223	9,616,047
Provision for diminishing in the value of Investment	9,681,951	-
Unrealised foreign exchange gain / (loss)	(1,564,807)	(1,662,540)
Loss on sale / discard of fixed assets (net)	-	526,527
Interest income	(1,658)	(2,060)
Interest on loans	-	-
Operating loss before working capital changes	21,214,786	28,322,567
Movements in working capital :		
(Increase) / Decrease in trade receivables	(35,549,864)	6,767,004
(Increase) / Decrease in other current assets	305,261	(2,274,139)
(Increase) / Decrease in loans and advances	29,445,256	(23,388,937)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(3,927,564)	3,990,149
Cash generated from operations	11,487,875	13,416,644
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	11,487,875	13,416,644
B. Cash flows used in investing activities		
Purchase of fixed assets	(687,234)	(2,306,046)
Interest received	1,658	2,060
Net cash used in investing activities (B)	(685,576)	(2,303,986)
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)	10,802,299	11,112,658
Cash and cash equivalents at the beginning of the year	20,007,149	8,894,491
Cash and cash equivalents at the end of the year	30,809,448	20,007,149

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 06, 2016

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

Sd/-
Chan Kum Ming
[Director]

Place : Singapore
Date : February 06, 2016

Sd/-
Teo Lye Choon
[Director]

Place : Singapore
Date : February 06, 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.

(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 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.

(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, 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.

For translating income and expense during the year ended December 31, 2014, the rates used were SGD 1= Rs. 48.16. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 47.72

(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.

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2015

3. Share capital

Particulars	As at	As at
	December 31, 2015 Rs.	December 31, 2014 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 December 31, 2015		As at December 31, 2014	
	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 December 31, 2015		As at December 31, 2014	
	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, 2015**

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financials statement	(2,271,768,594)	(2,281,408,249)
Add: Profit/(loss) for the current year	(43,474,140)	9,639,656
Net deficit in the statement of profit and loss	(2,315,242,734)	(2,271,768,594)
Foreign currency translation reserve		
Balance as per last financials statement	(49,965,285)	(47,348,131)
Add: Current year translation differences	(2,349,902)	(2,617,154)
Closing balance	(52,315,187)	(49,965,285)
Total	(2,367,557,921)	(2,321,733,879)

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2015**

5. Other long-term liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Deferred Grant From Government	153,726	235,271
Total	153,726	235,271

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2015**

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	9,339,984	7,489,499
Sub total (A)	9,339,984	7,489,499
Other liabilities		
Payable to related parties		
R Systems International Limited	10,668,165	22,448,847
ECnet (Hong Kong) Ltd.	4,141,184	6,433,664
Advance from customers	317,754	-
Deferred Grant From Government	477,689	939,983
Unearned Revenue	10,973,625	2,940,907
GST	2,497,215	2,008,735
Sub total (B)	29,075,632	34,772,136
Total (A+B)	38,415,616	42,261,635

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2015

7 Tangible assets						(Amount in Rs.)
Particulars	Leasehold Improvements	Computer Hardware	Furniture & Fixtures	Office & Electrical Equipments	Total	
Gross block						
As at January 1, 2014	3,208,140	20,562,739	317,848	661,234	24,749,961	
Additions	388,751	466,356	644,003	27,584	1,526,694	
Deletions	3,134,447	842,243	-	-	3,976,690	
Foreign currency translation	(73,693)	(472,339)	(7,301)	(15,189)	(568,522)	
At December 31, 2014	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	
Amortisation						
As at January 1, 2014	2,436,333	18,779,078	304,219	351,356	21,870,986	
Charge for the year	270,263	997,084	104,297	137,156	1,508,800	
Deletions	2,612,686	842,243	-	-	3,454,929	
Foreign currency translation	(58,411)	(440,394)	(7,932)	(9,312)	(516,049)	
At December 31, 2014	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	
Net block						
At December 31, 2014	353,252	1,220,988	553,966	194,429	2,322,635	
At December 31, 2015	215,952	772,342	361,777	87,457	1,437,528	

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2015

8 Intangible assets

(Amount in Rs.)

Particulars	Softwares	Customer contract	Non compete fee	Goodwill on business acquisition	Total
Gross block					
As at January 1, 2014	20,143,577	8,305,408	8,402,952	20,115,006	56,966,943
Additions	779,352				779,352
Deletions					-
Foreign currency translation	(462,711)	(190,780)	(193,022)	(462,054)	(1,308,567)
At December 31, 2014	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
Amortisation					
As at January 1, 2014	15,823,033	8,171,036	1,353,690	3,240,426	28,588,185
Charge for the year	2,940,164	132,485	1,656,987	3,966,500	8,696,137
Deletions					-
Foreign currency translation	(390,083)	(188,893)	(46,096)	(110,345)	(735,417)
At December 31, 2014	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 23]			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
Net block					
At December 31, 2014	2,087,104	-	5,245,349	12,556,370	19,888,823
At December 31, 2015	738,335	-	-	-	738,335

ECNET LIMITED, SINGAPORE

Notes Forming Part of the Financial Statements

9. Non current Investment

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 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)	9,714,315	9,900,585
Less: Provision for diminution in the value of investment	9,714,315 -	- 9,900,585
(ii) ECnet Systems (Thailand) Co Ltd (400,000 (Previous year 400,000) ordinary shares of 5 THB each)	4,214,250	4,295,070
(iii) ECnet (Shanghai) Co. Ltd (97,220 (Previous year 97,220) shares of no par value)	16,782,782	17,104,639
Less: Provision for diminution in the value of investment	16,782,782 -	17,104,639 -
(iv) ECnet (Hong Kong) (2 (Previous year 2) ordinary shares of HK \$1 each)	19	48
(v) ECnet Inc (1,000 (Previous year 1,000) shares of US\$ 2 each)	160,142	163,213
Less: Provision for diminution in the value of investment	160,142 -	163,213 -
(vi) ECnet Kabushi Kaisha (200 (Previous year 200) shares of 50,000 Yen each)	7,520,095	7,664,314
Less: Provision for diminution in the value of investment	7,520,095 -	7,664,314 -
	4,214,269	14,195,703
Aggregate amount of unquoted investments (net of provision)	4,214,269	14,195,703
Aggregate amount of quoted investments	-	-
Aggregate provision for diminution in the value of investments	34,177,334	24,932,166

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2015

10. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	3,286,813	3,126,942
Sub Total (A)	-	-	3,286,813	3,126,942
Loans & advances to related parties				
Unsecured, considered good				
Advance receivables from				
R Systems International Limited			574,049	-
R Systems Inc.			2,163,313	233,434
IBIZ Consulting Services Pte Ltd			761,562	-
R Systems Singapore Ltd			3,456,288	15,969,077
ECnet (M) Sdn Bhd.			24,687,091	41,123,722
ECnet Systems (Thailand) Co. Ltd.			10,075,126	2,910,859
ECnet Kabushiki Kaisha.			2,107,276	2,256,807
ECnet, Inc.			180,526	981,116
ECnet (Shanghai) Co. Ltd.			9,516,488	19,530,193
Sub Total (B)	-	-	53,521,719	83,005,208
Security deposit				
Unsecured, considered good	2,560,204	2,681,842	-	-
Sub Total (C)	2,560,204	2,681,842	-	-
Total (A+B+C)	2,560,204	2,681,842	56,808,532	86,132,150

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2015

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	9,901,271	9,939,556
	9,901,271	9,939,556
Provision for doubtful receivables	9,901,271	9,939,556
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	11,125,064	11,911,423
Unsecured, considered doubtful	14,217,811	14,277,862
	25,342,875	26,189,285
Provision for doubtful receivables	14,217,811	14,277,862
Sub Total (B)	11,125,064	11,911,423
Total (A+B)	11,125,064	11,911,423

11.2 Other current assets

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenue	2,210,042	2,515,303
Total	2,210,042	2,515,303

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2015**

12. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Cash in hand	229	20,402
Balances with other banks		
On current accounts	30,809,219	19,986,747
Total	30,809,448	20,007,149

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2015**

13. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	183,499,339	178,817,022
Total	183,499,339	178,817,022

14. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest income	1,658	2,060
Management Fees	71,850,528	83,815,418
Total	71,852,186	83,817,478

15. Employee benefit expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	117,076,829	118,553,452
Contribution to employee's benefits fund	7,571,485	7,697,157
Staff welfare expenses	2,909,368	2,802,714
Total	127,557,682	129,053,323

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2015

16. Operational and other expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Travelling and conveyance	10,595,924	10,136,072
Insurance	156,181	119,182
Bad Debt	198,609	-
Repair and maintenance	6,647,286	7,811,467
Provision for finishing in the value of Investment	9,681,951	-
Rent - premises	8,932,762	12,885,604
Rent - equipment	638,432	658,815
Power and fuel	1,237,378	776,324
Communication costs	3,991,043	5,162,458
Printing and stationery	293,137	332,829
Advertising and sales promotion	84,004	318,037
Legal and professional expenses	69,504,133	60,766,366
Foreign exchange fluctuation (net)	238,714	901,528
Loss on sale/discard of fixed assets	-	526,527
Provision for doubtful debts and advances (net)	36,336,223	9,616,047
Membership and subscription	476,424	481,296
Rates & taxes	616,886	2,364,097
Miscellaneous expenses	1,051,461	634,158
Total	150,680,548	113,490,807

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Depreciation on tangible assets	1,421,068	1,508,800
Amortisation on intangible assets	6,857,124	8,696,137
Total	8,278,192	10,204,937

18. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	350,218	245,777
Total	350,218	245,777

19. Exceptional Items

Particulars	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 23]	11,959,025	-
Total	11,959,025	-

20. Related Party Disclosures

Holding Company	R Systems International Limited
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 System Inc w.e.f December 10, 2015) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of 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
Wholly Owned Subsidiaries of ECnet limited	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	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, 2015 and December 31, 2014:

Transaction	(Amount in Rs.)	
	For the year ended December, 31 2015	2014
<u>R System International Limited</u>		
a). Consultancy fees paid	43,122,623	41,357,373
<u>R Systems (Singapore) Pte Ltd</u>		
a). Management fee received	14,672,734	15,141,190

ECNET LIMITED, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2015

b).	Services rendered	4,021,794	1,902,840
c).	Interest Paid		
d.)	Sub – Contracting Expenses	-	2,281,773
<u>R Systems Europe B.V.,Netherlands</u>			
a).	Services Rendered	-	1,172,881
<u>IBIZ Consulting Services Pte Ltd</u>			
a).	Management fee received	2,230,778	-
<u>ECnet (M) Sdn Bhd.,Malaysia</u>			
a).	Services rendered	15,597,134	15,843,827
b).	Management fee received	10,541,427	11,520,064
<u>ECnet (Shanghai) Co. Ltd.</u>			
a).	Services rendered	4,032,865	7,595,798
b).	Management fee received	3,888,702	11,661,429
<u>ECnet (Hong Kong) Ltd.</u>			
a).	Services rendered	3,428,596	608,060
b).	Management fee received	3,872,431	4,642,949
<u>ECnet Kabushiki Kaisha.</u>			
a).	Services rendered	7,034	3,995
b).	Management fee received	929,443	1,951,276
<u>ECnet Systems (Thailand) Co. Ltd.,</u>			
a).	Services rendered	5,190,347	6,172,258
b).	Management fee received	5,315,792	5,694,702

(b) Inter-companies balances as at December 31, 2015 and December 31, 2014:

Outstanding balances	(Amount in Rs.)	
	As at December, 31 2015	2014
<u>R System International Limited</u>		
Amount Receivable	574,049	
Amount Payables	10,668,165	22,448,846
<u>R Systems, Inc.</u>		
Amount Receivables	2,163,313	233,434
Amount Payable		
<u>IBIZ Consulting Services Pte Ltd</u>		
Amount Receivables	761,562	-
<u>ECnet (M) Sdn Bhd.</u>		
Amount Receivables (Net of Provision Rs. 26,456,465 and Rs.4,892,767 in 2015 and 2014, respectively)	24,687,091	41,123,722
<u>ECnet Systems (Thailand) Co. Ltd.,</u>		
Amount Receivables	10,075,126	2,910,859
Amount Payable		

ECNET LIMITED, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2015

<u>ECnet Kabushiki Kaisha</u>			
	Amount Receivables	2,107,276	2,256,807
	(Net of Provision Rs.26,423,790 and Rs.26,930,540 in 2015 and 2014, respectively)		
<u>ECnet (Shanghai) Co. Ltd.</u>			
	Amount Receivables	9,516,488	19,530,193
	(Net of Provision Rs.40,816,088 and Rs. 26,546,532 in 2015 and 2014, respectively)		
<u>ECnet (Hong Kong) Ltd.</u>			
	Amount Payables	4,141,184	6,433,664
<u>ECnet, Inc.</u>			
	Amount Receivable	180,526	981,116
	(Net of Provision Rs.211,201,540 in 2015 and Rs.193,039,010 in 2014, respectively)		
<u>R Systems (Singapore) Pte Ltd</u>			
	Non Trade Receivable	3,456,288	15,969,077

Payment to key management personnel for year ended December 31, 2015 and December 31, 2014:

(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2015	2014
Chan Kum Ming	8,711,618	9,321,992
Teo Lye Choon	6,581,022	6,771,251
Total	15,292,640	16,093,243

21. **Operating Lease- Company as lessee**

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

	Year ended December 31, 2015	Year ended December 31, 2014
	Rs.	Rs.
Lease payments for the year	16,002,240	20,312,310
Non-cancellable operating lease obligation		
Not later than one year	10,427,403	10,309,886
Later than one year but not later than five years	6,028,513	16,771,504
Later than five years	-	-

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

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

During the year ended December 31 2015 and 2014, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2015

23. During the year ended December 31, 2015, the Company has 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.
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 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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ECNET (M) SDN. BHD., MALAYSIA
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	7,353,080	7,353,080
Reserves and surplus	4	(30,933,839)	(14,906,263)
Current liabilities			
Trade payables	5	3,842,965	2,958,739
Other current liabilities	5	53,077,609	47,873,430
Total		33,339,815	43,278,986
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	329,275	623,722
Intangible assets	7	39,812	61,127
Long-term loans and advances	8	1,420,954	2,073,632
Current assets			
Trade receivables	9	13,850,072	22,972,458
Cash and bank balances	11	14,155,402	15,180,894
Short-term loans and advances	8	461,333	504,677
Other current assets	10	3,082,967	1,862,476
Total		33,339,815	43,278,986
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Malaysia
Date : February 06, 2016

ECNET (M) SDN. BHD., MALAYSIA**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	12	77,876,299	90,303,920
Total revenue		77,876,299	90,303,920
Expenses			
Employee benefits expense	13	37,905,341	44,279,538
Operational and other expenses	14	57,154,433	58,909,771
Depreciation and amortisation expense	15	354,901	554,004
Finance costs	16	58,437	75,834
Total expenses		95,473,112	103,819,147
Profit / (Loss) before tax		(17,596,813)	(13,515,227)
Tax expense			
Current tax		677,089	(290,451)
Total tax expense		677,089	(290,451)
Profit / (Loss) for the year		(18,273,902)	(13,224,776)
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Malaysia
Date : February 06, 2016

ECNET (M) SDN. BHD., MALAYSIA

Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before taxation	(17,596,813)	(13,515,227)
Adjustments for:		
Depreciation and amortisation expense	354,901	554,004
Provision for doubtful debts/written off (net)	-	2,732,483
Unrealised foreign exchange (loss) / gain	2,324,792	183,927
Interest income	-	-
Operating profit before working capital changes	(14,917,120)	(10,044,813)
Movements in working capital :		
(Increase) / Decrease in trade receivables	9,122,387	777,195
(Increase) / Decrease in other current assets	(1,220,491)	(1,862,476)
(Increase) / Decrease in loans and advances	696,022	(1,157,985)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	6,088,405	13,289,686
Cash generated from operations	(230,797)	1,001,607
Direct taxes paid, net of refunds	(677,089)	(275,559)
Net cash flow from operating activities (A)	(907,886)	726,048
B. Cash flows used in investing activities		
Purchase of fixed assets	(117,606)	(222,526)
Interest received	-	-
Net cash used in investing activities (B)	(117,606)	(222,526)
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)	(1,025,492)	503,522
Cash and cash equivalents at the beginning of the year	15,180,894	14,677,372
Cash and cash equivalents at the end of the year	14,155,402	15,180,894

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 06, 2016

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

Sd/-
Chan Kum Ming
[Director]
Sd/-
Vincent Tey Chyng Siang
[Director]

Place : Singapore
Date : February 06, 2016
Place : Malaysia
Date : February 06, 2016

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.

(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 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.

(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, 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.

For translating income and expense during the year ended December 31, 2014, the rates used were MYR 1= Rs. 18.65. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 18.12.

(j) **Retirement benefits**

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

(k) **Income taxes**

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

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

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

(l) **Cash and cash equivalents**

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

(m) **Provision**

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

(n) **Segment reporting**

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

(o) **Contingent liabilities**

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

3. Share capital

Particulars	As at	As at
	December 31, 2015	December 31, 2014
	Rs.	Rs.
Authorised Share Capital		
500,000 Ordinary Shares of RM 1 Each	RM 500,000	RM 500,000
Issued, subscribed and paid up capital		
500,000 (Previous year 500,000) Ordinary Shares of RM 1 Each	7,353,080	7,353,080
Total	7,353,080	7,353,080

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

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

ECNET (M) SDN. BHD., MALAYSIA**Notes to Financial Statements for the year ended December 31, 2015**

4. Reserves & surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(13,704,457)	(479,681)
Add: Profit / (loss) for the current year	(18,273,902)	(13,224,776)
Net deficit in the statement of profit and loss	(31,978,359)	(13,704,457)
Foreign currency translation reserve		
Balance as per last financial statement	(1,201,806)	(1,360,179)
Add: Current year translation differences	2,246,326	158,373
Closing balance	1,044,520	(1,201,806)
Total	(30,933,839)	(14,906,263)

ECNET (M) SDN. BHD., MALAYSIA**Notes to Financial Statements for the year ended December 31, 2015**

5. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	3,842,965	2,958,739
Sub total (A)	3,842,965	2,958,739
Other liabilities		
Payable to related parties		
ECnet Limited, Singapore	51,349,313	46,120,239
Advance from customers	348,686	235,355
Other payables	1,379,610	1,517,836
Sub total (B)	53,077,609	47,873,430
Total (A+B)	56,920,574	50,832,169

Schedule 6: Tangible Assets												(Amount in Rs.)	
PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT	
	1.1.2015		DURING THE YEAR		31.12.2015	1.1.2015		DURING THE YEAR		31.12.2015	31.12.2015	31.12.2014	
Leasehold Improvements	906,389	-	-	133,080	773,309	614,044	137,500	-	98,705	652,839	120,470	292,345	
Computer Hardware	2,544,914	59,708	-	373,632	2,230,990	2,349,076	113,059	-	351,918	2,110,217	120,773	195,838	
Furniture & Fixtures	1,320,621	-	-	193,887	1,126,734	1,200,363	61,628	-	180,068	1,081,923	44,811	120,258	
Office Equipments	1,098,831	36,535	-	161,325	974,041	1,083,550	6,774	-	159,504	930,820	43,221	15,281	
Total	5,870,755	96,243	-	861,924	5,105,074	5,247,033	318,961	-	790,195	4,775,799	329,275	623,722	
Previous Year	5,939,537	167,011	-	235,793	5,870,755	4,934,450	523,415	-	210,832	5,247,033	623,722	1,005,087	

Schedule 7: Intangible Assets												(Amount in Rs.)	
PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT	
	1.1.2015		DURING THE YEAR		31.12.2015	1.1.2015		DURING THE YEAR		31.12.2015	31.12.2015	31.12.2014	
Computer Software	3,039,485	21,363	-	446,243	2,614,605	2,978,358	35,940	-	439,505	2,574,793	39,812	61,127	
Total	3,039,485	21,363	-	446,243	2,614,605	2,978,358	35,940	-	439,505	2,574,793	39,812	61,127	
Previous Year	3,107,328	55,515	-	123,357	3,039,485	3,070,538	30,589	-	122,769	2,978,358	61,127	36,790	

8. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	461,333	504,677
Sub Total (A)	-	-	461,333	504,677
Security deposit				
Unsecured, considered good	1,002,359	896,116	-	-
Sub Total (B)	1,002,359	896,116	-	-
Other loans and advances				
Advance income taxes	418,595	1,177,516	-	-
Sub Total (C)	418,595	1,177,516	-	-
Total (A+B+C)	1,420,954	2,073,632	461,333	504,677

9. Trade receivables

Particulars	Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,167,085	6,616,786
Unsecured, considered doubtful	4,272,821	4,939,897
	8,439,906	11,556,683
Provision for doubtful receivables	4,272,821	4,939,897
Sub Total (A)	4,167,085	6,616,786
Other receivables		
Unsecured, considered good	9,682,987	16,355,672
Unsecured, considered doubtful	92,447	176,542
	9,775,434	16,532,214
Provision for doubtful receivables	92,447	176,542
Sub Total (B)	9,682,987	16,355,672
Total (A+B)	13,850,072	22,972,458

10. Other current assets

Particulars	Non Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenue	3,082,967	1,862,476
Total	3,082,967	1,862,476

ECNET (M) SDN. BHD., MALAYSIA**Notes to Financial Statements for the year ended December 31, 2015**

11. Cash and bank balances

Particulars	Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Cash on hand	36,339	4,205
Balances with other banks		
On current accounts	14,119,063	15,176,689
Total	14,155,402	15,180,894

12. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	77,876,299	90,303,920
Total	77,876,299	90,303,920

13. Employee benefit expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	34,839,810	40,172,045
Contribution to employee's benefit plan	2,538,618	3,724,684
Staff welfare expenses	526,913	382,809
Total	37,905,341	44,279,538

14. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Recruitment and training expenses	1,644,048	1,210,193
Travelling and conveyance	6,208,890	7,384,212
Repair and maintenance	154,784	172,923
Provision for doubtful debts and advances (net)	-	2,732,483
Rent - premises	2,547,767	2,166,198
Power and fuel	121,114	103,754
Communication costs	1,150,520	1,321,800
Printing and stationery	220,542	548,637
Legal and professional expenses	26,480,608	29,568,424
Foreign exchange fluctuation (net)	7,557,508	1,086,561
Advertising and sales promotion	464,316	330,043
Membership and subscription	13,187	-
Rates & taxes	19,463	376,691
Seminar expenses	-	255,505
Management fees	10,538,980	11,511,707
Miscellaneous expenses	32,706	140,640
Total	57,154,433	58,909,771

15. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Depreciation on tangible assets	318,961	523,415
Amortisation on intangible assets	35,940	30,589
Total	354,901	554,004

16. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	58,437	75,834
Total	58,437	75,834

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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary 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
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

(a) Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:
(Amount in Rs.)

TRANSACTIONS		For the year ended December, 31	
		2015	2014
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	15,422,463	15,709,995
b).	Management Fees Paid	10,538,979	11,549,013

(b). Inter-companies balances as at December 31, 2015 and December 31, 2014:

OUTSTANDING BALANCES	(Amount in Rs.)	
	As at December, 31	
	2015	2014
<u>ECnet Limited, Singapore</u>		
Amount Payables	51,349,313	46,120,239

Payment to key management personnel for year ended December 31, 2015 and December 31, 2014:

Name of Key Management Personnel	(Amount in Rs.)	
	For the year ended December 31,	
	2015	2014
Vincent Tey Chyng Siang	3,066,347	3,185,567

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, 2015	Year ended December 31, 2014
	Rs.	Rs.
Lease payments for the year	2,478,864	2,166,198
Non-cancellable operating lease obligation		
Not later than one year	1,746,816	788,133
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, 2015 and 2014, 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. 18,273,902 during the financial year ended 31 December, 2015, and as at that date Company's total liabilities exceeded its total assets by Rs.23,580,759. 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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Malaysia
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ECNET, INC., USA**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	91,110	91,110
Reserves and surplus	4	(209,916,026)	(199,984,885)
Current liabilities			
Trade payables	5	322,998	307,765
Other current liabilities	5	211,085,283	201,937,395
Total		1,583,365	2,351,385
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	4	4
Current assets			
Trade receivables	8	-	-
Cash and bank balances	9	1,164,854	1,952,612
Short-term loans and advances	7	418,507	398,769
Total		1,583,365	2,351,385
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

ECNET, INC., USA**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Other income	10	47	43
Total revenue		47	43
Expenses			
Finance costs	11	37,043	26,621
Total expenses		37,043	26,621
Loss before tax		(36,996)	(26,578)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Loss after tax for the year		(36,996)	(26,578)
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

ECNET, INC., USA

Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net loss before taxation	(36,996)	(26,578)
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(9,894,145)	(3,900,862)
Interest income	(47)	(43)
Operating profit before working capital changes	(9,931,188)	(3,927,483)
Movements in working capital :		
(Increase) / Decrease in loans and advances	(19,738)	800,060
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	9,163,121	4,906,377
Cash generated from / (used in) operations	(787,805)	1,778,954
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(787,805)	1,778,954
B. Cash flows used in investing activities		
Interest received	47	43
Net cash used in investing activities (B)	47	43
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)	(787,758)	1,778,997
Cash and cash equivalents at the beginning of the year	1,952,612	173,615
Cash and cash equivalents at the end of the year	1,164,854	1,952,612

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 06, 2016

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 06, 2016

Place : Noida
Date : February 06, 2016

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, 2015.

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.

(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 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.

(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, 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.

For translating income and expense during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

(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, 2015

3. Share capital

Particulars	As at	
	December 31, 2015	December 31, 2014
	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, 2015		December 31, 2014	
	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, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(138,773,022)	(138,746,444)
Add: Loss for the current year	(36,996)	(26,578)
Net deficit in the statement of profit and loss	(138,810,018)	(138,773,022)
Foreign currency translation reserve		
Balance as per last financial statement	(61,211,863)	(57,311,002)
Add: Current year translation differences	(9,894,145)	(3,900,861)
Closing balance	(71,106,008)	(61,211,863)
Total	(209,916,026)	(199,984,885)

5. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	322,998	307,765
Sub total (A)	322,998	307,765
Other liabilities		
Payables to Related Parties ECnet Limited, Singapore	211,085,283	201,937,395
Sub total (B)	211,085,283	201,937,395
Total (A+B)	211,408,281	202,245,160

Schedule 6: Fixed 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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Office Equipments	48,534	-	-	2,402	50,936	48,530	-	-	2,402	50,932	4	4
Total	48,534	-	-	2,402	50,936	48,530	-	-	2,402	50,932	4	4
Previous Year	47,590	-	-	944	48,534	47,587	-	-	943	48,530	4	3

7. Short term loans and advances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	79,160	75,427
Sub Total (A)	79,160	75,427
Loans & advances to related parties		
Unsecured, considered good		
Advance recoverable from:		
ECnet (Hong Kong) Limited	339,347	323,342
Sub Total (B)	339,347	323,342
Total (A+B)	418,507	398,769

ECNET, INC., USA**Notes to Financial Statements for the year ended December 31, 2015**

8 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	1,141,505	1,087,669
	1,141,505	1,087,669
Provision for doubtful receivables	1,141,505	1,087,669
Total	-	-

ECNET, INC., USA**Notes to Financial Statements for the year ended December 31, 2015**

9. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	1,164,854	1,952,612
Total	1,164,854	1,952,612

ECNET, INC., USA**Notes to Financial Statements for the year ended December 31, 2015**

10. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest income	47	43
Total	47	43

11. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	37,043	26,621
Total	37,043	26,621

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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be 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
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, 2015 and December 31, 2014:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2015	2014
<u>ECnet Limited, Singapore</u>		
Amount Receivables		-
Amount Payables	211,085,283	201,937,392
<u>ECnet Hong Kong</u>		
Amount Receivables	339,347	323,342

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 2015 and 2013, 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. 36,996 during the financial year ended 31 December, 2015, and as at that date Company's total liabilities exceeded its total assets by Rs. 209,824,916. 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 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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ECNET (HONG KONG) LIMITED, HONG KONG**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	12	12
Reserves and surplus	4	9,308,539	8,190,301
Current liabilities			
Trade payables	5	384,806	433,325
Other current liabilities	5	447,587	401,645
Total		10,140,944	9,025,283
ASSETS			
Current assets			
Trade receivables	7	412,107	310,410
Cash and bank balances	8	5,349,451	2,059,279
Short-term loans and advances	6	4,379,386	6,655,594
Total	Sd/-	10,140,944	9,025,283
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET (HONG KONG) LIMITED, HONG KONG**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	9	9,085,240	7,658,169
Total revenue		9,085,240	7,658,169
Expenses			
Operational and other expenses	10	8,448,868	6,220,025
Finance costs	11	13,695	15,734
Total expenses		8,462,563	6,235,759
Profit before tax		622,677	1,422,410
Tax expense			
Current tax		(62,700)	155,937
Total tax expense		(62,700)	155,937
Profit for the year		685,377	1,266,473
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET (HONG KONG) LIMITED, HONG KONG
Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015	For the year ended December 31, 2014
	Rs.	Rs.
A. Cash flow from operating activities		
Net profit before taxation	622,677	1,422,410
Adjustments for:		
Provision for doubtful debts/advances	-	32,591
Unrealised foreign exchange loss / (gain)	432,861	205,965
Operating profit before working capital changes	1,055,538	1,660,966
Movements in working capital :		
(Increase) / Decrease in trade receivables	(101,697)	(95,800)
(Increase) / Decrease in loans and advances	2,276,208	376,912
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(2,577)	115,229
Cash generated from operations	3,227,472	2,057,307
Direct taxes paid, net of refunds	62,700	(356,328)
Net cash flow from operating activities (A)	3,290,172	1,700,979
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)	3,290,172	1,700,979
Cash and cash equivalents at the beginning of the year	2,059,279	358,300
Cash and cash equivalents at the end of the year	5,349,451	2,059,279

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 06, 2016

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 06, 2016

Place : Singapore
Date : February 06, 2016

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 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.

(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, 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

For translating income and expense during the year ended December 31, 2014, the rates used were HKD 1= Rs. 7.87. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.17

(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, 2015	December 31, 2014
	Rs.	Rs.
Authorised Capital		
10,000 Ordinary Shares (Previous year 10,000 ordinary shares) of HKD 1 each	HKD 10,000	HKD 10,000
Issued, subscribed and paid up capital		
2 Ordinary Shares (Previous year 2 ordinary shares) of HKD 1 each	12	12
Total	12	12

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

Particulars	As at		As at	
	December 31, 2015		December 31, 2014	
	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, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	6,854,339	5,587,866
Add: Profit for the current year	685,377	1,266,473
Net surplus in the statement of profit and loss	7,539,716	6,854,339
Foreign currency translation reserve		
Balance as per last financial statement	1,335,962	1,129,997
Add: Current year translation differences	432,861	205,965
Closing balance	1,768,823	1,335,962
Total	9,308,539	8,190,301

ECNET (HONG KONG) LIMITED, HONG KONG**Notes to Financial Statements for the year ended December 31, 2015**

5. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	384,806	433,325
Sub total (A)	384,806	433,325
Other liabilities		
Payables to Related Parties		
Ecnet Inc., USA	342,974	326,690
Unearned Revenue	104,613	74,955
Sub total (B)	447,587	401,645
Total (A+B)	832,393	834,970

ECNET (HONG KONG) LIMITED, HONG KONG**Notes to Financial Statements for the year ended December 31, 2015**

6. Short term loans and advances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	76,165	72,549
Sub Total (A)	76,165	72,549
Loans & advances to related parties		
Advance recoverable from: Ecnet Singapore Limited	4,153,997	6,452,198
Sub Total (B)	4,153,997	6,452,198
Other loans and advances		
Advance income taxes	149,224	130,847
Sub Total (C)	149,224	130,847
Total (A+B+C)	4,379,386	6,655,594

7. Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	92,347
Unsecured, considered doubtful	-	63,211
	-	155,558
Provision for doubtful receivables	-	63,211
Sub Total (A)	-	92,347
Other receivables		
Unsecured, considered good	412,107	218,063
Unsecured, considered doubtful	-	-
	412,107	218,063
Provision for doubtful receivables	-	-
Sub Total (B)	412,107	218,063
Total (A+B)	412,107	310,410

ECNET (HONG KONG) LIMITED, HONG KONG**Notes to Financial Statements for the year ended December 31, 2015**

8. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balances with other banks		
On current accounts	5,349,451	2,059,279
Total	5,349,451	2,059,279

9. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	9,085,240	7,658,169
Total	9,085,240	7,658,169

10. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Travelling and conveyance	-	14,482
Provision for doubtful debts and advances	-	32,591
Communication costs	25,661	41,882
Printing and stationery	-	7,282
Legal and professional expenses	4,275,349	1,199,758
Foreign exchange fluctuation (net)	348,206	267,373
Management fees	3,799,652	4,641,706
Miscellaneous expenses	-	14,951
Total	8,448,868	6,220,025

11. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	13,695	15,734
Total	13,695	15,734

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 (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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be 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
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

(a) Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:
(Amount in Rs.)

TRANSACTIONS		For the year ended December, 31	
		2015	2014
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	3,492,514	607,898
b).	Management Fees Paid	3,799,652	4,641,706

(b). Inter-companies balances as at December 31, 2015 and December 31, 2014:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2015	2014
<u>ECnet Limited, Singapore</u>			
-	Amount Receivables	4,153,997	6,452,198

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2015	2014
<u>ECnet Inc.</u>			
-	Amount Payable	342,974	326,690

13. 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 06, 2016

Place: Singapore
Date : February 06, 2016

Place: Singapore
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,339,600	2,339,600
Reserves and surplus	4	(3,613,536)	(509,525)
Current liabilities			
Trade payables	5	997,339	617,761
Other current liabilities	5	10,585,984	17,141,614
Total		10,309,387	19,589,450
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	542,226	125,801
Long-term loans and advances	7	525,183	341,731
Current assets			
Trade receivables	8.1	2,667,831	1,676,802
Cash and bank balances	9	4,823,342	1,205,349
Short-term loans and advances	7	1,566,167	16,125,230
Other current assets	8.2	184,638	114,537
Total		10,309,387	19,589,450
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	10	29,610,435	20,733,431
Other income	11	-	468,414
Total revenue		29,610,435	21,201,845
Expenses			
Employee benefits expense	12	12,520,208	9,089,758
Operational and other expenses	13	20,007,539	16,893,292
Depreciation expense	14	135,305	111,034
Finance costs	15	39,038	36,457
Total expenses		32,702,090	26,130,541
Profit / (Loss) before tax		(3,091,655)	(4,928,696)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		(3,091,655)	(4,928,696)
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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	(3,091,655)	(4,928,696)
Adjustments for:		
Depreciation expense	135,305	111,034
Profit on sale / discard of fixed assets (net)	-	8,778
Unrealised foreign exchange loss / (gain)	(10,025)	18,695
Operating profit / (loss) before working capital changes	(2,966,375)	(4,790,189)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(991,029)	765,279
(Increase) / Decrease in other current and non-current assets	(70,101)	96,415
(Increase) / Decrease in short and long term loans and advances	14,375,611	(266,314)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(6,176,052)	3,710,898
Cash generated from operations	4,172,054	(483,911)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	4,172,054	(483,911)
B. Cash flows used in investing activities		
Proceeds from sale of fixed assets	-	(8,778)
Purchase of fixed assets	(554,061)	(141,562)
Net cash used in investing activities (B)	(554,061)	(150,340)
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)	3,617,993	(634,251)
Cash and cash equivalents at the beginning of the year	1,205,349	1,839,600
Cash and cash equivalents at the end of the year	4,823,342	1,205,349

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 06, 2016

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 06, 2016

Place : Noida
Date : February 06, 2016

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.

(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 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.

(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, 2015, the rates used were THB 1= Rs. 1.88. For translating assets and liabilities at the year-end, the rates used were THB 1= Rs. 1.91.

For translating income and expense during the year ended December 31, 2014, the rates used were THB 1= Rs. 1.88. For translating assets and liabilities at the year-end, the rates used were THB 1= Rs. 1.91.

(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, 2015	December 31, 2014
	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, 2015

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(6,150,234)	(1,221,538)
Add: Profit / (Loss) for the year	(3,091,655)	(4,928,696)
Net surplus/(deficit) in the statement of profit and loss	(9,241,889)	(6,150,234)
Foreign currency translation reserve		
Balance as per last financial statement	5,640,709	5,622,502
Add: Current year translation differences	(12,356)	18,207
Closing balance	5,628,353	5,640,709
Total	(3,613,536)	(509,525)

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Notes to Financial Statements for the year ended December 31, 2015**

5. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	997,339	617,761
Sub total (A)	997,339	617,761
Other liabilities		
Payables to related parties		
ECnet, Limited, Singapore	10,346,680	17,041,169
Other liabilities	8,390	57,401
Unearned Revenue	230,914	43,044
Sub total (B)	10,585,984	17,141,614
Total (A+B)	11,583,323	17,759,375

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND

Notes to Financial Statements for the year ended December 31, 2015

Schedule 6: Fixed assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITION	SALE/ADJUSTMENT	TOTAL	AS ON	ADDITION	SALE/ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2015	DURING THE YEAR		31.12.2015	1.1.2015	DURING THE YEAR		31.12.2015	31.12.2015	31.12.2014
Leasehold Improvements	85,607	219,365	(3,356)	301,616	85,603	14,911	(3,643)	96,871	204,745	4
Computer Hardware	921,735	262,164	(36,137)	1,147,762	908,538	65,410	(36,875)	937,073	210,689	13,197
Furniture & Fixtures	493,633	25,732	(19,353)	500,012	487,229	6,345	(19,224)	474,350	25,662	6,404
Office Equipments	813,712	46,800	(31,901)	828,611	707,516	48,638	(28,673)	727,481	101,130	106,196
Total	2,314,687	554,061	(90,747)	2,778,001	2,188,886	135,304	(88,415)	2,235,775	542,226	125,801
Previous year	3,133,810	141,562	(960,685)	2,314,687	3,038,050	111,034	(960,198)	2,188,886	125,801	95,760

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2015

7. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	1,566,167	2,181,559
Sub Total (A)	-	-	1,566,167	2,181,559
Loans & advances to related parties				
Unsecured, considered good				
Recoverable from ECnet Limited Singapore			-	13,943,671
Sub Total (B)	-	-	-	13,943,671
Security deposit				
Unsecured, considered good	525,183	341,731	-	-
Sub Total (C)	525,183	341,731	-	-
Total (A+B+C)	525,183	341,731	1,566,167	16,125,230

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND

Notes to Financial Statements for the year ended December 31, 2015

8. Trade receivables and other assets

8.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 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	2,667,831	1,676,802
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (B)	2,667,831	1,676,802
Total (A+B)	2,667,831	1,676,802

8.2 Other current assets

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenue	184,638	114,537
Total	184,638	114,537

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Notes to Financial Statements for the year ended December 31, 2015**

9. Cash and bank balances

Particulars	Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Cash on hand	27,570	28,695
Balances with other banks		
On current accounts	4,795,772	1,176,654
Total	4,823,342	1,205,349

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND

Notes to Financial Statements for the year ended December 31, 2015

10. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	29,610,435	20,733,431
Total	29,610,435	20,733,431

11. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Foreign exchange fluctuation (net)	-	459,636
Profit on sale/discard of fixed assets	-	8,778
Total	-	468,414

12. Employee benefit expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	12,300,938	8,983,869
Contribution to employee's benefit funds	144,085	105,889
Staff welfare expenses	75,185	-
Total	12,520,208	9,089,758

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND

Notes to Financial Statements for the year ended December 31, 2015

13. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Recruitment and training expenses	1,527,162	17,851
Travelling and conveyance	2,730,539	1,645,577
Rent - premises	847,429	603,109
Rent - equipment	16,866	15,501
Communication costs	324,343	381,822
Printing and stationery	128,080	44,008
Advertising and sales promotion	-	215,268
Legal and professional expenses	6,995,723	7,781,653
Foreign exchange fluctuation (net)	719,616	-
Rates & taxes	1,253,907	482,155
Seminar expenses	57,543	-
Management fees	5,365,929	5,684,007
Miscellaneous expenses	40,402	22,341
Total	20,007,539	16,893,292

14. Depreciation expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Depreciation on tangible assets	135,305	111,034
Total	135,305	111,034

15. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest on loans	10,182	12,384
Bank charges	28,856	24,073
Total	39,038	36,457

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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be 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
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

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2015

(a) Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:

(Amount in Rs.)

Particulars		For the year ended December, 31	
		2015	2014
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	5,208,208	6,451,638
b).	Administrative Expenses	5,365,929	5,861,090
<u>ECnet (M) Sdn Bhd, Malaysia</u>			
a).	Administrative Expenses	-	

(b). Inter-companies balances as at December 31, 2015 and December 31, 2014:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2015	2014
<u>ECnet (M) Sdn Bhd, Malaysia</u>			
-	Amount Payable	-	
<u>ECnet Limited, Singapore</u>			
-	Amount Receivables		13,943,671
	Amount Payables	10,346,680	17,041,169

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, 2015	Year ended December 31, 2014
	Rs.	Rs.
Lease payments for the year	847,428	602,732
Non-cancellable operating lease obligation		
Not later than one year	959,361	613,639
Later than one year but not later than five years	1,340,766	178,978
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.3,091,655 during the financial year ended 31 December, 2015, and as at that date Company's total liabilities exceeded its total assets by Rs.1, 273,936. 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 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 2015 and 2014, 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) 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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ECNET KABUSHIKI KAISHA, JAPAN**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,288,000	4,288,000
Reserves and surplus	4	(37,135,252)	(38,158,943)
Current liabilities			
Trade payables	5	21,113	20,269
Other current liabilities	5	33,447,343	34,397,010
Total		621,204	546,336
ASSETS			
Current assets			
Cash and bank balances	6	621,204	546,336
Total		621,204	546,336
Summary of significant accounting policies	2		

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

As per our report of even date.

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

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 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET KABUSHIKI KAISHA, JAPAN**Statement of Profit and Loss for the year ended December 31, 2015**

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	7	1,989,088	2,261,155
Other income	8	1,803,255	155
Total revenue		3,792,343	2,261,310
Expenses			
Operational and other expenses	9	1,389,802	7,796,265
Finance costs	10	56,106	70,057
Total expenses		1,445,908	7,866,322
Profit / (Loss) before tax		2,346,435	(5,605,012)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year		2,346,435	(5,605,012)
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 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET KABUSHIKI KAISHA, JAPAN
Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	2,346,435	(5,605,012)
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(1,322,744)	3,796,550
Interest income	(131)	(155)
Operating profit/(loss) before working capital changes	1,023,560	(1,808,617)
Movements in working capital :		
(Increase) / Decrease in trade receivables	-	20,038
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(948,823)	2,102,700
Cash generated from operations	74,737	314,121
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	74,737	314,121
B. Cash flows used in investing activities		
Interest received	131	155
Net cash used in investing activities (B)	131	155
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)	74,868	314,276
Cash and cash equivalents at the beginning of the year	546,336	232,060
Cash and cash equivalents at the end of the year	621,204	546,336

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

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 06, 2016

Place : Singapore
Date : February 06, 2016

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 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.

(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, 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.

For translating income and expense during the year ended December 31, 2014, the rates used were JPY 1 = Rs. 0.58. For translating assets and liabilities at the year-end, the rates used were JPY 1 = Rs. 0.53.

(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, 2015	December 31, 2014
	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, 2015		December 31, 2014	
	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, 2015**

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(34,938,426)	(29,333,414)
Add: Profit / (loss) for the current year	2,346,435	(5,605,012)
Net deficit in the statement of profit and loss	(32,591,991)	(34,938,426)
Foreign currency translation reserve		
Balance as per last financial statement	(3,220,517)	(7,017,068)
Add: Current year translation differences	(1,322,744)	3,796,551
Closing balance	(4,543,261)	(3,220,517)
Total	(37,135,252)	(38,158,943)

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2015**

5. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	21,113	20,269
Sub total (A)	21,113	20,269
Other liabilities		
Payables to related parties		
ECnet Limited, Singapore	33,398,668	33,947,845
Advance from customers	3,768	430,689
Other payables	44,907	18,476
Sub total (B)	33,447,343	34,397,010
Total (A+B)	33,468,456	34,417,279

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2015**

6. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Cash on hand	20,496	2,569
Balances with other banks		
On current accounts	600,708	543,767
Total	621,204	546,336

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2015**

7. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	1,989,088	2,261,155
Total	1,989,088	2,261,155

8. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest Income	131	155
Foreign Exchange Fluctuations (net)	1,803,124	-
Total	1,803,255	155

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2015**

9. Operational and other expense

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Communication costs	141,016	168,411
Legal and professional expense	277,114	339,477
Foreign exchange fluctuation (net)	-	5,299,808
Rates & taxes	37,064	40,359
Management fees	934,608	1,948,210
Total	1,389,802	7,796,265

10. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	56,106	70,057
Total	56,106	70,057

11. 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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be 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
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, 2015 and December 31, 2014:

TRANSACTIONS	(Amount in Rs.)	
	For the year ended December, 31	
	2015	2014
<u>ECnet Limited, Singapore</u>		
a). Sub-Contracting Expenses	6,941	3,989
b). Management Fees Paid	934,608	1,948,210

(b) Inter-companies balances as at December 31, 2015 and December 31, 2014:

OUTSTANDING BALANCES	(Amount in Rs.)	
	As at December, 31	
	2015	2014
<u>ECnet Limited, Singapore</u>		
- Amount Payables	33,398,668	33,947,845

12. 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 2015 and 2014, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.
13. 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.
14. The Company has total accumulated losses of Rs.37,135,252 as at 31 December, 2015, and as at that date Company's total liabilities exceeded its current and total assets by Rs.32,847,252. 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.

15. 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 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Balance Sheet as at December 31, 2015**

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	9,122,099	9,122,099
Reserves and surplus	4	(35,957,200)	(37,142,448)
Current liabilities			
Trade payables	5	216,281	195,844
Other current liabilities	5	53,755,176	47,454,485
Total		27,136,356	19,629,980
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	102,368	129,394
Long-term loans and advances	7	307,080	306,420
Current assets			
Trade receivables	8	1,896,988	1,875,793
Cash and bank balances	9	24,829,920	17,318,373
Total		27,136,356	19,629,980
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 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Statement of Profit and Loss for the year ended December 31, 2015

	Notes	For the Year ended December 31, 2015 Rs.	For the Year ended December 31, 2014 Rs.
Income			
Revenue from operations	10	33,221,893	32,867,940
Other income	11	119,385	814,193
Total revenue		33,341,278	33,682,133
Expenses			
Employee benefits expense	12	19,174,817	16,717,469
Operational and other expense	13	12,795,167	23,021,656
Depreciation expense	14	87,999	92,823
Finance costs	15	41,098	44,495
Total expenses		32,099,081	39,876,443
Profit / (Loss) before tax		1,242,197	(6,194,310)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profir / (Loss) for the year		1,242,197	(6,194,310)
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 06, 2016

Place : Singapore
Date : February 06, 2016

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Cash Flow Statement for the year ended December 31, 2015

	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	1,242,197	(6,194,310)
Adjustments for:		
Depreciation expense	87,999	92,823
Bad debts	-	214
Unrealised foreign exchange loss / (gain)	(56,987)	(180,555)
Interest income	(119,385)	(98,172)
Operating profit before working capital changes	1,153,824	(6,380,000)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(21,195)	(957,890)
(Increase) / Decrease in loans and advances	(660)	240,513
Increase / (Decrease) in trade payables, other current liabilities	6,321,128	5,510,938
Cash generated from operations	7,453,097	(1,586,439)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	7,453,097	(1,586,439)
B. Cash flows used in investing activities		
Purchase of fixed assets	(60,935)	(107,518)
Interest received	119,385	98,172
Net cash used in investing activities (B)	58,450	(9,346)
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)	7,511,547	(1,595,785)
Cash and cash equivalents at the beginning of the year	17,318,373	18,914,158
Cash and cash equivalents at the end of the year	24,829,920	17,318,373

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 06, 2016

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

Sd/-
Chan Kum Ming
[Director]

Place : Singapore
Date : February 06, 2016

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.

(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 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.

(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, 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= Rs. 10.24.

For translating income and expense during the year ended December 31, 2014, the rates used were CNY 1= Rs. 9.91. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 10.21.

(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, 2015**

3. Share capital

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

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(26,901,798)	(20,707,488)
Add: Profit/ (Loss) for the current year	1,242,197	(6,194,310)
Net deficit in the statement of profit and loss	(25,659,601)	(26,901,798)
Foreign currency translation reserve		
Balance as per last financial statement	(10,240,650)	(10,057,172)
Add: Current year translation differences	(56,949)	(183,478)
Closing balance	(10,297,599)	(10,240,650)
Total	(35,957,200)	(37,142,448)

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2015**

5. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	216,281	195,844
Sub total (A)	216,281	195,844
Other liabilities		
Payables to related parties ECnet, Limited, Singapore	53,629,981	47,329,743
Advance from customers	-	1,843
Other payables	125,195	122,899
Sub total (B)	53,755,176	47,454,485
Total (A+B)	53,971,457	47,650,329

Schedule 6: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Computer Hardware	901,535	40,244	-	(107,993)	833,786	788,145	67,418	-	(108,052)	747,511	86,275	113,390
Furniture & Fixtures	685,338	-	-	1,476	686,814	685,338	-	-	1,476	686,814	-	-
Office Equipments	277,383	20,691	-	(76,776)	221,298	261,379	20,581	-	(76,755)	205,205	16,093	16,004
Total	1,864,256	60,935	-	(183,293)	1,741,898	1,734,862	87,999	-	(183,331)	1,639,530	102,368	129,394
Previous Year	2,674,946	107,518	-	(918,208)	1,864,256	2,557,323	92,823	-	(915,284)	1,734,862	129,394	117,623

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2015**

7. Long -term Loans and advances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Security deposit		
Unsecured, considered good	307,080	306,420
Total	307,080	306,420

8. Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 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	1,896,988	1,875,793
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (B)	1,896,988	1,875,793
Total (A+B)	1,896,988	1,875,793

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2015**

9. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Cash on hand	188,034	202,636
Balances with other banks		
On current accounts	24,641,886	17,115,737
Total	24,829,920	17,318,373

10. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Sale of services	33,221,893	32,867,940
Total	33,221,893	32,867,940

11. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Interest Income	119,385	98,172
Foreign exchange fluctuation (net)	-	716,021
Total	119,385	814,193

12. Employee benefit expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Salaries, wages and bonus	13,450,400	11,552,516
Contribution to employee's benefit funds	5,724,417	5,164,953
Total	19,174,817	16,717,469

13. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Recruitment and training expenses	-	19,729
Travelling and conveyance	914,464	1,130,561
Repair and maintenance	55,123	53,498
Rent - premises	1,224,960	1,229,570
Power and fuel	56,630	52,544
Communication costs	377,740	383,697
Printing and stationery	338,370	285,884
Legal and professional expenses	4,850,341	7,959,877
Bad debts	-	214
Relocation Expenses	-	12,880
Rates & taxes	264,203	266,002
Management fees	3,857,294	11,627,200
Foreign exchange fluctuation (net)	856,042	-
Total	12,795,167	23,021,656

14. Depreciation expenses

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Depreciation	87,999	92,823
Total	87,999	92,823

15. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the year ended December 31, 2014 Rs.
Bank charges	41,098	44,495
Total	41,098	44,495

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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be 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
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

- (a) Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:

(Amount in Rs.)

TRANSACTIONS		For the year ended December, 31	
		2015	2014
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	4,005,330	7,573,503
b).	Management Fees Paid	3,857,294	11,627,200

- (b) Inter-companies balances as at December 31, 2015 and December 31, 2014:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2015	2014
<u>ECnet Limited, Singapore</u>			
-	Amount Payables	53,629,981	47,329,743

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, 2015	Year ended December 31, 2014
	Rs.	Rs.
Lease payments for the year	1,224,960	1,227,180
Non-cancellable operating lease obligation		
Not later than one year	358,260	1,225,680
Later than one year but not later than five years	-	357,490
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 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 2015 and 2014, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

19. The Company incurred has accumulated losses of Rs.35,957,200 as at 31 December, 2015, and as at that date Company's total liabilities exceeded its total assets by Rs.26,835,101. 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 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

Computaris International Limited, U.K.
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	48,296	48,296
Reserves and surplus	4	184,486,596	165,834,541
Current liabilities			
Trade payables	6	8,072,906	23,777,391
Other current liabilities	6	236,608,584	188,663,533
Short-term provisions	5	4,824,798	2,453,794
Total		434,041,180	380,777,555
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	65,213	-
Intangible assets	8	34,074,449	-
Investments	9	1,100,387	1,103,170
Other non current assets	11.2	15,967,139	-
Current assets			
Trade receivables	11.1	197,027,197	263,154,604
Cash and bank balances	12	133,877,357	91,165,547
Short-term loans and advances	10	6,308,227	8,823,395
Other current assets	11.2	45,621,211	16,530,839
Total		434,041,180	380,777,555
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 06, 2016

Place : Romania
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

Computaris International Limited, U.K.			
Statement of Profit and Loss for the year ended December 31, 2015			
	Notes	For the Year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Income			
Revenue from operations	13	869,868,626	834,884,885
Other income	14	109,929	57,429,562
Total revenue		869,978,555	892,314,447
Expenses			
Employee benefits expense	15	6,576,693	1,440,438
Operational and other expenses	16	831,567,476	818,157,824
Depreciation and amortisation expense	17	6,373,409	-
Finance costs	18	1,566,164	606,146
Total expenses		846,083,742	820,204,408
Profit before tax		23,894,813	72,110,039
Tax expense/(credit)			
Current tax / (credit)		4,824,700	(12,397,192)
Total tax expense / (credit)		4,824,700	(12,397,192)
Profit for the year		19,070,113	84,507,231
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 06, 2016

Place : Romania
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

Computaris International Limited, U.K.
Cash Flow Statement for the period ended December 31, 2015

	For the Period ended December 31, 2015 Rs.	For the Period ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit before taxation	23,894,813	72,110,039
Adjustments for:		
Depreciation and amortisation expense	6,373,409	-
Unrealised foreign exchange (loss) / gain	(415,144)	(9,640,710)
Operating profit/(loss) before working capital changes	29,853,078	62,469,329
Movements in working capital :		
(Increase) / Decrease in trade receivables	66,127,407	(123,916,956)
(Increase) / Decrease in other non-current assets	(15,967,139)	3,083,937
(Increase) / Decrease in other current assets	(29,090,372)	29,402,336
Decrease / (Increase) in loans and advances	2,515,168	(4,454,152)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	32,240,566	143,787,008
Cash generated from operations	85,678,708	110,371,502
Direct taxes paid, net of refunds	2,453,696	(12,145,910)
Net cash flow from operating activities (A)	83,225,012	122,517,412
B. Cash flows used in investing activities		
Buy Back of Shares	-	(148,979,660)
Purchase of fixed assets	(40,513,201)	-
Net cash used in investing activities (B)	(40,513,201)	(148,979,660)
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)	42,711,811	(26,462,248)
Cash and cash equivalents at the beginning of the year	91,165,547	117,627,795
Cash and cash equivalents at the end of the year	133,877,358	91,165,547

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 06, 2016

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 06, 2016

Place : Noida
Date : February 06, 2016

1. Company Overview

Computaris International Limited, Inc., (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 is having subsidiaries in U.K., Romania, Poland, Moldova, Malaysia 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 it 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.

(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.

The Group 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 Group is the lessee

Finance leases, which effectively transfer to the Group 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 Group 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 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.

(j) 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.

(iv) Foreign currency translation

The Functional currency of the company is Great Britain Pound (GBP) 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, 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

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were GBP 1= Rs. 100.51 For translating assets and liabilities at the year-end, the rates used were GBP 1= Rs. 98.31.

(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	As at
	December 31, 2015	December 31, 2014
	Rs.	Rs.
Authorised shares		
106,500 Shares (Previous year 106,500 shares) of .01 GBP each	GBP 1,065	GBP 1,065
Issued, subscribed and paid up capital		
66,500 Shares (Previous year 66,500 shares) of .01 GBP each	48,296	48,296
Total	48,296	48,296

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

Particulars	As at		As at	
	December 31, 2015		December 31, 2014	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	66,500	48,296	80,000	58,100
Add: Shares issued during the year	-	-	-	-
Less : Shares bought back during the period / year			13,500	9,804
Shares outstanding at the end of the year	66,500	48,296	66,500	48,296

B. Buy Back Offer

During the year ended 2014 , Under the Buy-back offer, The Company had bought back 13,500 shares for an aggregate amount of Rs. 148,979,660 out of which Rs. 117,744,364 was utilised from General Reserve and Rs. 31,235,296 from Foreign currency translation reserve. The Capital Redemption Reserve had been created out of General Reserve for Rs. 9,804 being the nominal value of shares bought back.

Computaris International Limited, U.K.

Notes to Financial Statements for the year ended December 31, 2015

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Balance as per last financial statement	133,041,416	166,278,549
Add: Profit for the current year	19,070,113	84,507,231
Less: buy back of Share	-	117,744,364
Net surplus in the statement of profit and loss	152,111,529	133,041,416
Foreign currency translation reserve		
Balance as per last financial statement	32,783,321	73,702,270
Add: Current year translation differences	(418,058)	(9,683,653)
Less: Currency translations adjustment on buy back of Share Capital	-	31,235,296
Closing balance	32,365,263	32,783,321
Capital Reserve	9,804	9,804
Total	184,486,596	165,834,541

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2015****5. Short-term provisions**

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Other provision		
Provision for Income tax	4,824,798	2,453,794
Total	4,824,798	2,453,794

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	8,072,906	23,777,391
Sub total (A)	8,072,906	23,777,391
Other liabilities		
Payable to Related Parties		
R Systems International Limited, India	4,925,609	6,765,016
Computaris Romania srl, Romania	71,613,143	60,967,726
Computaris USA, Inc. USA	27,361,214	15,746,892
Computaris Polska sp zoo, Poland	65,792,495	43,682,039
ICS Computaris International SRL, Moldova	15,898,494	21,276,998
Payable for purchase of fixed assets	12,646,560	-
Unearned revenue	38,367,931	40,084,963
Other	3,138	139,899
Sub total (B)	236,608,584	188,663,533
Total (A+B)	244,681,490	212,440,924

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2015****9. Non-current investments**

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
In wholly owned subsidiary companies (companies under the same management):		
Computaris Polska sp zoo, Poland (100 (Previous year 100) shares of PLN 500 each)	1,007,109	1,009,656
ICS Computaris International SRL, Moldova (1 Share (Previous year 1 share) of no par value)	23,536	23,595
Computaris Romania srl, Romania (100 (Previous year 100) shares of RON 16 each)	43,461	43,572
Computaris Malaysia Sdn. Bhd. (1,000 (Previous year 1,000) ordinary shares of RM 1 each)	20,201	20,252
Computaris USA, LLC (100 (Previous year 100) shares of USD 1 each)	6,080	6,095
Total	1,100,387	1,103,170

10. Loans and advances

Particulars	Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	5,598,727	4,860,791
Unsecured, considered doubtful	-	-
	5,598,727	4,860,791
Provision for doubtful advances	-	-
Sub total (A)	5,598,727	4,860,791
Other loans & advances		
Other recoverable	709,500	3,962,604
Sub total (B)	709,500	3,962,604
Total (A+B)	6,308,227	8,823,395

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	562,330	1,181,205
Unsecured, considered doubtful	4,511,873	4,740,171
	5,074,203	5,921,376
Provision for doubtful receivables	4,511,873	4,740,171
Sub total (A)	562,330	1,181,205
Other receivables		
Unsecured, considered good	196,464,867	261,973,399
Unsecured, considered doubtful	1,620,328	1,711,450
	198,085,195	263,684,849
Provision for doubtful receivables	1,620,328	1,711,450
Sub total (B)	196,464,867	261,973,399
Total (A+B)	197,027,197	263,154,604

11.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Non-current bank balances (refer note 12)	15,967,139	-	-	-
Unbilled revenue			45,621,211	16,530,839
Total	15,967,139	-	45,621,211	16,530,839

12. Cash & bank balances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Balance with other banks:				
On current accounts			133,877,357	91,165,547
	-	-	133,877,357	91,165,547
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	-	-	133,877,357	91,165,547
Detail of margin money deposit				
Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.		
Margin moneys deposit against performance guarantees	15,967,139	-		
Total	15,967,139	-		

13. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Sale of services	869,868,626	834,884,885
Total	869,868,626	834,884,885

14. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Interest income	49,816	-
Provision for doubtful debts and advances (net)	60,113	1,056,609
Dividend income from subsidiary *	-	56,372,953
Total	109,929	57,429,562

* Dividend received from the Computaris Polska, sp zo.o., Poland

15. Employee benefits expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Salaries, wages and bonus including contribution to employee's benefits fund	6,576,693	1,440,438
Total	6,576,693	1,440,438

Computaris International Limited, U.K.

Notes to Financial Statements for the year ended December 31, 2015

16. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Travelling and conveyance	15,537,886	8,034,470
Insurance	1,102,326	1,116,811
Repair and maintenance	-	65,027
Rent - premises	184,555	603,432
Communication costs	2,441,866	4,056,783
Printing and stationery	30,400	7,839
Advertising and sales promotion	4,930,706	4,695,895
Legal and professional expenses	796,472,591	786,327,994
Foreign exchange fluctuation (net)	10,309,854	12,413,975
Rates and taxes	-	524,435
Miscellaneous expenses	557,292	311,163
Total	831,567,476	818,157,824

17. Depreciation and amortization expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Depreciation on tangible assets	32,655	-
Amortisation on intangible assets	6,340,754	-
Total	6,373,409	-

18. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Bank charges	1,566,164	606,146
Total	1,566,164	606,146

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
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 System Inc w.e.f December 10, 2015) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f. July 7, 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	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	Satinder Singh Rekhi, Director Bogdan Mihai Danila, Director (resigned on October 02, 2015) Raluca Marina Rusu, Director Michal Misiaszek, Director (resigned on January 30, 2015)
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Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2015

(ii) Details of transactions with related parties for period ended December 31, 2015 and December 31, 2014 are as follows:

(Amount in Rs.)

Particulars	December 31,	
	2015	2014
R Systems International Limited		
Services received	36,347,639	34,771,243
Amount payable	4,925,609	6,765,016
Computaris Romania S.R.L.		
Computer consultancy services received	375,362,120	398,845,148
Amount Payable	71,613,143	60,967,726
Computaris USA Inc.		
Computer consultancy services received	104,975,853	96,025,291
Amount payable	27,361,214	15,746,892
Computaris Polska sp Zoo, Poland		
Computer consultancy services received	147,926,565	135,214,301
Amount payable	65,792,495	43,682,039
ICS Computairs International S.R.L., Moldova		
Computer consultancy services received	48,193,159	57,807,059
Amount payable	15,898,494	21,276,998
Computaris Malaysian Sdn. Bhd., Malaysia		
Computer consultancy services received	13,465,815	12,570,562
Amount payable	-	-

Payment to key management personnel for year ended December 31, 2015 and December 31, 2014:

Particulars	December 31,	
	2015	2014
Name of key management personnel		
Raluca Marina Rusu	6,560,513	7,989,088
Bogdan Mihai Danila	4,277,018	6,617,326
Total	10,837,531	14,606,414

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, 2015 Rs.	Year ended December 31, 2014 Rs.
Lease payments for the year	184,555	603,432
Non-cancellable operating lease obligation		
Not later than one year	9,617	117,976
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, 2015

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

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. The Company has no material deferred tax component as at December 31, 2015. Hence no deferred tax has been recorded in the books

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 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 06, 2016

Place : Romania
Date : February 06, 2016

Place :Noida
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

Computaris Romania Srl, Romania
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	23,429	23,429
Reserves and surplus	4	93,576,448	79,315,561
Deferred tax liability	5.1	-	297,049
Current liabilities			
Trade payables	7	3,161,816	5,079,504
Other current liabilities	7	6,096,869	6,943,105
Short-term provisions	6	2,971,981	2,174,143
Total		105,830,543	93,832,791
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	9,746,057	8,255,046
Intangible assets	9	3,168,268	1,026,534
Capital Work in progress		12,522	-
Deferred tax Asset	5.2	104,004	-
Other non-current assets	11.2	2,608,394	2,771,937
Current assets			
Trade receivables	11.1	71,975,056	60,921,388
Cash and bank balances	12	12,443,346	15,186,205
Short-term loans and advances	10	4,754,789	5,671,681
Other current assets	11.2	1,018,107	-
Total		105,830,543	93,832,791
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 lavorschi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Romania
Date : February 06, 2016

Computaris Romania Srl, Romania			
Statement of Profit & Loss for the year ended December 31, 2015			
	Notes	For the Year ended December 31, 2015 Rs.	For the Period ended December 31, 2014 Rs.
Income			
Revenue from operations	13	377,732,938	399,433,676
Other income	14	988,516	293,786
Total revenue		378,721,454	399,727,462
Expenses			
Employee benefits expense	15	295,853,854	328,197,377
Operating and other expense	16	50,693,298	51,129,925
Depreciation and amortisation expense	17	8,449,462	5,614,832
Finance costs	18	541,346	765,354
Total expense		355,537,960	385,707,488
Profit / (Loss) before tax		23,183,494	14,019,974
Tax expense			
Current tax		4,618,262	3,951,545
Deferred tax charge / (credit)		(383,671)	(994,391)
Total tax expense		4,234,591	2,957,154
Profit / (Loss) for the year		18,948,903	11,062,820
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 lavorschi
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Romania
Date : February 06, 2016

Computaris Romania Srl, Romania
Cash Flow Statement for the period ended December 31, 2015

	For the period ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	23,183,494	14,019,974
Adjustments for:		
Depreciation and amortisation expense	8,449,462	5,614,832
Unrealised foreign exchange (loss) / gain	(4,143,572)	1,079,361
Interest income	(57,893)	(278,433)
Profit on sale of Fixed Asset	(271,298)	-
Operating profit/(loss) before working capital changes	27,160,193	20,435,734
Movements in working capital :		
(Increase) / Decrease in trade receivables	(11,053,668)	(55,421,872)
(Increase) / Decrease in other current assets	(1,018,107)	780,274
(Increase) / Decrease in loans and advances	916,892	2,636,079
Increase / (Decrease) in short-term and long-term provision	797,838	(430,571)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(2,763,924)	3,351,424
Cash generated from operations	14,039,224	(28,648,932)
Direct taxes paid, net of refunds	(4,635,644)	(4,025,774)
Net cash flow from operating activities (A)	9,403,580	(32,674,706)
B. Cash flows used in investing activities		
Purchase of fixed assets	(12,639,173)	(9,809,960)
Proceeds from sale of fixed assets	271,298	(9,572,361)
Interest received	57,893	278,433
Net cash used in investing activities (B)	(12,309,982)	(19,103,888)
C. Cash flows used in financing activities		
(Increase) / Decrease in other non-current assets	163,543	864,725
Net cash used in financing activities (C)	163,543	864,725
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(2,742,859)	(50,913,869)
Cash and cash equivalents at the beginning of the year	15,186,205	66,100,074
Cash and cash equivalents at the end of the year	12,443,346	15,186,205

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 06, 2016

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

Sd/-
Cristiana Iavorschi
[Director]

Place : Romania
Date : February 06, 2016

1. Company Overview

Computaris Romania SRL, Romania, 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 Romania SRL 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

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>
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.

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 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.

(i) 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.

(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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were RON 1= Rs. 18.23. For translating assets and liabilities at the year-end, the rates used were RON 1= Rs. 17.02.

(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, 2015	December 31, 2014
	Rs.	Rs.
Authorised Share Capital		
100 Shares (Previous year 100 shares) of RON 16 each	1,600 RON	1,600 RON
Issued, subscribed and paid up capital		
100 Shares (Previous year 100 shares) of RON 16 each	23,429	23,429
Total	23,429	23,429

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

Particulars	As at		As at	
	December 31, 2015		December 31, 2014	
	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, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	71,103,742	60,040,922
Add: Profit for the current year	18,948,903	11,062,820
Net surplus in the statement of profit and loss	90,052,645	71,103,742
Foreign currency translation reserve		
Balance as per last financial statement	4,827,016	13,486,008
Add: Current year translation differences	(4,688,016)	(8,658,992)
Closing balance	139,000	4,827,016
Capital Reserve	3,384,803	3,384,803
Total	93,576,448	79,315,561

5.1 Deferred tax liability (net)

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Deferred tax liability		
Timing differences for deferred tax liability component	-	297,049
Deferred tax liability	-	297,049

5.2 Deferred tax Asset (net)

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Deferred tax assets		
Timing differences for deferred tax liability component	104,004	-
Deferred tax Asset	104,004	-

Computaris Romania Srl, Romania**Notes to Financial Statements for the year ended December 31, 2015**

6. Short-term provisions

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits		
Compensated absences	2,971,981	2,174,143
Total	2,971,981	2,174,143

7. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	3,161,816	5,079,504
Sub total (A)	3,161,816	5,079,504
Other liabilities		
Unearned revenue	7,046	202,655
Other payables	6,089,823	6,740,450
Sub total (B)	6,096,869	6,943,105
Total (A+B)	9,258,685	12,022,609

Schedule 8: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETIONS	ADJUSTMENT	AS AT	AS AT	AS AT	
	1-Jan-15	DURING THE YEAR			31-Dec-15	1-Jan-15	DURING THE YEAR			31-Dec-15	31-Dec-15	31-Dec-14	
Leasehold Improvement	1,885,807	-	-	111,262	1,774,545	1,885,807	-	-	111,262	1,774,545	-	-	
Computer hardware	39,495,912	8,469,532	8,012,681	2,330,252	37,622,511	31,553,927	6,552,107	8,012,681	1,864,132	28,229,221	9,393,290	7,941,985	
Furniture & fixtures	1,441,901	159,121	-	85,071	1,515,951	1,128,840	100,984	-	66,640	1,163,184	352,767	313,061	
Office & electrical equipments	1,078,810	-	-	63,650	1,015,160	1,078,810	-	-	63,650	1,015,160	-	-	
Total	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	
Previous year	39,325,416	8,625,645	-	4,048,631	43,902,430	30,840,468	3,527,094	-	(1,279,822)	35,647,384	8,255,046	8,484,948	

Schedule 9: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETIONS	ADJUSTMENT	AS AT	AS AT	AS AT	
	1-Jan-15	DURING THE YEAR			31-Dec-15	1-Jan-15	DURING THE YEAR			31-Dec-15	31-Dec-15	31-Dec-14	
Computer Software	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	
Total	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	
Previous year	15,201,211	1,184,315	-	1,564,995	14,820,531	8,861,354	2,087,738	-	(2,844,905)	13,793,997	1,026,534	6,339,857	

10. Short term loans and advances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	1,677,202	1,562,739
Unsecured, considered doubtful	99,024	105,233
	1,776,226	1,667,972
Provision for doubtful advances	99,024	105,233
Sub total (A)	1,677,202	1,562,739
Other loans and advances		
VAT receivable	2,789,401	4,108,942
Other receivable	288,186	-
Sub total (B)	3,077,587	4,108,942
Total (A+B)	4,754,789	5,671,681

11. Trade receivables

11.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 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	-	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	71,975,056	60,921,388
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	71,975,056	60,921,388
Total (B)	71,975,056	60,921,388
Total (A+B)	71,975,056	60,921,388

Trade receivable include:

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Dues from companies under the same management Computaris International Limited	71,975,056	60,921,388

11.2 Other current assets

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Non-current bank balances (refer note 12)	2,608,394	2,771,937	-	-
Unbilled revenue			1,018,107	-
Total	2,608,394	2,771,937	1,018,107	-

12. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents				
Cash on hand			200,467	253,740
Balance with other banks				
On current accounts			4,621,592	3,138,395
On deposit accounts with original maturity of less than 3 months			7,621,287	11,794,070
			12,443,346	15,186,205
Other bank balances				
Margin money deposit (refer detail below)	2,608,394	2,771,937	-	-
	2,608,394	2,771,937	-	-
Amount disclosed under non-current assets (refer note 11.2)	(2,608,394)	(2,771,937)	-	-
Total	-	-	12,443,346	15,186,205

Detail of margin money deposit

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Margin moneys deposit against performance guarantees	2,608,394	2,771,937
Total	2,608,394	2,771,937

13. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Sale of services	377,732,938	399,433,676
Total	377,732,938	399,433,676

14. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Interest income	57,893	278,433
Profit on Sale of Assets	271,298	-
Foreign exchange fluctuation (net)	556,323	
Miscellaneous income	103,002	15,353
Total	988,516	293,786

15. Employee benefits expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	293,521,584	325,408,669
Staff welfare expenses	2,332,270	2,788,708
Total	295,853,854	328,197,377

16. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Recruitment and training expenses	3,594,007	3,472,009
Travelling and conveyance	5,981,383	8,873,211
Insurance	206,597	235,109
Repair and maintenance	2,341,466	2,792,373
Membership & Subscription Fees	71,445	64,330
Rent - premises	15,231,762	17,581,970
Power and fuel	864,577	962,536
Communication costs	3,054,423	3,426,479
Printing and stationery	1,616,702	1,424,805
Advertising and sales promotion	5,705,039	5,336,782
Legal and professional expenses	8,926,845	4,515,414
Foreign exchange fluctuation (net)	-	399,690
Security expenses	63,435	70,839
Miscellaneous expenses	3,035,617	1,974,378
Total	50,693,298	51,129,925

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Depreciation on tangible assets	6,653,091	3,527,094
Amortisation on intangible assets	1,796,371	2,087,738
Total	8,449,462	5,614,832

18. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Bank charges	541,346	765,354
Total	541,346	765,354

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.

Other Subsidiaries in Group	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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f. July 7, 2015)
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Following are the subsidiaries of ECnet Ltd, Singapore

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

Wholly Owned Subsidiary of 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	Cristiana Iavorschi
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(ii) Details of transactions with related parties for period ended December 31, 2015 and December 31, 2014

(Amount in Rs.)

Particulars	December 31,	
	2015	2014
Computaris International Limited		
Services rendered	377,139,514	396,976,170
Account Receivables	71,975,056	60,921,388

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2015

Payment to key management personnel for year ended December 31, 2015 and December 31, 2014:

Particulars	December 31,	
	2015	2014
Name of key management personnel		
Cristiana Iavorschi	3,767,012	4,258,569
Total	3,767,012	4,258,569

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, 2015 Rs.	Period ended December 31, 2014 Rs.
Lease payments for the year	15,231,762	17,575,410
Non-cancellable operating lease obligation		
Not later than one year	13,568,150	14,904,349
Later than one year but not later than five years	5,194,412	20,282,562
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

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 06, 2016

Place : Romania
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

Computaris Polska sp z o.o., Poland
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	804,450	804,450
Reserves and surplus	4	25,791,857	20,562,105
Non-current liabilities			
Deferred tax liabilities (net)	10.1	-	62,552
Current liabilities			
Trade payables	6	67,558,951	71,163,334
Other current liabilities	6	14,059,555	19,244,145
Short-term provisions	5	3,713,569	5,336,585
Total		111,928,382	117,173,171
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	3,273,980	3,560,543
Intangible assets	8	-	-
Capital Work in progress		-	174,993
Deferred tax assets (net)	10.2	1,629,839	-
Long-term loans and advances	9	3,762,448	3,273,751
Current assets			
Trade receivables	11.1	72,563,259	70,746,111
Cash and bank balances	12	20,464,253	16,097,475
Short-term loans and advances	9	6,164,052	6,201,612
Other current assets	11.2	4,070,551	17,118,686
Total		111,928,382	117,173,171
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 06, 2016

Place : Poland
Date : February 06, 2016

Place : Poland
Date : February 06, 2016

Computaris Polska sp z o.o., Poland			
Statement of Profit and Loss for the period ended December 31, 2015			
	Notes	For the Year ended December 31, 2015 Rs.	For the Period ended December 31, 2014 Rs.
Income			
Revenue from operations	13	213,283,104	275,965,792
Other income	14	1,740,465	2,472,794
Total revenue		215,023,569	278,438,586
Expenses			
Employee benefits expense	15	143,260,293	157,135,414
Operational and other expenses	16	60,913,735	67,687,221
Depreciation expense	17	2,259,419	2,487,647
Finance costs	18	241,954	389,546
Total expenses		206,675,401	227,699,828
Profit / (loss) before tax		8,348,168	50,738,758
Tax expense			
Current tax		3,779,411	6,739,272
Deferred tax charge (net)		(1,694,900)	3,392,729
Total tax expense		2,084,511	10,132,001
Profit / (loss) for the year		6,263,657	40,606,757
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 06, 2016

Place : Poland
Date : February 06, 2016

Place : Poland
Date : February 06, 2016

Computaris Polska sp z o.o., Poland
Cash Flow Statement for the period ended December 31, 2015

	For the period ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	8,348,168	50,738,758
Adjustments for:		
Depreciation expense	2,259,419	2,487,647
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	(872,285)	(3,521,730)
Interest income	(1,872)	(90,067)
Operating profit/(loss) before working capital changes	9,719,439	49,614,608
Movements in working capital :		
(Increase) / Decrease in trade receivables	(1,817,148)	(17,865,474)
(Increase) / Decrease in other current assets and non-current assets	13,048,135	31,325,726
(Increase) / Decrease in loans and advances	(451,137)	301,406
Increase / (Decrease) in short-term and long-term provision	(222,074)	648,749
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(8,788,973)	(54,529,747)
Cash generated from operations	11,488,242	9,495,268
Direct taxes paid, net of refunds	(5,177,844)	(7,711,750)
Net cash flow from operating activities (A)	6,310,398	1,783,518
B. Cash flows used in investing activities		
Investment in Private company		
Purchase of fixed assets	(2,359,072)	(1,595,421)
Proceeds from sale of fixed assets	413,580	-
Interest received	1,872	90,067
Net cash used in investing activities (B)	(1,943,620)	(1,505,354)
C. Cash flows used in financing activities		
Dividend paid	-	(55,946,260)
Net cash used in financing activities (C)	-	(55,946,260)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	4,366,778	(55,668,096)
Cash and cash equivalents at the beginning of the year	16,097,475	71,765,571
Cash and cash equivalents at the end of the year	20,464,253	16,097,475

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 06, 2016

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 06, 2016

Place : Poland
Date : February 06, 2016

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 is 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.

(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 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.

(i) 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.

(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, 2015, 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, 2014, the rates used were Polish zloty 1= Rs. 19.37. For translating assets and liabilities at the year-end, the rates used were Polish zloty 1= Rs. 17.81.

(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, 2015 Rs.	December 31, 2014 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, 2015		December 31, 2014	
	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, 2015

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	1,792,142	17,131,645
Add: Profit / (loss) for the current year	6,263,657	40,606,757
Less: Dividend appropriation	-	55,946,260
Total	8,055,799	1,792,142
Foreign currency translation reserve		
Balance as per last financial statement	2,500,589	6,472,081
Add: Current year translation differences	(1,033,905)	(3,971,492)
Closing balance	1,466,684	2,500,589
Capital Reserve	16,269,374	16,269,374
Total	25,791,857	20,562,105

Note:

During the year ended 2014, The Company had declared & paid dividend of Rs. 55,946,260 (i.e.PLN 2,889,040) to Computaris International Limited, U.K. from past reserves.

5. Short-term provisions

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits	3,713,569	3,935,643
Sub total (A)	3,713,569	3,935,643
Other provision	-	1,400,942
Sub total (B)	-	1,400,942
Total (A+B)	3,713,569	5,336,585

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	67,558,951	71,163,334
Sub total (A)	67,558,951	71,163,334
Other liabilities		
Unearned revenue	4,697,275	6,256,737
VAT	-	2,344,836
Withholding tax payable	954,439	1,028,265
Others payables	8,407,841	9,614,307
Sub total (B)	14,059,555	19,244,145
Total (A+B)	81,618,506	90,407,479

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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Building- leasehold	206,839	392,542	197,009	9,813	392,559	141,954	57,480	143,414	6,920	49,100	343,459	64,885
Computer hardware	10,510,770	1,508,617	836,458	498,658	10,684,271	7,228,612	1,815,835	708,347	348,813	7,987,287	2,696,984	3,282,158
Furniture & fixtures	671,386	377,952	-	31,853	1,017,485	671,386	272,404	-	32,733	911,057	106,428	-
Office & electrical equipments	1,240,714	79,961	214,484	58,863	1,047,328	1,027,214	113,700	171,594	49,101	920,219	127,109	213,500
Total	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
Previous year	12,853,129	1,420,428	-	1,643,848	12,629,709	7,775,605	2,487,647	-	1,194,086	9,069,166	3,560,543	5,077,524

Schedule 8: 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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Computer Software	950,306	-	-	45,085	905,221	950,306	-	-	45,085	905,221	-	-
Total	950,306	-	-	45,085	905,221	950,306	-	-	45,085	905,221	-	-
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, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received				
Secured , considered good	-	-	-	-
Unsecured, considered good	-	-	2,557,522	6,201,612
Sub total (A)	-	-	2,557,522	6,201,612
Security deposit				
Unsecured, considered good	2,346,245	3,273,751	-	-
Sub total (B)	2,346,245	3,273,751	-	-
Other loans & advances				
Advance Income Tax	1,416,203	-	-	-
VAT receivable	-	-	3,606,530	-
Sub total (C)	1,416,203	-	3,606,530	-
Total (A+B+C)	3,762,448	3,273,751	6,164,052	6,201,612

10.1 Deferred tax liability (net)

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Deferred tax liability		
Timing differences for deferred tax liability component		2,804,306
Gross deferred tax liability	-	2,804,306
Deferred tax assets		
Timing differences for deferred tax assets component		2,741,754
Gross deferred tax assets	-	2,741,754
Deferred tax liability (net)	-	62,552

10.2 Deferred tax assets (net)

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Deferred tax assets		
Timing differences for deferred tax assets component	2,290,071	
Gross deferred tax assets	2,290,071	-
Deferred tax liability		
Timing differences for deferred tax liability component	660,232	
Gross deferred tax liability	660,232	-
Deferred tax assets (net)	1,629,839	-

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Secured , considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub total (A)	-	-
Other receivables		
Secured , considered good	-	-
Unsecured, considered good	72,563,259	70,746,111
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub total (B)	72,563,259	70,746,111
Total (A+B)	72,563,259	70,746,111

Trade receivable include:

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Dues from companies under the same management Computaris International Limited	65,823,974	43,445,036

11.2 Other current assets

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenue	4,070,551	17,118,686
Total	4,070,551	17,118,686

12. Cash and bank balances

Particulars	Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash on hand	28,265	36,940
Balances with others banks:		
On current Account	20,435,988	16,060,535
Total	20,464,253	16,097,475

13. Revenue from operation

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Sale of services	213,283,104	275,965,792
Total	213,283,104	275,965,792

14. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Interest income	1,872	90,067
Profit on sale of assets	13,991	-
Foreign exchange fluctuation (net)	470,920	-
Miscellaneous income	1,253,682	2,382,727
Total	1,740,465	2,472,794

15. Employee benefits expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	141,641,204	155,889,141
Staff welfare expenses	1,619,089	1,246,273
Total	143,260,293	157,135,414

16. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Recruitment and training expenses	2,121,549	3,227,042
Travelling and conveyance	9,055,293	7,062,280
Insurance	292,625	401,456
Repair and maintenance	2,731,667	3,477,412
Rent - premises	7,222,232	6,247,962
Rent - equipment	23,829	1,162
Power and fuel	584,552	1,215,948
Communication costs	1,779,426	1,799,629
Printing and stationery	848,463	841,216
Advertising and sales promotion	801,825	1,464,904
Legal and professional expenses (including contract cost)	34,550,416	37,481,364
Foreign exchange fluctuation (net)	-	2,997,237
Rates and taxes	376,045	386,467
Security expenses	152,185	300,719
Miscellaneous expenses	373,628	782,423
Total	60,913,735	67,687,221

17. Depreciation expenses

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Depreciation on tangible assets	2,259,419	2,487,647
Total	2,259,419	2,487,647

18. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Bank charges	241,954	389,546
Total	241,954	389,546

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.
Other Subsidiaries in Group	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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f. July 7, 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.	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	Dariusz Górczyński, Director Monika Borkowska , Director

(ii) Details of transactions with related parties for the period ended December 31, 2015 and December 31, 2014:

(Amount in Rs.)

Particulars	December 31,	
	2015	2014
Computaris International Limited		
Services rendered	147,472,327	142,600,258
Amount receivable	65,823,974	43,445,036

Remuneration to key management personnel	2015	2014
Dariusz Górczyński	6,107,907	7,047,600
Monika Borkowska	2,701,136	2,867,895
Total	8,809,043	9,915,495
Other Payments		
Monika Borkowska	33,702	49,551
Total	33,702	49,551

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, 2015 Rs.	Year ended December 31, 2014 Rs.
Lease payments for the year	6,751,431	5,707,980
Minimum Lease Payments:		-
Not later than one year	2,693,449	2,428,528
Later than one year but not later than five years	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. 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 zo.o., Poland

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

Sd/-
Dariusz Górczyński
[Director]

Sd/-
Monika Borkowska
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Poland
Date : February 06, 2016

Place : Poland
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

ICS Computaris International Srl, Moldova
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	20,693	20,693
Reserves and surplus	4	29,526,953	38,074,771
Current liabilities			
Trade payables	6	284,620	192,010
Short-term provisions	5	994,648	1,251,373
Total		30,826,914	39,538,847
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	1,176,182	1,798,045
Intangible assets	8	705,047	163,721
Long-term loans and advances	9	647,384	-
Other non-current assets	10.2	536,943	642,837
Current assets			
Trade receivables	10.1	15,956,791	21,408,906
Cash and bank balances	11	2,670,933	4,836,815
Short-term loans and advances	9	9,133,634	10,688,523
Other current assets		-	-
Total		30,826,914	39,538,847
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 06, 2016

Place : Moldova
Date : February 06, 2016

ICS Computaris International Srl, Moldova			
Profit and Loss Account for the year ended December 31, 2015			
	Notes	For the Year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Income			
Revenue from operations	12	48,741,062	58,222,524
Other income	13	2,185,729	1,265,178
Total revenue		50,926,791	59,487,702
Expenses			
Employee benefits expense	14	32,964,304	34,800,231
Operational and other expense	15	18,695,631	17,550,021
Depreciation and amortisation expense	16	1,119,409	977,436
Finance costs	17	194,333	455,151
Total expenses		52,973,677	53,782,839
Profit / (Loss) before tax		(2,046,886)	5,704,863
Tax expense			
Current tax		266,545	1,593,604
Total tax expense		266,545	1,593,604
Profit/ (Loss) for the year		(2,313,431)	4,111,259
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 06, 2016

Place : Moldova
Date : February 06, 2016

ICS Computaris International Srl, Moldova
Cash Flow Statement for the period ended December 31, 2015

	For the period ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	(2,046,886)	5,704,863
Adjustments for:		
Depreciation and amortisation expense	1,119,409	977,436
Unrealised foreign exchange (loss) / gain	(5,931,087)	(5,945,527)
Operating profit/(loss) before working capital changes	(6,858,564)	736,772
Movements in working capital :		
(Increase) / Decrease in Trade Receivables	5,452,115	(9,692,211)
(Increase) / Decrease in other current assets		
(Increase) / Decrease in loans and advances	1,554,889	775,067
Increase / (Decrease) in short-term and long-term provision	(256,725)	(1,809,285)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	92,610	(21,016)
Cash generated from operations	(15,675)	(10,010,673)
Direct taxes paid, net of refunds	(913,929)	(1,552,424)
Net cash flow from operating activities (A)	(929,604)	(11,563,097)
B. Cash flows used in investing activities		
Purchase of fixed assets	(1,342,172)	(738,685)
Net cash used in investing activities (B)	(1,342,172)	(738,685)
C. Cash flows used in financing activities		
(Increase) / Decrease in other non-current assets	105,894	111,141
Net cash used in financing activities (C)	105,894	111,141
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(2,165,882)	(12,190,641)
Cash and cash equivalents at the beginning of the year	4,836,814	17,027,455
Cash and cash equivalents at the end of the year	2,670,932	4,836,814

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 06, 2016

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

Sd/-
Gurghis Calin
[Director]

Place : Moldova
Date : February 06, 2016

1. Company Overview

ICS Computaris International S.R.L, Moldova, 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. ICS Computaris International S.R.L, Moldova 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

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>
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.

The Group 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 Group is the lessee

Finance leases, which effectively transfer to the Group 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 Group 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 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.

(i) 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.

(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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were MDL 1= Rs. 4.37. For translating assets and liabilities at the year-end, the rates used were MDL 1= Rs. 4.04.

(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, 2015	December 31, 2014
	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, 2015		December 31, 2014	
	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, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	36,549,865	32,438,606
Add: Profit / (Loss) for the current year	(2,313,431)	4,111,259
Net surplus in the statement of profit and loss	34,236,434	36,549,865
Foreign currency translation reserve		
Balance as per last financial statement	(1,747,147)	4,492,309
Add: Current year translation differences	(6,234,387)	(6,239,456)
Closing balance	(7,981,534)	(1,747,147)
Capital Reserve	3,272,053	3,272,053
Total	29,526,953	38,074,771

5. Short-term provisions

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits		
Compensated absences	994,435	1,251,373
Sub total (A)	994,435	1,251,373
Other provision		
ESI Payable	213	-
Sub total (A)	213	-
Total	994,648	1,251,373

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	284,620	192,010
Total	284,620	192,010

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	
	1.1.2015	DURING THE YEAR				31.12.2015	1.1.2015	DURING THE YEAR				31.12.2015	31.12.2015
Computer hardware	3,870,538	413,321	-	(637,587)	3,646,272	2,423,770	608,254	-	(410,053)	2,621,971	1,024,301	1,446,768	
Furniture & fixtures	1,155,045	-	-	(190,270)	964,775	854,698	117,810	-	(142,884)	829,624	135,151	300,347	
Office & electrical equipments	280,435	-	-	(46,196)	234,239	229,505	26,277	-	(38,273)	217,509	16,730	50,930	
Total	5,306,018	413,321	-	(874,053)	4,845,286	3,507,973	752,341	-	(591,210)	3,669,104	1,176,182	1,798,045	
CWIP	233,491	-	-	(233,491)	-	233,491	-	-	(233,491)	-	-	(0)	
Total	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	
Previous year	6,007,401	725,949	308,315	(885,526)	5,539,509	3,694,421	973,400	308,315	(618,042)	3,741,464	1,798,045	2,312,980	

Schedule 8: 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	
	1.1.2015	DURING THE YEAR				31.12.2015	1.1.2015	DURING THE YEAR				31.12.2015	31.12.2015
Computer Software	1,746,847	928,851	-	(287,757)	2,387,941	1,583,126	367,068	-	(267,300)	1,682,894	705,047	163,721	
Total	1,746,847	928,851	-	(287,757)	2,387,941	1,583,126	367,068	-	(267,300)	1,682,894	705,047	163,721	
Previous year	2,033,924	12,735	-	(299,813)	1,746,847	1,852,458	4,036	-	(273,368)	1,583,126	163,721	181,467	

ICS Computaris International Srl, Moldova
Notes to Financial Statements for the year ended December 31, 2015

9. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	1,681,993	3,180,943
Doubtful	-	-	-	-
Provision for doubtful advances	-	-	1,681,993	3,180,943
Sub total (A)	-	-	1,681,993	3,180,943
Other loans and advances				
VAT receivable	-	-	6,415,800	5,658,336
Other recoverables	-	-	1,035,841	1,849,244
Advance income taxes	647,384	-	-	-
Sub total (B)	647,384	-	7,451,641	7,507,580
Total (A+B)	647,384	-	9,133,634	10,688,523

10. Trade receivables and other current assets

10.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 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	15,956,791	21,408,906
Unsecured, considered doubtful	-	-
	15,956,791	21,408,906
Provision for doubtful receivables	-	-
Sub Total (B)	15,956,791	21,408,906
Total (A+B)	15,956,791	21,408,906

Trade receivable include:

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Dues from companies under the same management Computaris International Limited	15,956,791	21,408,906

10.2 Other non-current assets

Particulars	Non-Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Non-current bank balances (refer note 11)	536,943	642,837
Total	536,943	642,837

ICS Computaris International Srl, Moldova
Notes to Financial Statements for the year ended December 31, 2015

11. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalent				
Balance with other banks:				
On current accounts			2,670,933	4,836,815
			2,670,933	4,836,815
Margin money deposit (refer detail below)	536,943	642,837		
	536,943	642,837	-	-
Amount disclosed under non-current assets (refer note 10)	(536,943)	(642,837)	-	-
Total	-	-	2,670,933	4,836,815

Detail of margin money deposit

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Margin moneys deposit against performance guarantee	536,943	642,837
Total	536,943	642,837

12. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Sale of services	48,741,062	58,222,524
Total	48,741,062	58,222,524

13. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Foreign exchange fluctuation (net)	1,456,835	1,265,178
Miscellaneous income	728,894	-
Total	2,185,729	1,265,178

14. Employee benefits expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Salaries, wages and bonus	29,562,881	30,367,325
Contribution to employee's benefits fund	3,401,423	4,432,906
Total	32,964,304	34,800,231

15. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Travelling and conveyance	9,804,897	8,050,877
Rent - premises	5,542,730	6,785,899
Communication costs	708,139	744,490
Legal and professional expenses	382,622	406,020
Rates and taxes	-	41,666
Miscellaneous expenses	1,493,110	1,521,069
Total	18,695,631	17,550,021

16. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Depreciation on tangible assets	752,341	973,400
Amortisation on intangible assets	367,068	4,036
Total	1,119,409	977,436

17. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Bank charges	194,333	455,151
Total	194,333	455,151

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 ICS Computairs International S.R.L., Moldova Computaris USA, LLC
Other Subsidiaries in Group	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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f. July 7, 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.	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	Gurghis Calin, Director
--------------------------	-------------------------

(ii) Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:

(Amount in Rs.)

Particulars	December 31,	
	2015	2014
Computaris International Limited		
Services rendered	48,741,062	58,222,524
Amount Receivables	15,956,791	21,408,906

Payment to key management personnel for year ended December 31, 2015 and December 31, 2014:

Particulars	December 31,	
	2015	2014
Name of key management personnel		
Gurghis Calin	3,372,144	3,368,969
Total	3,372,144	3,368,969

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,	
	2015	2014
Lease payments for the year	5,542,730	6,776,148
Non-cancellable operating lease obligation		-
Not later than one year	5,558,182	1,717,331
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, 2015. 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 06, 2016

Place : Moldova
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

Computaris Malaysia Sdn. Bhd., Malaysia
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,930	14,930
Reserves and surplus	4	1,119,394	844,950
Current liabilities			
Trade payables	6	244,236	240,970
Short-term provisions	5	129,430	93,054
Total		1,507,990	1,193,904
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	355,503	40,657
Intangible assets	8	-	10,345
Long-term loans and advances	9	318,729	233,541
Current assets			
Cash and bank balances	10	833,758	909,361
Total		1,507,990	1,193,904
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 Sd/-
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 06, 2016

Place : Malaysia
Date : February 06, 2016

Place : Malaysia
Date : February 06, 2016

Computaris Malaysia Sdn. Bhd., Malaysia
Profit and Loss Account for the period ended December 31, 2015

	Notes	For the Year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Income			
Revenue from operations	11	13,173,551	14,566,377
Other income	12	129,812	-
Total revenue		13,303,363	14,566,377
Expenses			
Employee benefits expense	13	8,439,462	9,860,945
Operational and other expense	14	4,182,237	4,340,359
Depreciation and amortisation expense	15	101,591	43,175
Finance costs	16	1,929	1,119
Total expenses		12,725,219	14,245,598
Profit/(Loss) before tax		578,144	320,779
Tax expense			
Current tax		150,862	182,024
Total tax expense		150,862	182,024
Profit/(Loss) for the year		427,282	138,755
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 06, 2016

Place : Malaysia
Date : February 06, 2016

Place : Malaysia
Date : February 06, 2016

Computaris Malaysia Sdn. Bhd., Malaysia
Cash Flow Statement for the period ended December 31, 2015

	For the period ended December 31, 2015	For the period ended December 31, 2014
	Rs.	Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	578,144	320,779
Adjustments for:		
Depreciation and amortisation expense	101,591	43,175
Unrealised foreign exchange (loss) / gain	(151,674)	(31,322)
Operating profit/(loss) before working capital changes	528,061	332,632
Movements in working capital :		
(Increase) / Decrease in trade receivables	-	30,848
(Increase) / Decrease in loans and advances	9,954	8,157
Increase / (Decrease) in short-term and long-term provision	36,376	(229,025)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	3,266	56,073
Cash generated from operations	577,657	198,685
Direct taxes paid, net of refunds	(246,004)	(10,723)
Net cash flow from operating activities (A)	331,653	187,962
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)	(75,603)	187,962
Cash and cash equivalents at the beginning of the year	909,361	721,399
Cash and cash equivalents at the end of the year	833,758	909,361

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 06, 2016

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

Sd/-
Tham Kok Kee
[Director]

Sd/-
Yeo Chun Lan
[Director]

Place : Malaysia
Date : February 06, 2016

Place : Malaysia
Date : February 07, 2016

1. Company Overview

Computaris Malaysia Sdn. Bhd., Malaysia, 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 Malaysia Sdn. Bhd., Malaysia 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 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

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>
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.

The Group 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 Group is the lessee

Finance leases, which effectively transfer to the Group 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 Group 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 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.

(i) 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.

(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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were MYR 1= Rs.18.12. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 18.65.

(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, 2015 Rs.	December 31, 2014 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, 2015		As at December 31, 2014	
	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

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2015

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Balance as per last financial statement	721,395	582,640
Add: Profit for the current year	427,282	138,755
Net surplus in the statement of profit and loss	1,148,677	721,395
Foreign currency translation reserve		
Balance as per last financial statement	123,555	157,487
Add: Current year translation differences	(152,838)	(33,932)
Closing balance	(29,283)	123,555
Total	1,119,394	844,950

5. Short-term provisions

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Provision for employee benefits		
Compensated absences	129,430	93,054
Total	129,430	93,054

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	244,236	240,970
Total	244,236	240,970

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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Computer hardware	52,270	407,256	-	7,673	451,853	44,407	76,107	-	11,257	109,257	342,596	7,863
Office equipments	88,434	-	-	12,984	75,450	55,640	16,072	-	9,169	62,543	12,907	32,794
Total	140,704	407,256	-	20,657	527,303	100,047	92,179	-	20,426	171,800	355,503	40,657
Previous year	146,521	-	-	5,817	140,704	83,601	20,347	-	3,902	100,047	40,657	62,920

Schedule 8: 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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Computer Software	68,993	-	-	10,129	58,864	58,648	9,412	-	9,196	58,864	-	10,345
Total	68,993	-	-	10,129	58,864	58,648	9,412	-	9,196	58,864	-	10,345
Previous Year	71,846	-	-	2,853	68,993	37,979	22,828	-	2,159	58,648	10,345	33,867

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2015

9. Loans and advances

Particulars	Non-Current	
	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Security deposit		
Unsecured, considered good	169,111	197,305
Total (A)	169,111	197,305
Other loans and advances		
Advance income taxes	131,378	36,236
Advance VAT	18,240	-
Sub total (B)	149,618	36,236
Total (A+B)	318,729	233,541

10. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balance with other banks		
On current accounts	833,758	909,361
Total	833,758	909,361

Computaris Malaysia Sdn. Bhd., Malaysia
Notes to Financial Statements for the year ended December 31, 2015

11. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Sale of services	13,173,551	14,566,377
Total	13,173,551	14,566,377

12. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 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, 2015 Rs.	For the period ended December 31, 2014 Rs.
Salaries, wages and bonus	7,471,093	8,731,464
Contribution to employee's benefits fund	898,394	1,069,745
Staff welfare expenses	69,975	59,736
Total	8,439,462	9,860,945

14. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Recruitment and training expenses	8,209	-
Travelling and conveyance	2,177,503	1,826,450
Insurance	187,769	312,481
Repair and maintenance	2,456	48,900
Membership & Subscription Fees	14,869	14,920
Rent - premises	502,762	595,868
Communication costs	254,397	311,008
Printing and stationery	28,254	29,411
Advertising and sales promotion	15,495	160,390
Legal and professional expenses	790,787	874,237
Foreign exchange fluctuation (net)		101,083
Miscellaneous expenses	199,736	65,611
Total	4,182,237	4,340,359

15. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Depreciation on tangible assets	101,591	20,347
Amortisation on intangible assets	-	22,828
Total	101,591	43,175

16. Finance cost

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Bank charges	1,929	1,119
Total	1,929	1,119

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.
Other Subsidiaries in Group	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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f. July 7, 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	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	Bogdan Mihai Danila, Director Tham Kok Kee, Director Yeo Chun Lan, Director
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(ii) Details of transactions with related parties for year ended December 31, 2015 and December 31, 2014:

(Amount in Rs.)

Particulars	December 31,	
	2015	2014
Computaris International Limited		
Services rendered	13,173,551	14,566,377
Accounts receivable	-	-

Remuneration to key management personnel	2015	2014
Tham Kok Kee	4,158,762	3,381,991
Yeo Chun Lan	1,186,848	1,502,071
Total	5,345,610	4,884,062

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, 2015 Rs.	Year ended December 31, 2014 Rs.
Lease payments for the year	502,762	595,794
Non-cancellable operating lease obligation		
Not later than one year	139,122	102,835
Later than one year but not later than five years		-
Later than five years		-

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

19. The Company has no material deferred tax component as at December 31, 2015. 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 06, 2016

Place : Malaysia
Date : February 06, 2016

Place : Malaysia
Date : February 06, 2016

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, 2015, 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. 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, 2015;
- 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 06, 2016

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

Computaris USA, Inc., USA
Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,558	4,558
Reserves and surplus	4	13,708,766	9,547,388
Non-current liabilities			
Deferred tax liabilities (net)		245,501	302,694
Current liabilities			
Trade payables	6	5,901,887	14,573,566
Other current liabilities	6	33,069,177	34,576,778
Short-term provisions	5	1,802,657	5,048,725
Total		54,732,546	64,053,709
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	1,017,728	932,288
Current assets			
Trade receivables	8.1	38,092,049	45,896,225
Cash and bank balances	9	12,446,336	14,420,517
Other current assets	8.2	2,758,664	2,804,679
Total		54,732,546	64,053,709
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 06, 2016

Place : Noida
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

Computaris USA, Inc., USA
Statement of Profit and Loss for the period ended December 31, 2015

	Notes	For the Year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Income			
Revenue from operations	10	157,073,071	181,704,342
Other income	11	214,133	-
Total revenue		157,287,204	181,704,342
Expenses			
Operational and other expenses	12	151,625,005	163,871,532
Depreciation and amortisation expense	13	407,417	307,617
Total expenses		152,032,422	164,179,149
Profit / (loss) before tax		5,254,782	17,525,193
Tax expense			
Current tax		1,748,024	4,816,851
Deferred tax charge		(69,987)	2,102,853
Total tax expense		1,678,037	6,919,704
Profit / (loss) for the year		3,576,745	10,605,489
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 06, 2016

Place : Noida
Date : February 07, 2015

Place : Noida
Date : February 07, 2015

Computaris USA, Inc., USA

Cash Flow Statement for the period ended December 31, 2015

	For the period ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	5,254,782	17,525,193
Adjustments for:		
Depreciation and amortisation expense	407,417	307,617
Provision for doubtful debt	878,342	-
Loss on Sale of Fixed Asset	8,019	-
Unrealised foreign exchange (loss) / gain	621,209	81,445
Operating profit/(loss) before working capital changes	7,169,769	17,914,255
Movements in working capital :		
(Increase) / Decrease in trade receivables	6,925,834	(41,091,999)
(Increase) / Decrease in Other current assets	46,015	(2,804,679)
(Increase) / Decrease in loans and advances	(417,769)	-
Increase / (Decrease) in short-term and long-term provision	(3,246,068)	5,048,725
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(10,236,473)	24,123,124
Cash generated from operations	241,308	3,189,426
Direct taxes paid, net of refunds	(1,748,024)	(4,816,851)
Net cash flow from operating activities (A)	(1,506,716)	(1,627,425)
B. Cash flows used in investing activities		
Purchase of fixed assets	(481,013)	(606,775)
Proceeds from Sale of fixed assets	13,547	-
Net cash used in investing activities (B)	(467,466)	(606,775)
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)	(1,974,182)	(2,234,200)
Cash and cash equivalents at the beginning of the year	14,420,517	16,654,717
Cash and cash equivalents at the end of the year	12,446,335	14,420,517

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 06, 2016

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

Sd/-
Satinder Singh Rekhi
[Director]

Place : Noida
Date : February 06, 2016

Sd/-
Harpreet Rekhi
[Director]

Place : Noida
Date : February 06, 2016

1. Company Overview

Computaris USA, LLC, USA, 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 USA, LLC, USA 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.

(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.

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 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.

(i) 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.

(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, 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.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were USD \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were USD \$ 1= Rs. 63.04.

(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, 2015	December 31, 2014
	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, 2015		December 31, 2014	
	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., USANotes to Financial Statements for the year ended December 31, 2015

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	9,514,221	(1,091,268)
Add: Profit / (loss) for the current year	3,576,745	10,605,489
Net surplus/ (deficit) in the statement of profit and loss	13,090,966	9,514,221
Foreign currency translation reserve		
Balance as per last financial statement	33,167	(289,193)
Add: Current year translation differences	584,633	322,360
Closing balance	617,800	33,167
Total	13,708,766	9,547,388

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2015**

5. Short-term provisions

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Other provision		
Income tax	1,802,657	5,048,725
Total	1,802,657	5,048,725

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Trade payables	5,901,887	14,573,566
Sub total (A)	5,901,887	14,573,566
Other liabilities		
Payable to Related Parties		
R System Inc. USA	32,095,706	32,848,484
Systemes R. International Ltee, Canada	973,471	1,728,294
Sub total (B)	33,069,177	34,576,778
Total (A+B)	38,971,064	49,150,344

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
	1.1.2015	DURING THE YEAR			31.12.2015	1.1.2015	DURING THE YEAR			31.12.2015	31.12.2015	31.12.2014
Plant and Machinery	574,816	-	-	(28,451)	603,267	127,709	195,016	-	(12,416)	335,141	268,126	447,107
Computer hardware	865,660	481,013	107,634	(42,846)	1,281,885	382,496	210,284	86,068	(25,571)	532,283	749,602	483,164
Office & electrical equipments	50,680	-	-	(2,509)	53,189	48,663	2,117	-	(2,409)	53,189	-	2,017
Total	1,491,156	481,013	107,634	(73,806)	1,938,341	558,868	407,417	86,068	(40,396)	920,613	1,017,728	932,288
Previous year	898,459	606,775	-	14,078	1,491,156	236,404	307,617	-	(14,847)	558,868	932,288	662,055

8 Trade receivables & other assets

8.1 Trade receivables

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	905,794	-
	905,794	-
Provision for doubtful receivables	905,794	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	38,092,049	45,896,225
Unsecured, considered doubtful	-	-
	38,092,049	45,896,225
Provision for doubtful receivables	-	-
Total (B)	38,092,049	45,896,225
Total (A+B)	38,092,049	45,896,225

Trade receivable include:

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Dues from companies under the same management Computaris International Limited	27,207,038	15,740,281

8.2 Other assets

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Unbilled revenues	2,758,664	2,804,679
Total	2,758,664	2,804,679

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2015**

9. Cash and bank balances

Particulars	As at December 31, 2015 Rs.	As at December 31, 2014 Rs.
Cash and cash equivalents		
Balance with other banks:		
On current accounts	12,446,336	14,420,517
Total	12,446,336	14,420,517

Computaris USA, Inc., USA

Notes to Financial Statements for the year ended December 31, 2015

10. Revenue from operations

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Sale of services	157,073,071	181,704,342
Total	157,073,071	181,704,342

11. Other income

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Miscellaneous income	214,133	-
Total	214,133	-

12. Operational and other expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Travelling and conveyance	1,644,806	3,722,891
Insurance	-	15,256
Repair and maintenance	169,035	3,905
Provision for doubtful debts and advances	878,342	
Membership & Subscription Fees	50,679	169,034
Communication costs	228,117	162,810
Legal and professional expenses	148,354,124	159,386,035
Loss on sale of Assets	8,019	-
Foreign exchange fluctuation (net)	131,508	-
Miscellaneous expenses	160,375	411,601
Total	151,625,005	163,871,532

13. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 Rs.	For the period ended December 31, 2014 Rs.
Depreciation on tangible assets	407,417	307,617
Total	407,417	307,617

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 Malaysian SDN.BHD., Malaysia
Other Subsidiaries in Group	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 Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of the Company w.e.f. July 7, 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.	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	Satinder Singh Rekhi, Director Sartaj Singh Rekhi, Director Harpreet Rekhi, Director Michal Misiaszek, Director (resigned on January 30, 2015)
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Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2015

(ii) Details of transactions with related parties for period ended December 31, 2015 and December 31, 2014:

Particulars	December 31,2015	December 31,2014
Computaris International Limited		
Services rendered	105,788,097	96,166,451
Account Receivable	27,207,038	15,740,281
R System Inc.		
Amount Payable	32,095,706	32,848,484
Services received	108,430,399	90,423,054
Systèmes R. International Ltée.		
Amount Payable	973,471	1,728,294
Services received	6,040,881	6,487,062

Payment to key management personnel for year ended December 31, 2015 and December 31, 2014:

Particulars	December 31,2015	December 31,2014
Name of key management personnel		
Michal Misiaszek	824,320	8,010,194
Total	824,320	8,010,194

15. 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 06, 2016

Place : Noida
Date : February 06, 2016

Place : Noida
Date : February 06, 2016

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period May 01 to December 31, 2015 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. 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, 2015;
- b) in the case of the Statement of Profit and Loss, of the **Loss** for the period from May 01, 2015 to December 31,2015; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period from May 01, 2015 to December 31,2015.

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 06, 2016

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

IBIZCS GROUP PTE LTD, SINGAPORE

Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	46,610,905
Reserves and surplus	4	(1,531,375)
Current liabilities		
Trade payables	5	21,267,353
Other current liabilities	6	1,144,731
Total		67,491,614
ASSETS		
Non-current assets		
Non-current investments	7	44,269,479
Current assets		
Cash and bank balances	8	18,539,635
Short-term loans and advances	9	4,682,500
Total		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

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 06, 2016

Place : Noida
Date: February 06, 2016

Place : Singapore
Date: February 06, 2016

IBIZCS GROUP PTE LTD, SINGAPORE

Statement of Profit and Loss for May 01, 2015 to December 31, 2015

	Notes	For period ended December 31, 2015 Rs.
Income		
Revenue from operations		-
Total revenue		-
Expenses		
Operational and other expenses	10	1,754,777
Finance costs	11	49,248
Total expenses		1,804,025
Profit before tax		(1,804,025)
Tax expense		
Current tax / (credit)		-
Total tax expense / (credit)		-
Loss for the period		(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 06, 2016

Place : Noida
 Date: February 06, 2016

Place : Singapore
 Date: February 06, 2016

IBIZCS GROUP PTE LTD, SINGAPORE
Cash Flow Statement from May 01 to December 31, 2015

	For period ended December 31, 2015 Rs.
A. Cash flow from operating activities	
Net profit before taxation	(1,804,025)
Adjustments for:	
Unrealised foreign exchange gain/loss	747,623
Operating profit/(loss) before working capital changes	(1,056,402)
Movements in working capital :	
(Increase) / Decrease in loans and advances and other current assets	(4,682,500)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	1,128,037
Cash generated from operations	(4,610,865)
Net cash flow from operating activities (A)	(4,610,865)
B. Cash flows used in investing activities	
Investment in Subsidiary	(23,412,500)
Net cash used in investing activities (B)	(23,412,500)
C. Cash flows used in financing activities	
Proceeds from issue of common stock	46,563,000
Net cash used in financing activities (C)	46,563,000
Net increase / (decrease) in cash and cash equivalents during the period (A + B + C)	18,539,635
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	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

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 06, 2016

For and on behalf of the Board of Directors of
IBIZCS Group Pte Ltd.

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Noida
Date: February 06, 2016

Place : Singapore
Date: February 06, 2016

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. The registered office of the Company is located at 02, Jalan Kilang Barat, #04-01, Singapore 159346.

As at April 30, 2015, R Systems (Singapore) Pte Limited has acquired all the share capital of IBIZCS Group Pte Limited. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited and accordingly the accounts are being prepared from May 1, 2015 to December 31, 2015.

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 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.

(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 Eight month average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

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.

3. Share capital

Particulars	As at December 31, 2015 Rs.
Authorised Capital 1,001,000 ordinary shares of no par value	-
Issued, subscribed and paid up capital 1,001,000 ordinary shares of no par value	46,610,905
Total	46,610,905

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

Particulars	As at December 31, 2015		As at May 1, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the period	1,000	47,905	1,000	47,905
Add: Shares issued during the period	1,000,000	46,563,000	-	-
Shares outstanding at the end of the reporting period	1,001,000	46,610,905	1,000	47,905

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.
Profit and Loss Account	
Balance as the beginning of reporting period	6,084
Add: Loss for the current period	(1,804,025)
Net deficit in the profit and loss Account	(1,797,941)
Foreign currency translation reserve	
Balance as the beginning of reporting period	-
Add: Current period translation differences	266,566
Closing balance	266,566
Total	(1,531,375)

5. Trade payable

Particulars	As at December 31, 2015 Rs.
Trade payables	21,267,353
Total	21,267,353

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.
Other liabilities	
Payable to Related parties:	
IBIZ Consulting Services Sdn. Bhd., Malaysia	308,483
IBIZ Consulting Services Pte. Ltd., Singapore	749,200
IBIZ Consulting Services Limited., Hongkong	87,048
Total	1,144,731

IBIZCS GROUP PTE LTD, SINGAPORE

Notes to Financial Statements for period ended December 31, 2015

7. Non-current investments	
Particulars	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 700,000 ordinary shares of no par value	2,294,425
500,000 ordinary shares of no par value issued during the year	23,412,500
(ii) IBIZ Consulting Services Sdn. Bhd., Malaysia 1,00,000 ordinary shares of no par value	25,706,925
(iii) PT. IBIZCS, Indonesia 250,000 ordinary shares of no par value	2,213,184
(iv) IBIZ Consulting Services Limited, Honkong 10,000 ordinary shares of no par value	15,767,148
(v) IBIZ Consulting Services Private Limited, India 50,000 ordinary shares of no par value	87,048
Total	495,174
	44,269,479

8. Cash and bank balances

Particulars	As at December 31, 2015 Rs.
Cash and cash equivalents	
Balances with other banks:	
On current accounts	18,539,635
Total	18,539,635

9. Loans and Advances

Particulars	As at December 31, 2015 Rs.
Loans & advances to related parties	
IBIZ Consulting Service Limited, Hongkong	4,682,500
Total	4,682,500

10. Operational and other expenses

Particulars	For the period ended December 31, 2015 Rs.
Legal and professional expenses	704,634
Foreign exchange fluctuation (net)	1,038,399
Miscellaneous expenses	11,744
Total	1,754,777

11. Finance cost

Particulars	For the period ended December 31, 2015 Rs.
Bank charges	49,248
Total	49,248

IBIZCS GROUP PTE LTD, SINGAPORE

Notes to Financial Statements for the period May 01 to December 31, 2015

12. Related Party Disclosures

Holding Company	R Systems (Singapore) Pte Limited, Singapore
Subsidiary of IBIZCS Group Pte. Ltd	IBIZ Consulting Services Pte Ltd.,Singapore IBIZ Consulting Services Sdn. Bhd., Malaysia PT. IBIZCS Indonesia., Indonesia IBIZ Consultancy Services India Private Limited., India. IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong
Subsidiary of IBIZ Consulting Service Limited (IBIZ HK)	IBIZ Consulting Service Shanghai Co., Ltd. , People's Republic of China
Other Related Companies	R Systems International Limited, 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) Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of Company w.e.f. July 7, 2015) ECnet Limited, Singapore
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
Wholly Owned 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

(a) Details of transactions with related parties for the period May 01 to December 31, 2015:

Transaction	(Amount in Rs.)
	For the period May, 01 to December, 31 2015
<u>IBIZ Consultancy Services Pte Ltd, Singapore</u>	
a). Investment made in share capital	23,412,500
<u>R Systems (Singapore) Pte Limited, Singapore</u>	
a). Issue of share capital	46,563,000

(a) Related parties balances as at December 31, 2015:

(Amount in Rs.)	
Outstanding balances	As at December, 31 2015
<u>IBIZ Consultancy Services Pte Ltd, Singapore</u>	
a). Amount Payable	749,200
<u>Ramasubramanian Balasubramnian</u>	
a). Amount Payable	20,799,103
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>	
a). Amount Payable	308,483
<u>IBIZ Consulting Services Limited, Hongkong</u>	
a). Amount Payable	87,048
b). Amount Receivable	4,682,500

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 06, 2016

Place : Noida
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period May 01 to December 31, 2015 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. 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, 2015;
- b) in the case of the Statement of Profit and Loss, of the **Profit** for the period from May 01, 2015 to December 31, 2015; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period from May 01, 2015 to December 31, 2015.

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 06, 2016

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

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE

Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	56,546,600
Reserves and surplus	4	(70,134,941)
Non-current liabilities		
Long-term borrowings	5	-
Current liabilities		
Trade payables	6	47,913,306
Other current liabilities	7	46,383,536
Short-term provisions	8	1,874,719
Total		82,583,220
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	9	6,806,281
Intangible assets	10	484,554
Long-term loans and advances	11	2,727,061
Current assets		
Trade receivables	12	49,232,455
Cash and bank balances	13	5,289,746
Short-term loans and advances	11	749,200
Other current assets	14	17,293,923
Total		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 06, 2016

For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd.

Sd/-
Satinder Singh Rekhi

[Director]

Place : Noida
Date: February 06, 2016

Sd/-
Ramasubramanian
Balasubramanian

[Director]

Place : Singapore
Date: February 06, 2016

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Statement of Profit and Loss for May 01, 2015 to December 31, 2015

	Notes	For May 01, to December 31, 2015 Rs.
Income		
Revenue from operations	15	197,245,399
Total revenue		197,245,399
Expenses		
Employee benefits expense	16	79,972,770
Operational and other expenses	17	113,809,344
Depreciation and amortisation expense	18	409,320
Finance costs	19	601,924
Total expenses		194,793,358
Profit before tax		2,452,041
Tax expense		
Current tax / (credit)		(93,952)
Total tax expense / (credit)		(93,952)
Profit for the period		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 06, 2016

**For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd.**

Sd/-
Satinder Singh Rekhi

[Director]

Place : Noida
Date: February 06, 2016

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 06, 2016

	For May 01, to December 31, 2015 Rs.
A. Cash flow from operating activities	
Net profit before taxation	2,452,041
Adjustments for:	
Depreciation and amortisation expense	409,320
Provision for doubtful debts and advances (net)	9,736,997
Unrealised foreign exchange loss / (gain)	1,373,040
Operating profit/(loss) before working capital changes	13,971,398
Movements in working capital :	
(Increase) / Decrease in trade receivables	(22,600,294)
(Increase) / Decrease in loans and advances and other current assets	1,745,411
Increase / (Decrease) in short-term and long-term provision	1,849,998
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(6,737,286)
Cash generated from operations	(11,770,773)
Direct taxes paid, net of refunds	1,148,882
Net cash flow from operating activities (A)	(10,621,891)
B. Cash flows used in investing activities	
Purchase of fixed assets	(7,770,032)
Net cash used in investing activities (B)	(7,770,032)
C. Cash flows used in financing activities	
Proceeds from issue of common stock	23,013,100
Net cash used in financing activities (C)	23,013,100
Net increase / (decrease) in cash and cash equivalents during the period (A + B + C)	4,621,177
Cash and cash equivalents at the beginning of the period	668,569
Cash and cash equivalents at the end of the period	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

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 06, 2016

**For and on behalf of the Board of Directors of
IBIZ Consulting Services Pte Ltd.**

Sd/-
Satinder Singh Rekhi

[Director]

Place : Noida
Date: February 06, 2016

Sd/-
Ramasubramanian
Balasubramanian

[Director]

Place : Singapore
Date: February 06, 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. The registered office of the Company is located at 02, Jalan Kilang Barat, #04-01, Singapore 159346.

As at April 30, 2015, R Systems (Singapore) Pte Limited has acquired all the share capital of IBIZCS Group Pte Limited. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited and accordingly the accounts are being prepared from May 1, 2015 to December 31, 2015.

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>
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.

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) Sales of goods

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) 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.

(iii) 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.

(iv) 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 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.

(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 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.

(k) Retirement benefits

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

(l) Income taxes

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

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

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

(m) Cash and cash equivalents

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

(n) Government grants and subsidies

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

(o) Provision

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

(p) Segment reporting

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

(q) Contingent liabilities

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

3. Share capital

Particulars	As at December 31, 2015 Rs.
Authorised shares 1,200,000 ordinary shares no par value	-
Issued, subscribed and paid up capital 12,00,000 ordinary shares of no par value	56,546,600
Total	56,546,600

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

Particulars	As at December 31, 2015		As at May 1, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the period	700,000	33,533,500	700,000	33,533,500
Add: Shares issued during the period	500,000	23,013,100	-	-
Shares outstanding at the end of the period	1,200,000	56,546,600	700,000	33,533,500

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.
Statement of Profit and Loss	
Balance at the beginning of reporting period	(73,984,097)
Add: Profit for the current period	2,545,993
Net Deficit in the statement of profit and loss	(71,438,104)
Foreign currency translation reserve	
Balance at the beginning of reporting period	-
Add: Current period translation differences	1,303,163
Closing balance	1,303,163
Total	(70,134,941)

5. Long term borrowings

Particulars	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	-

Notes:

(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. Trade Payable

Particulars	As at December 31, 2015 Rs.
Trade payables	47,913,306
Total	47,913,306

7. Other current liabilities

Particulars	As at December 31, 2015 Rs.
Other liabilities	
Payable to Related parties	
IBIZ Consulting Services Sdn Bhd, Malaysia	2,465,507
ECnet Limited	761,562
R Systems International Limited	550,662
IBIZ Consultancy Services India Pvt Ltd, India	2,609,062
Unearned Revenue	23,975,269
Advance from Customer	8,519,230
Book overdraft	5,527,797
Other liabilities	985,300
Current Maturities of Long term borrowings	989,147
Sub total (B)	46,383,536

8. Short-term provisions

Particulars	As at December 31, 2015 Rs.
Provision for employee benefits	
Compensated absences	1,164,593
Sub Total (A)	1,164,593
Other provision	
Income tax	710,126
Sub Total (B)	710,126
Total (A+B)	1,874,719

11. Loans and advances

Particulars	Non-current	Current
	As at December 31, 2015 Rs.	As at December 31, 2015 Rs.
Loans & advances includes loans and advances to related parties		
Advance recoverable from Related parties:		
IBIZ Consulting Service, Malaysia		9,132,632
IBIZ Consulting Service, China		8,390,524
IBIZ Consultancy services India Private Limited		14,255,896
IBIZ Consulting Service, Indonesia		12,607,493
IBIZCS Group Pte Ltd, Singapore		749,200
		45,135,745
Provision for doubtful advances		44,386,545
Total (A)		749,200
Security deposit		
Unsecured, considered good	2,727,061	-
Total (B)	2,727,061	-
Total (A+B)	2,727,061	749,200

12. Trade receivables

Particulars	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	
Unsecured, considered good	17,977,365
Unsecured, considered doubtful	42,568,467
	60,545,832
Provision for doubtful receivables	51,933,467
Sub Total (A)	8,612,365
Other receivables	
Unsecured, considered good	40,620,090
Unsecured, considered doubtful	-
	40,620,090
Sub Total (B)	40,620,090
Total (A+B)	49,232,455

Trade receivable include:

Particulars	As at December 31, 2015 Rs.
Dues from related parties	
IBIZ Consulting Services Sdn Bhd, Malaysia	10,591,909
PT. IBIZ Indonesia, Indonesia	1,677,436
IBIZ Consulting Services Limited, Hongkong	36,924,802
IBIZ Consulting Services Co., Ltd, China	4,232,028

13. Cash and bank balances

Particulars	As at December 31, 2015 Rs.
Cash and cash equivalents	
Cash on hand	57
Balances with other banks:	
On current accounts	5,289,689
Total	5,289,746

14. Other current assets

Particulars	As at December 31, 2015 Rs.
Unbilled revenue	17,293,923
Total	17,293,923

15. Revenue from operations

Particulars	For May 01 to December 31, 2015 Rs.
Sale of services	197,245,399
Total	197,245,399

16. Employee benefits expense

Particulars	For May 01 to December 31, 2015 Rs.
Salaries, wages and bonus	73,659,485
Contribution to employee's benefits fund	4,341,323
Staff Welfare	1,971,962
Total	79,972,770

17. Operational and other expenses

Particulars	For May 01 to December 31, 2015 Rs.
Recruitment and training expenses	847,104
Travelling and conveyance	2,237,587
Cost of third party items	87,736,187
Repair and maintenance	892,648
Provision for doubtful debts and advances (net)	9,736,997
Rent - premises	3,107,642
Rent - equipment	11,979
Power and fuel	560,646
Communication costs	1,173,304
Printing and Stationery	434,461
Advertising and sales promotion	1,247,680
Legal and professional expenses	4,824,457
Foreign exchange fluctuation (net)	135,623
Miscellaneous expenses	863,029
Total	113,809,344

18. Depreciation and amortisation expenses

Particulars	For May 01 to December 31, 2015 Rs.
Depreciation on tangible assets	377,263
Amortisation on intangible assets	32,057
Total	409,320

19. Finance cost

Particulars	For May 01 to December 31, 2015 Rs.
Interest on loans	153,256
Bank charges	448,668
Total	601,924

20. Related Party Disclosures

Holding Company	IBIZCS Group Pte Ltd, Singapore
Fellow Subsidiaries	IBIZ Consulting Services Sdn. Bhd., Malaysia PT. IBIZCS Indonesia., Indonesia IBIZ Consultancy Services India Private Limited., India. IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong
Subsidiary of IBIZ Consulting Service Limited. (IBIZ HK),	IBIZ Consulting Service Shanghai Co., Ltd. (100% by IBIZ HK), People's Republic of China
Other Related Companies	R Systems International Limited, 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. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of Company w.e.f. July 7, 2015) Ecnet Limited, Singapore
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
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

(a) Details of transactions with related parties for the period May 01 to December 31, 2015:

Transaction	(Amount in Rs.)
	For the period May 01 to December, 31 2015
<u>R System International Limited</u>	
a). Consultancy fees paid	828,657
<u>ECnet Limited, Singapore</u>	
a). Management fee Paid	2,245,453
<u>IBIZ Consultancy Services India Private Limited</u>	
a). Services Received	3,151,920

IBIZ CONSULTING SERVICES PTE LTD, SINGAPORE
Notes to Financial Statements for the period May 01 to December 31, 2015

<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>	
a). Services rendered	3,468,003
<u>PT. IBIZCS Indonesia</u>	
a). Services rendered	1,206,175
<u>IBIZ Consulting Services Limited, Hongkong</u>	
a). Services rendered	6,173,903
<u>IBIZCS Group Pte Ltd, Singapore</u>	
a). Capital Contribution received	23,013,100
(a) Inter-companies balances as at December 31, 2015:	

(Amount in Rs.)	
Outstanding balances	As at December, 31 2015

<u>R System International Limited</u>	
a). Amount Payables	550,662
<u>ECnet Limited, Singapore</u>	
a). Amount Payable	761,562
<u>IBIZ Consultancy Services India Private Limited</u>	
a). Amount Payable	2,609,063
b). Loans & Advances given	14,255,896
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>	
a). Amount Payable	2,465,507
b). Amount Receivable (Net of Provision Rs. 5,933,540 in 2015)	4,658,369
<u>PT. IBIZCS Indonesia</u>	
a). Amount Receivable	1,677,436
<u>Ibiz Consulting Services Limited, Hongkong</u>	
a). Amount Receivable (Net of Provision Rs.29,191,112 in 2015)	7,733,691
<u>IBIZ Consulting Services Co., Ltd, China</u>	
a). Amount Receivable (Net of Provision Rs.3,710,807 in 2015)	521,222
<u>IBIZCS Group Pte Ltd</u>	
a). Amount Receivable	749,200

Payment to key management personnel for the period May 01 to December 31, 2015:

(Amount in Rs.)	
Name of Key Management Personnel	For the period May 01 to December 31, 2015
Ramasubramanian Balasubramanian	7,516,160
Total	7,516,160

21. Operating Lease- Company as 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:

Particulars	(Amount in Rs.)
	For the period May 01 to December 31, 2015
Lease payments for the period	3,714,763
Non-cancellable operating lease obligation	
Not later than one year	9,045,654
Later than one year but not later than five years	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

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 06, 2016

Place : Noida
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period May 01 to December 31, 2015 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. 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, 2015;
- b) in the case of the Statement of Profit and Loss, of the **Profit** for the period from May 01, 2015 to December 31, 2015; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period from May 01, 2015 to December 31, 2015.

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 06, 2016

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

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA

Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	1,782,512
Reserves and surplus	4	(2,850,281)
Current liabilities		
Trade payables	5	20,938,920
Other current liabilities	6	25,737,304
Short-term provisions	7	127,219
Total		45,735,674
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	8	8,192
Long-term loans and advances	9	431,809
Current assets		
Trade receivables	10	29,775,122
Cash and bank balances	11	10,957,043
Short-term loans and advances	9	1,224,580
Other current assets	12	3,338,928
Total		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 06, 2016

**For and on behalf of the Board of Directors of
IBIZ Consulting Services Sdn. Bhd.**

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 06, 2016

Sd/-
Aloysius Suppiah
[Director]

Place : Malaysia
Date: February 06, 2016

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Statement of Profit and Loss for May 01,2015 to December 31, 2015

	Notes	For May 01,2015 to December 31, 2015 Rs.
Income		
Revenue from operations	13	65,446,372
Other income	14	438,203
Total revenue		65,884,575
Expenses		
Employee benefits expense	15	12,860,440
Operational and other expenses	16	49,061,947
Depreciation and amortisation expense	8	26,573
Finance costs	17	18,122
Total expenses		61,967,082
Profit before tax		3,917,493
Tax expense		
Current tax / (credit)		1,670,635
Total tax expense / (credit)		1,670,635
Profit for the period		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

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 06, 2016

Place : Singapore
Date: February 06, 2016

Place : Malaysia
Date: February 06, 2016

IBIZ CONSULTING SERVICES SDN. BHD., MALAYSIA
Cash Flow Statement for the period May 01, 2015 to December 31, 2015

	For May 01,2015 to December 31, 2015 Rs.
A. Cash flow from operating activities	
Net profit before taxation	3,917,493
Adjustments for:	
Depreciation and amortisation expense	26,573
Unrealised foreign exchange (loss)/ gain	404,404
Operating profit/(loss) before working capital changes	4,348,470
Movements in working capital :	
(Increase) / Decrease in trade receivables	7,213,640
(Increase) / Decrease in loans and advances and other current assets	2,585,466
Increase / (Decrease) in short-term and long-term provision	127,219
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(7,942,517)
Cash generated from operations	6,332,278
Net cash flow from operating activities (A)	6,332,278
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 period (A + B + C)	6,332,278
Cash and cash equivalents at the beginning of the period	4,624,765
Cash and cash equivalents at the end of the period	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

For and on behalf of the Board of Directors of
IBIZ Consulting Services Sdn. Bhd.

Sd/-
CA. S.K. RELAN

Membership No. 12149

Place : New Delhi
Date: February 06, 2016

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 06, 2016

Sd/-
Aloysius Suppiah
[Director]

Place : Malaysia
Date: February 06, 2016

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. The registered office of the Company is located at Suite B19, First Floor, Plaza, Pekeliling, Jalan, Tun Razak 50400 Kuala Lumpur.

As at April 30, 2015, R Systems (Singapore) Pte Limited has acquired all the share capital of IBIZCS Group Pte Limited. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited and accordingly the accounts are being prepared from May 1, 2015 to December 31, 2015.

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>
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 Installations	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) Sales of goods

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) 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.

(iii) 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.

(iv) 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 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.

(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 eight month average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the period from May 01 to 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.

3. Share capital

Particulars	As at December 31, 2015 Rs.
Authorised Capital 100,000 ordinary shares of no Par value	RM 100,000
Issued, subscribed and paid up capital 100,000 ordinary shares of no Par value	1,782,512
Total	1,782,512

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

Particulars	As at December 31, 2015		As at May 1, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the period	100,000	1,782,512	100,000	1,782,512
Add: Shares issued during the period	-	-	-	-
Shares outstanding at the end of the period	100,000	1,782,512	100,000	1,782,512

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.
Statement of Profit and Loss	
Balance as the beginning of reporting period	(5,497,414)
Add: Profit for the current period	2,246,858
Net Deficit in the statement of profit and Loss	(3,250,556)
Foreign currency translation reserve	
Balance as the beginning of reporting period	-
Add: Current period translation differences	400,275
Closing balance	400,275
Total	(2,850,281)

5. Trade Payables

Particulars	As at December 31, 2015 Rs.
Trade payables	20,938,920
Total	20,938,920

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.
Other liabilities	
Payable to Related parties	
IBIZ Consulting services Pte Ltd	19,770,233
IBIZ Consulting services India Private Ltd	203,961
PT. Ibizcs Indonesia	664,292
Unearned revenue	4,406,107
Other liabilities	692,711
Total	25,737,304

7. Short-term provisions

Particulars	As at December 31, 2015 Rs.
Provision for employee benefits	
Compensated absences	127,219
Total	127,219

9. Loans and advances

Particulars	Non-current	Current
	As at December 31, 2015 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	-	915,420
Total (A)	-	915,420
Advance recoverable Related parties		
IBIZ Consulting Service Pte Ltd, Singapore		309,160
Total (B)	-	309,160
Security deposit		
Unsecured, considered good	431,809	-
	431,809	-
Total (C)	431,809	-
Total (A+B+C)	431,809	1,224,580

10. Trade receivables

Particulars	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	
Unsecured, considered good	10,981,710
Unsecured, considered doubtful	352,442
	11,334,152
Provision for doubtful receivables	352,442
Sub Total (A)	10,981,710
Other receivables	
Unsecured, considered good	18,793,412
Unsecured, considered doubtful	-
	18,793,412
Sub Total (B)	18,793,412
Total (A+B)	29,775,122

Trade receivable include:

Particulars	As at December 31, 2015 Rs.
Dues from related parties	
PT. Ibizcs Indonesia	161,091
IBIZ Consulting services Pte Ltd	2,473,824

11. Cash and bank balances

Particulars	As at December 31, 2015 Rs.
Cash and cash equivalents	
Balances with other banks:	
On current accounts	10,957,043
Total	10,957,043

12. Other current assets

Particulars	As at December 31, 2015 Rs.
Unbilled revenue	3,338,928
Total	3,338,928

13. Revenue from operations

Particulars	For the period ended December 31, 2015 Rs.
Sale of services	65,446,372
Total	65,446,372

14. Other income

Particulars	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 period ended December 31, 2015 Rs.
Salaries, wages and bonus	11,282,329
Contribution to employee's benefits fund	1,114,687
Staff Welfare	463,424
Total	12,860,440

16. Operational and other expenses

Particulars	For the year ended December 31, 2015 Rs.
Travelling and conveyance	952,642
Insurance	50,731
Cost of third party items	37,372,528
Repair and maintenance	38,784
Rent - premises	193,510
Power and fuel	117,379
Communication costs	160,974
Printing and stationery	47,619
Advertising and sales promotion	911,432
Legal and professional expenses	6,395,927
Foreign exchange fluctuation (net)	1,968,748
Rates and taxes	728,440
Miscellaneous expenses	123,233
Total	49,061,947

17. Finance cost

Particulars	For the year ended December 31, 2015 Rs.
Bank charges	18,122
Total	18,122

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. (IBIZ HK), Hong Kong
Subsidiary of IBIZ Consulting Service Limited (IBIZ HK)	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China
Other Related Companies	R Systems International Limited, 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. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of Company w.e.f. July 7, 2015) ECnet Limited, Singapore
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
Wholly Owned 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 Aloysius Suppiah, Director Vijaindrán, Director

(a) Details of transactions with related parties for the period May 01 to December 31, 2015:

Transaction	(Amount in Rs.)
	For the period May 01 to December, 31 2015
<u>IBIZ Consultancy Services India Private Limited</u>	
a). Services Received	670,834
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>	
a) Services Received	3,623,900

IBIZ CONSULTING SERVICES SDN. BHD. MALAYSIA
Notes to Financial Statements for the period May 01 to December 31, 2015

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

(Amount in Rs.)	
Outstanding balances	As at December, 31 2015

IBIZ Consulting Services Pte Ltd ,Singapore

a) Amount Payable	19,770,223
b) Amount Receivable	2,473,824

IBIZ Consultancy Services India Private Limited

a) Amount Payable	203,961
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PT. IBIZCS Indonesia

a) Amount Payable	664,292
b) Amount Receivable	161,091

IBIZCS Group Pte Ltd, Singapore

a) Amount Receivable	309,160
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Payment to key management personnel for the period May 01 to December 31, 2015:

(Amount in Rs)	
Name of Key Management Personnel	For the period May 01 to December 31, 2015
Aloysius Suppiah	3,381,150
Total	3,381,150

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., Malaysia**

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

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Aloysius Suppiah
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Malaysia
Date : February 06, 2016

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period May 01 to December 31, 2015 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. 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, 2015;
- b) in the case of the Statement of Profit and Loss, of the **Profit** for the period from May 01, 2015 to December 31, 2015; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period from May 01, 2015 to December 31, 2015.

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 06, 2016

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

PT. IBIZCS INDONESIA

Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	11,130,480
Reserves and surplus	4	8,647,475
Current liabilities		
Trade payables	5	3,897,113
Other current liabilities	6	9,178,688
Short-term provisions	7	59,314
Total		32,913,070
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	8	435,684
Intangible assets	9	8,170
Long-term loans and advances	10	432,445
Current assets		
Trade receivables	11	4,408,808
Cash and bank balances	12	8,334,070
Short-term loans and advances	10	18,244,910
Other current assets	13	1,048,983
Total		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 06, 2016

Place : Singapore
Date: February 06, 2016

Place : Indonesia
Date: February 06, 2016

PT. IBIZCS INDONESIA

Statement of Profit and Loss from May 01, 2015 to December 31, 2015

	Notes	For May 01,2015 to December 31, 2015 Rs.
Income		
Revenue from operations	14	18,512,864
Other income	15	1,355,683
Total revenue		19,868,547
Expenses		
Employee benefits expense	16	5,052,690
Operational and other expenses	17	11,617,308
Depreciation and amortisation expense	18	116,676
Finance costs	19	34,914
Total expenses		16,821,588
Profit before tax		3,046,959
Tax expense		
Current tax / (credit)		533,800
Total tax expense / (credit)		533,800
Profit for the year		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 06, 2016

Place : Singapore
 Date: February 06, 2016

Place : Indonesia
 Date: February 06, 2016

PT. IBIZCS INDONESIA

Cash Flow Statement for May 01 to December 31, 2015

	For May 01,2015 to December 31, 2015 Rs.
A. Cash flow from operating activities	
Net profit before taxation	3,046,959
Adjustments for:	
Depreciation and amortisation expense	116,676
Unrealised foreign exchange (loss) / gain	(231,552)
Interest income	(24,697)
Operating profit/(loss) before working capital changes	2,907,386
Movements in working capital :	
(Increase) / Decrease in trade receivables	1,544,159
(Increase) / Decrease in loans and advances and other current assets	442,052
Increase / (Decrease) in short-term and long-term provision	(414,795)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	497,413
Cash generated from operations	4,976,215
Direct taxes paid, net of refunds	(59,691)
Net cash flow from operating activities (A)	4,916,524
B. Cash flows used in investing activities	
Purchase of fixed assets	(98,883)
Interest received	24,697
Net cash used in investing activities (B)	(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)	4,842,338
Cash and cash equivalents at the beginning of the period	3,491,732
Cash and cash equivalents at the end of the period	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

**For and on behalf of the Board of Directors of
PT. Ibizcs Indonesia**

Sd/-

CA. S.K. RELAN

Membership No. 12149

Place : New Delhi

Date: February 06, 2016

Sd/-

Ramasubramanian

Balasubramanian

[Director]

Place : Singapore

Date: February 06, 2016

Sd/-

Andrea Sorelli

[Director]

Place : Indonesia

Date: February 06, 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. 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

As at April 30, 2015, R Systems (Singapore) Pte Limited has acquired all the share capital of IBIZCS Group Pte Limited. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited and accordingly the accounts are being prepared from May 1, 2015 to December 31, 2015.

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>
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 etc.	3 years
Furniture and fittings	4 years

(e) Intangibles assets

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

intended use.

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

<u>Category of Intangible fixed assets</u>	<u>Estimated useful life</u>
Computer Software	lower of 3 years or License period

(f) Impairment

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

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

(g) Leases

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

(h) Investments

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

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of goods

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) 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.

(iii) 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.

(iv) 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 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.

(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 eight months average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the period from May 01 to 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.

3. Share capital

Particulars	As at December 31, 2015 Rs.
Authorised Capital 2,50,000 Ordinary Shares of IDR 9095 each	IDR 2,273,750,000
Issued, subscribed and paid up capital 2,50,000 Ordinary Shares of IDR 9095 each	11,130,480
Total	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, 2015		As at May 1, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the period	250,000	11,130,480	250,000	11,130,480
Add: Shares issued during the period		-	-	-
Shares outstanding at the end of the period	250,000	11,130,480	250,000	11,130,480

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.
Statement of Profit and Loss	
Balance as at the beginning of the period	6,373,409
Add: Profit for the current period	2,513,159
Net surplus in the statement of profit and loss	8,886,568
Foreign currency translation reserve	
Balance as at the beginning of the period	-
Add: Current period translation differences	(239,093)
Closing balance	(239,093)
Total	8,647,475

5. Trade payables

Particulars	As at December 31, 2015 Rs.
Trade payables	3,897,113
Total	3,897,113

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.
Other liabilities	
Payable to Related parties	
IBIZ consulting Services Pte Ltd, Singapore	1,653,259
IBIZ consulting Services SD Bhd, Malaysia	162,002
Unearned revenue	3,140,994
Other Payables	4,222,433
Total	9,178,688

7. Short-term provisions

Particulars	As at December 31, 2015 Rs.
Provision for employee benefits	
Compensated absences	59,314
Total	59,314

10. Loans and advances

Particulars	Non-current	Current
	As at December 31, 2015 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	-	18,244,910
Total (A)	-	18,244,910
Security deposit		
Unsecured, considered good	432,445	-
Total (B)	432,445	-
Total (A+B)	432,445	18,244,910

11. Trade receivables

Particulars	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	
Unsecured, considered good	27,626
Sub Total (A)	27,626
Other receivables	
Unsecured, considered good	4,381,182
Sub Total (B)	4,381,182
Total (A+B)	4,408,808

Trade receivable include:

Particulars	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, 2015 Rs.
Cash and cash equivalents	
Cash on hand	124,274
Balances with other banks:	
On current accounts	8,209,796
	8,334,070
Total	8,334,070

13. Other current assets

Particulars	As at December 31, 2015 Rs.
Unbilled revenue	1,048,983
Total	1,048,983

14. Revenue from operations

Particulars	For the period ended December 31, 2015 Rs.
Sale of services	18,512,864
Total	18,512,864

15. Other income

Particulars	For the period ended December 31, 2015 Rs.
Interest on:	
Interest income	24697
Miscellaneous income	9,155
Foreign exchange fluctuation (net)	1,321,831
Total	1,355,683

16. Employee benefits expense

Particulars	For the period ended December 31, 2015 Rs.
Salaries, wages and bonus	4,453,082
Contribution to employee's benefits fund	212,338
Staff Welfare	387,270
Total	5,052,690

17. Operational and other expenses

Particulars	For the period ended December 31, 2015 Rs.
Recruitment and training expenses	28,237
Travelling and conveyance	1,028,226
Third Party item cost	8,087,897
Repair and maintenance	30,176
Rent - premises	979,783
Power and fuel	22,604
Communication costs	147,923
Printing and stationery	59,334
Advertising and sales promotion	166,163
Legal and professional expenses	823,068
Bad debts	62,227
Rates and taxes	87,971
Miscellaneous expenses	93,699
Total	11,617,308

18. Depreciation and amortisation expenses

Particulars	For the period ended December 31, 2015 Rs.
Depreciation on tangible assets	114,372
Amortisation on intangible assets	2,304
Total	116,676

19. Finance cost

Particulars	For the period ended December 31, 2015 Rs.
Bank charges	34,914
Total	34,914

PT. IBIZCS INDONESIA

Notes to Financial Statements for the period May 01 to December 31, 2015

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. (IBIZ HK), Hong Kong
Subsidiary of IBIZ Consulting Service Limited (IBIZ HK)	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China
Other Related Companies	R Systems International Limited, 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. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of Company w.e.f. July 7, 2015) ECnet Limited, Singapore
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
Wholly Owned Subsidiary of ECnet Limited, Singapore	ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Key management personnel	Ramasubramanian Balasubramanian, Director Andrea Sorelli, Director

(a) Details of transactions with related parties for the period May 01 to December 31, 2015:

Transaction	(Amount in Rs.)
	For the period May 01 to December, 31 2015

<u>IBIZ Consulting Services Pte Ltd, Singapore</u>	
a). Services received	11,74,996
	953,504

(b) Related Parties balances as at December 31, 2015:

Outstanding balances	(Amount in Rs.)
	As at December, 31 2015

<u>IBIZ Consulting Services Pte Ltd ,Singapore</u>	
a) Amount Payable	1,653,259

PT. IBIZCS INDONESIA

Notes to Financial Statements for the period May 01 to December 31, 2015

IBIZ Consultancy Services India Private Limited

a) Amount Receivable 334,053

IBIZ Consulting Services Sdn. Bhd.,Malaysia

a) Amount Payable 162,002

b) Amount Receivable 668,106

Ramasubramaniam Balasubramaniam

a) Amount Receivable 17,443,494

Payment to key management personnel for the period May 01 to December 31, 2015:

(Amount in Rs)	
Name of Key Management Personnel	For the period May 01 to December 31, 2015
Andrea Sorelli	16,57,924
Total	16,57,924

21. **Operating Lease- Company as 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 (Rs).	
Particulars	For the period May 01 to December 31, 2015

Lease payments for the period 979,783

Non-cancellable operating lease obligation

Not later than one year 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

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 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Indonesia
Date : February 06, 2016

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period May 01 to December 31, 2015 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. 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, 2015;
- b) in the case of the Statement of Profit and Loss, of the **Profit** for the period from May 01, 2015 to December 31, 2015; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period from May 01, 2015 to December 31, 2015.

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 06, 2016

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

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED

Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	500,000
Reserves and surplus	4	(7,536,607)
Current liabilities		
Trade payables	5	1,142,898
Other current liabilities	6	17,872,546
Short-term provisions	7	44,195
Total		12,023,032
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	8	911,057
Deferred tax assets (net)	9	91,170
Long-term loans and advances	10	2,774,513
Current assets		
Trade receivables	11	5,243,010
Cash and bank balances	12	2,996,882
Short-term loans and advances	10	6,400
Total		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

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

Place : New Delhi
Date: February 06, 2016

For and on behalf of the Board of Directors of
IBIZ Consultancy Services India Private Limited

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 06, 2016

Sd/-
Gunalan Kalairajan
[Director]

Place : Chennai
Date: February 06, 2016

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED

Statement of Profit and Loss for the period May 01, 2015 to December 31, 2015

	Notes	For May 01, 2015 to December 31, 2015 Rs.
Income		
Revenue from operations	13	15,840,427
Other income	14	306,179
Total revenue		16,146,606
Expenses		
Employee benefits expense	15	9,192,577
Operational and other expenses	16	6,036,508
Depreciation and amortisation expense	17	396,720
Finance costs	18	13,527
Total expenses		15,639,332
Profit before tax		507,274
Tax expense		
Current tax / (credit)		(56,796)
Total tax expense / (credit)		(56,796)
Profit for the period		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 06, 2016

For and on behalf of the Board of Directors of
IBIZ Consultancy Services India Private Limited

Sd/-
 Ramasubramanian
 Balasubramanian
 [Director]

Place : Singapore
 Date: February 06, 2016

Sd/-
 Gunalan Kalairajan
 [Director]

Place : Chennai
 Date: February 06, 2016

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Cash Flow Statement for the the period May 01, 2015 to December 31, 2015

	For May 01, 2015 to December 31, 2015 Rs.
A. Cash flow from operating activities	
Net profit before taxation	507,274
Adjustments for:	
Depreciation and amortisation expense	396,720
Operating profit/(loss) before working capital changes	903,994
Movements in working capital :	
(Increase) / Decrease in trade receivables	750,175
(Increase) / Decrease in loans and advances and other current assets	(827,152)
Increase / (Decrease) in short-term and long-term provision	44,195
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(1,555,601)
Cash generated from operations	(684,389)
Net cash flow from operating activities (A)	(684,389)
B. Cash flows used in investing activities	
Purchase of fixed assets	(153,115)
Net cash used in investing activities (B)	(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)	(837,504)
Cash and cash equivalents at the beginning of the period	3,834,386
Cash and cash equivalents at the end of the period	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 06, 2016

For and on behalf of the Board of Directors of
IBIZ Consultancy Services India Private Limited

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : Singapore
Date: February 06, 2016

Sd/-
Gunalan Kalairajan
[Director]

Place : Chennai
Date: February 06, 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. 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.

As at April 30, 2015, R Systems (Singapore) Pte Limited has acquired all the share capital of IBIZCS Group Pte Limited. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited and accordingly the accounts are being prepared from May 1, 2015 to December 31, 2015.

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
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.

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) Sales of goods

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) 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.

(iii) 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.

(iv) 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 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 December 31, 2015 Rs.
Authorised Capital 50000 Equity Shares of Rs 10 each	500,000
Issued, subscribed and paid up capital 50000 Equity Shares of Rs 10 each	500,000
Total	500,000

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

Particulars	As at December 31, 2015		As at May 1, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the period	50,000	500,000	50,000	500,000
Add: Shares issued during the period	-	-	-	-
Shares outstanding at the end of the period	50,000	500,000	50,000	500,000

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.
Statement of Profit and Loss	
Balance as on beginning of the period	(8,100,677)
Add: Profit for the current period	564,070
Net Deficit in the statement of profit and loss	(7,536,607)
Total	(7,536,607)

5. Trade payables

Particulars	As at December 31, 2015 Rs.
Trade payables	1,142,898
Total	1,142,898

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.
Other liabilities	
Payable to Related parties	
Ibiz Consulting Services Pte Ltd, Singapore	14,255,918
PT. IBIZCS Indonesia	330,775
Advance from customers	5,167
Unearned revenue	1,236,092
Duties & Taxes	354,135
Expenses Payable	1,690,459
Total	17,872,546

7. Short-term provisions

Particulars	As at December 31, 2015 Rs.
Provision for employee benefits	
Compensated absences	44,195
Total	44,195

Schedule 8: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK
	AS ON	ADDITION	DELETION	TOTAL	UPTO	ADDITION	DELETION	TOTAL	AS AT
	01.05.2015	DURING THE PERIOD		31.12.2015	01.05.2015	DURING THE PERIOD		31.12.2015	31.12.2015
Computer	6,332,901	153,115	-	6,486,016	5,418,607	360,243	-	5,778,850	707,166
Furniture & Fixtures	303,581	-	-	303,581	130,174	26,966	-	157,140	146,441
Electrical Installation	102,091	-		102,091	35,132	9,511		44,643	57,448
Office Equipment	74,604	-		74,604	74,602	-		74,602	2
Total	6,813,177	153,115	-	6,966,292	5,658,515	396,720	-	6,055,235	911,057

9. Deferred tax assets (net)

Particulars	As at December 31, 2015 Rs.
Deferred tax assets	
Provision for Gratuity	169,876
Provision for compensated absences	13,656
Gross deferred tax assets	183,532
Deferred tax liability	
Differences in depreciation/amortisation and other differences in block of fixed assets as per tax books and financial books	92,362
Gross deferred tax liability	92,362
Deferred tax assets (net)	91,170

10. Loans and advances

Particulars	Non-current	Current
	As at December 31, 2015 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	2,274,247	6,400
Total (A)	2,274,247	6,400
Security deposit		
Unsecured, considered good	500,266	-
Total (B)	500,266	-
Total (A+B)	2,774,513	6,400

11. Trade receivables

Particulars	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment	
Unsecured, considered good	305,961
Sub Total (A)	305,961
Other receivables	
Unsecured, considered good	4,937,049
Sub Total (B)	4,937,049
Total (A+B)	5,243,010

Trade receivable include:

Particulars	As at December 31, 2015 Rs.
Dues from companies under the same management:	
IBIZ Consulting Service Pte Ltd, Singapore	2,608,165
IBIZ Consulting Services Sdn Bhd., Malaysia	203,962

12. Cash and bank balances

Particulars	As at December 31, 2015 Rs.
Cash and cash equivalents	
Cash on hand	4,634
Balances with Scheduled banks:	
On current accounts	2,992,248
Total	2,996,882

13. Revenue from operations

Particulars	For the period ended December, 31 2015 Rs.
Sale of services	15,840,427
Total	15,840,427

14. Other income

Particulars	For the period ended December, 31 2015 Rs.
Interest on Income tax refund	56,896
Miscellaneous income	5,100
Foreign exchange fluctuation (net)	244,183
Total	306,179

15. Employee benefits expense

Particulars	For the period ended December, 31 2015 Rs.
Salaries, wages and bonus	8,896,278
Contribution to employee's benefits fund	119,393
Staff Welfare	176,906
Total	9,192,577

16. Operational and other expenses

Particulars	For the period ended December, 31 2015 Rs.
Recruitment and training expenses	90,380
Travelling and conveyance	218,680
Third Party item cost	4,621,043
Repair and maintenance	85,814
Rent - premises	504,000
Power and fuel	111,037
Communication costs	166,975
Printing and stationery	10,196
Advertising and sales promotion	80,000
Legal and professional expenses	147,267
Rates and taxes	1,116
Total	6,036,508

17. Depreciation and amortisation expenses

Particulars	For the period ended December, 31 2015 Rs.
Depreciation on tangible assets	396,720
Total	396,720

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED

Notes to Financial Statements for period May 01, 2015 to December 31, 2015

18. Finance cost

Particulars	For the period ended December, 31 2015 Rs.
Bank charges	13,527
Total	13,527

19. Related Party Disclosures

Holding Company	IBIZCS Group Pte Ltd., Singapore
Fellow Subsidiaries	IBIZ Consulting Services Pte. Ltd, Singapore PT. IBIZCS Indonesia., Indonesia IBIZ Consulting Services Sdn. Bhd. Malaysia. IBIZ Consulting Service Limited. (IBIZ HK), Hong Kong
Subsidiary of IBIZ Consulting Service Limited (IBIZ HK)	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China
Other Related Companies	R Systems International Limited, 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. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of Company w.e.f. July 7, 2015) ECnet Limited, Singapore
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
Wholly Owned 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 Sornathan Kalairajan, Director

(a) Details of transactions with related parties for the period May 01 to December 31, 2015:

		(Amount in Rs.)
Transaction	For the period May 01 to December, 31 2015	
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>		
a). Services Rendered		3,151,920
<u>IBIZ Consulting Services Sdn Bhd, Malaysia</u>		
a). Services Rendered		698,880

IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED
Notes to Financial Statements for the period May 01 to December 31, 2015

(a) Related Parties balances as at December 31, 2015:

(Amount in Rs.)	
Outstanding balances	As at December, 31 2015

IBIZ Consulting Services Pte Ltd ,Singapore

a) Amount Payable	14,255,918
b) Amount Receivable	2,608,165

PT. IBIZCS Indonesia

a) Amount Payable	330,775
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IBIZ Consulting Services Sdn. Bhd.,Malaysia

a) Amount Receivable	203,962
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Payment to key management personnel for the period May 01 to December 31, 2015:

(Amount in Rs)	
Name of Key Management Personnel	For the period May 01 to December 31, 2015
Sornatahan Kalairajan	296,000
Total	296,000

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/-
Ramasubramanian
Balasubramanian
[Director]

Sd/-
Gunalan Kalairajan
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

Place : Chennai
Date : February 06, 2016

INDEPENDENT AUDITOR'S REPORT

To,
The Members of IBIZ Consulting Services Limited, Hongkong

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period May 01 to December 31, 2015 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. 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, 2015;
- b) in the case of the Statement of Profit and Loss, of the **Profit** for the period from May 01, 2015 to December 31, 2015; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period from May 01, 2015 to December 31, 2015.

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 06, 2016

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

IBIZ CONSULTING SERVICES LIMITED, HONGKONG

Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	81,606
Reserves and surplus	4	174,699
Current liabilities		
Trade payables	5	138,859
Other current liabilities	6	54,250,704
Short-term provisions	7	-
Total		54,645,868
ASSETS		
Current assets		
Trade receivables	8	39,148,228
Cash and bank balances	9	4,877,325
Short-term loans and advances	10	10,620,315
Total		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
 Membership No. 12149

Sd/-
 Satinder Singh Rekhi
 [Director]

Sd/-
 Ramasubramanian
 Balasubramanian
 [Director]

Place : New Delhi
 Date: February 06, 2016

Place : Noida
 Date: February 06, 2016

Place : Singapore
 Date: February 06, 2016

IBIZ CONSULTING SERVICES LIMITED, HONGKONG

Statement of Profit and Loss for the period May 01, 2015 to December 31, 2015

	Notes	For the period ended December 31, 2015 Rs.
Income		
Revenue from operations	11	6,682,334
Other income	12	984,358
Total revenue		7,666,692
Expenses		
Operational and other expenses	13	6,294,578
Finance costs	14	66,399
Total expenses		6,360,977
Profit before tax		1,305,715
Tax expense		
Current tax / (credit)		-
Total tax expense / (credit)		-
Profit for the period		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

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Satinder Singh Rekhi
[Director]

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : New Delhi
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

Place : Singapore
Date: February 06, 2016

IBIZ CONSULTING SERVICES LIMITED, HONGKONG
Cash Flow Statement for May 01, to December 31, 2015

	For the period ended December 31, 2015 Rs.
A. Cash flow from operating activities	
Net profit before taxation	1,305,715
Adjustments for:	
Unrealised foreign exchange (loss) /gain	(23,419)
Operating profit/(loss) before working capital changes	1,282,296
Movements in working capital :	
(Increase) / Decrease in trade receivables	(5,631,312)
(Increase) / Decrease in loans and advances and other current assets	(509,152)
Decrease / (Increase) in intra-group balances	9,904,573
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(177,771)
Cash generated from operations	4,868,634
Net cash flow from operating activities (A)	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)	4,868,634
Cash and cash equivalents at the beginning of the year	8,691
Cash and cash equivalents at the end of the year	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
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CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Ramasubramanian
Balasubramanian
[Director]

Place : New Delhi
Date: February 06, 2016

Place : Noida
Date: February 06, 2016

Place : Singapore
Date: February 06, 2016

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As at April 30, 2015, R Systems (Singapore) Pte Limited has acquired all the share capital of IBIZCS Group Pte Limited. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited and accordingly the accounts are being prepared from May 1, 2015 to December 31, 2015.

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..

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(a) Basis of preparation

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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) *Sales of goods*

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) *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.

(iii) *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.

(iv) *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 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.

(iv) Foreign currency translation

The functional currency of the Company is Hongkong 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 eight month average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the period from May 01 to 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.

3. Share capital

Particulars	As at December 31, 2015 Rs.
Authorised Capital 10,000 Ordinary Shares of no par value	-
Issued, subscribed and paid up capital 10,000 Ordinary Shares of no par value	81,606
Total	81,606

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

Particulars	As at December 31, 2015		As at May 1, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the reporting period	10,000	81,606	10,000	81,606
Add: Shares issued during the period	-	-	-	-
Shares outstanding at the end of the year	10,000	81,606	10,000	81,606

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.
Profit and Loss Account	
Balance as the beginning of reporting period	(1,107,597)
Add: Profit for the current period	1,305,715
Net surplus in profit and loss account	198,118
Foreign currency translation reserve	
Balance as the beginning of reporting period	-
Add: Current period translation differences	(23,419)
Closing balance	(23,419)
Total	174,699

5. Trade Payables

Particulars	As at December 31, 2015 Rs.
Trade payables	138,859
Total	138,859

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.
Other liabilities	
Payable to Related parties	
IBIZ Consulting Services Pte ltd, Singapore	49,575,036
IBIZ Group Pte ltd, Singapore	4,675,668
Total	54,250,704

7. Non-current investments

Particulars	As at December 31, 2015 Rs.
Non-trade, unquoted (valued at cost unless stated otherwise)	
In subsidiary company	
(i) Investment in IBIZ Consulting (Shanghai) Co. Ltd., China	
Ordinary shares of USD 70,000	4,677,415
Less : Provision for dimunition in the value of Investment	4,677,415 -
Total	-

8. Trade receivables

Particulars	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	39,148,228
Sub Total (B)	39,148,228
Total (A+B)	39,148,228

Trade receivable include:

Particulars	As at December 31, 2015 Rs.
Due from related party :	
IBIZ Consulting Services Co. Ltd, China	37,706,739

9. Cash and bank balances

Particulars	As at December 31, 2015 Rs.
Cash and cash equivalents	
Balances with other banks:	
On current accounts	4,877,325
Total	4,877,325

10. Short term Loans and advances

Particulars	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, China	10,514,108
IBIZCS Group Pte Ltd, Singapore	86,921
Total (B)	10,601,029
Total (A+B)	10,620,315

11. Revenue from operations

Particulars	For the period ended December 31, 2015 Rs.
Sale of services	6,682,334
Total	6,682,334

12. Other income

Particulars	For the period ended December 31, 2015 Rs.
Foreign exchange fluctuation (net)	984,358
Total	984,358

13. Operational and other expenses

Particulars	For the period ended December 31, 2015 Rs.
Third Party item cost	6,158,278
Legal and professional expenses	111,587
Rates and taxes	7,933
Miscellaneous expenses	16,780
Total	6,294,578

14. Finance cost

Particulars	For the period ended December 31, 2015 Rs.
Bank charges	66,399
Total	66,399

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, 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. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of Company w.e.f. July 7, 2015) ECnet Limited, Singapore
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
Wholly Owned 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

(a) Details of transactions with related parties for the period May 01 to December 31, 2015:

Transaction	(Amount in Rs.)
	For the period May 01 to December, 31 2015
<u>IBiz Consulting Services Co Limited, CN</u>	
a). Services rendered	5,096,994
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>	
a) Services received	6,158,278

IBIZ CONSULTING SERVICES LIMITED, HONGKONG
Notes to Financial Statements for the period May 01 to December 31, 2015

(a) Inter-companies balances as at December 31, 2015:

(Amount in Rs.)	
Outstanding balances	As at December, 31 2015
<u>IBIZ Consulting Services Co., Ltd. China</u>	
a). Amount Receivables	48,220,847
<u>IBIZ Consulting Services Pte Ltd, Singapore</u>	
a). Amount Payable	49,575,036
<u>IBIZCS Group Pte Ltd, Singapore</u>	
a). Amount Receivables	86,921
b). Amount Payable	4,675,668

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 06, 2016

Place : Noida
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period May 01 to December 31, 2015 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. 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, 2015;
- b) in the case of the Statement of Profit and Loss, of the **Loss** for the period from May 01, 2015 to December 31,2015; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period from May 01, 2015 to December 31,2015.

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 06, 2016

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

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD

Balance Sheet as at December 31, 2015

	Notes	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	4,980,381
Reserves and surplus	4	(67,215,813)
Current liabilities		
Trade payables	5	4,281,683
Other current liabilities	6	63,045,831
Total		5,092,082
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	7	124,997
Long-term loans and advances	8	106,451
Current assets		
Trade receivables	9	664,097
Cash and bank balances	10	4,153,978
Short-term loans and advances	8	42,559
Total		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

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 06, 2016

Place : Singapore
Date: February 06, 2016

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD

Statement of Profit and Loss for the period May 01, 2015 to December 31, 2015

	Notes	For the period ended December 31, 2015 Rs.
Income		
Revenue from operations	11	17,747,189
Other income	12	730,350
Total revenue		18,477,539
Expenses		
Employee benefits expense	13	1,503,249
Operational and other expenses	14	19,484,017
Depreciation and amortisation expense	15	3,082
Finance costs	16	5,605
Total expenses		20,995,953
Profit before tax		(2,518,414)
Tax expense		
Current tax / (credit)		-
Total tax expense / (credit)		-
Loss for the period		(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

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 06, 2016

Place : Singapore
 Date: February 06, 2016

IBIZ CONSULTING SERVICES (SHANGHAI) CO., LTD
Cash Flow Statement for May 01 to December 31, 2015

	For the period December 31, 2015 Rs.
A. Cash flow from operating activities	
Net profit before taxation	(2,518,414)
Adjustments for:	
Depreciation and amortisation expense	3,082
Unrealised foreign exchange (loss) / gain	939,769
Interest income	(11,701)
Operating profit/(loss) before working capital changes	(1,587,264)
Movements in working capital :	
(Increase) / Decrease in trade receivables	29,986
(Increase) / Decrease in loans and advances and other current assets	(21,451)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	3,486,834
Cash generated from operations	1,908,105
Net cash flow from operating activities (A)	1,908,105
B. Cash flows used in investing activities	
Interest received	11,701
Net cash used in investing activities (B)	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)	1,919,806
Cash and cash equivalents at the beginning of the period	2,234,172
Cash and cash equivalents at the end of the period	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 06, 2016

Place : Singapore
Date: February 06, 2016

1. Company Overview

IBIZ Consulting Services (Shanghai) Co., Ltd . (The "Company") is a subsidiary of IBIZ Consulting Services Limited , a company incorporated in Hongkong, IBIZ Consulting Services Limited's immediate and ultimate holding company is IBIZCS Group Pte Ltd, Singapore, of subsidiary R System (Singapore) Pte Ltd., a company incorporated in Singapore and 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.

As at April 30, 2015, R Systems (Singapore) Pte Limited has acquired all the share capital of IBIZCS Group Pte Limited. Since then it became the wholly owned subsidiary of R Systems (Singapore) Pte Limited and accordingly the accounts are being prepared from May 1, 2015 to December 31, 2015.

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) Sales of goods

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) 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.

(iii) 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.

(iv) 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 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.

3. Share capital

Particulars	As at December 31, 2015 Rs.
Authorised Capital	-
Issued, subscribed and paid up capital	
Shares outstanding of USD 70,000	4,980,381
Total	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, 2015 Rs.	As at May 1, 2015 Rs.
	Shares outstanding of USD 70,000 at the beginning of the period	4,980,381
Add: Shares issued during the period	-	-
Shares outstanding at the end of the period	4,980,381	4,980,381

4. Reserves and surplus

Particulars	As at December 31, 2015 Rs.
Statement of Profit and Loss	
Balance as at the beginning of the period	(65,635,213)
Add: Profit for the current period	(2,518,414)
Net deficit in the statement of profit and loss	(68,153,627)
Foreign currency translation reserve	
Balance as at the beginning of the period	-
Add: Current period translation differences	937,814
Closing balance	937,814
Total	(67,215,813)

5. Trade Payables

Particulars	As at December 31, 2015 Rs.
Trade payables	4,281,683
Sub total (A)	4,281,683

6. Other current liabilities

Particulars	As at December 31, 2015 Rs.
Other liabilities	
Payable to Related parties	
IBIZ consulting Services Pte Ltd, Singapore	12,134,691
IBIZ consulting Services Limited, Hongkong	48,808,667
Advance from customers	66,218
Other liabilities	2,036,255
Sub total (B)	63,045,831
Total (A+B)	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
	1.5.2015	DURING THE PERIOD			31.12.2015	1.5.2015	DURING THE PERIOD			31.12.2015	31.12.2015
Furniture & Fixtures	208,277	-	-	3,164	205,113	187,449	-	-	2,847	184,602	20,511
Communication Equipments	1,060,975	-	-	16,118	1,044,857	951,766	3,082	-	14,477	940,371	104,486
Total	1,269,252	-	-	19,282	1,249,970	1,139,215	3,082	-	17,324	1,124,973	124,997

8. Loans and advances

Particulars	Non-current	Current
	As at December 31, 2015 Rs.	As at December 31, 2015 Rs.
Advances recoverable in cash or in kind or for value to be received		
Security deposit	106,451	-
Input GST	-	42,559
Total	106,451	42,559

9. Trade receivables

Particulars	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	664,097
Sub Total (B)	664,097
Total (A+B)	664,097

10. Cash and bank balances

Particulars	As at December 31, 2015 Rs.
Cash and cash equivalents	
On current accounts	4,153,978
Total	4,153,978

11. Revenue from operations

Particulars	For the period ended December 31, 2015 Rs.
Sale of services	17,747,189
Total	17,747,189

12. Other income

Particulars	For the period ended December 31, 2015 Rs.
Interest income	11,701
Miscellaneous income	718,649
Total	730,350

13. Employee benefits expense

Particulars	For the period ended December 31, 2015 Rs.
Salaries, wages and bonus	1,236,395
Staff Welfare	266,854
Total	1,503,249

14. Operational and other expenses

Particulars	For the period ended December 31, 2015 Rs.
Recruitment and training expenses	3,606
Travelling and conveyance	131,217
Insurance	432,738
Third Party item cost	13,243,103
Repair and maintenance	29,941
Rent - premises	428,617
Communication costs	57,096
Printing and stationery	6,522
Legal and professional expenses	3,278,838
Foreign exchange fluctuation (net)	1,689,085
Rates and taxes	183,254
Total	19,484,017

15. Depreciation and amortisation expenses

Particulars	For the period ended December 31, 2015 Rs.
Depreciation on tangible assets	3,082
Total	3,082

16. Finance cost

Particulars	For the period ended December 31, 2015 Rs.
Bank charges	5,605
Total	5,605

17. Related Party Disclosures

Holding Company	IBIZ Consulting Service Limited, Hongkong
Other Related Companies	R Systems International Limited, 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) Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Private Limited,India (formerly known as R Systems Product & Technologies Limited). (Ceased to be subsidiary of Company w.e.f. July 7, 2015) ECnet Limited, Singapore IBIZCS Group Pte Ltd. Singapore
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
Wholly Owned 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
Subsidiary 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

(a) Details of transactions with related parties for the period May 01 to December 31, 2015:

(Amount in Rs.)	
Transaction	For the period May, 01 to December, 31 2015

IBIZ Consulting Services Limited, Hongkong

a). Services received 5,103,400

(b) Related parties balances as at December 31, 2015:

(Amount in Rs.)	
Outstanding balances	As at December, 31 2015

IBIZ Consulting Services Limited, Hongkong

a). Amount Payable 48,808,667

IBIZ Consulting Services Pte Ltd, Singapore

a). Amount Payable

12,134,691

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/-
Ramasubramaniam
Balasubramaniam
[Director]

Place : New Delhi
Date : February 06, 2016

Place : Singapore
Date : February 06, 2016