INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
RAMCO SYSTEM INC.
1805 Cityland Condominium 10 Tower 1
156 H.V. Dela Costa St.,Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **RAMCO SYSTEM INC.** (the "Company"), which comprise the statement of financial position as at March 31, 2017, and the statement of income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audits of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 and 19-2011 in Notes 23 and 24, respectively, to the financial statements, are presented for purposes of filing with Bureau of Internal Revenue and are not required parts of the basic financial statements. Such information is the responsibility of the Management of **RAMCO SYSTEM INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until December 31, 2018
SEC Group A Accredited
Accreditation No. 0153-FR-2
Valid until September 1, 2017
BSP Group B Accredited
Valid until 2018 audit period
CDA CEA No. 0013-AF
Valid until December 12, 2019
IC Accreditation No. F-2016/002-R
Valid until August 30, 2019

ROMEO A. DE JESUS, JR.
Partner
CPA Certificate No. 86071
SEC Group A Accredited
Accreditation No. 1135-AR-1
Valid until August 4, 2017
BIR Accreditation No. 08-004744-001-2015
Valid from March 27, 2015 until March 26, 2018
Tax Identification No. 109-227-897
IC Accreditation No. SP-2016/007-R
Valid until August 30, 2019
PTR No. 5929421
Issued on January 15, 2017 at Makati City

April 26, 2017

RAMCO SYSTEM INC.

(A Wholly-owned Subsidiary of Ramco Systems Limited)

STATEMENT OF FINANCIAL POSITION

March 31, 2017

(In Philippine Peso)

	NOTES	
A S S E T S		
Current Assets		
Cash	7	**8,677,038**
Trade receivables	8	**103,845,741**
Prepayments and other current assets	9	**968,596**
		113,491,375
Non-current Asset		
Equipment — net	10	**137,294**
TOTAL ASSETS		**113,628,669**
LIABILITIES AND STOCKHOLDERS' EQUITY		
L I A B I L I T I E S		
Current Liabilities		
Trade and other payables	11	**17,387,940**
Due to related parties	12	**58,400,373**
Income tax payable		**7,126,849**
		82,915,162
Non-current Liability		
Deferred tax liability	21	**699,428**
TOTAL LIABILITIES		**83,614,590**
S T O C K H O L D E R S ' E Q U I T Y		
Capital Stock	13	**11,750,000**
Unappropriated Retained Earnings		**10,264,079**
Appropriated Retained Earnings	13	**8,000,000**
TOTAL STOCKHOLDERS' EQUITY		**30,014,079**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**113,628,669**

(See Notes to Financial Statements)

RAMCO SYSTEM INC.

(A Wholly-owned Subsidiary of Ramco Systems Limited)

STATEMENT OF INCOME

For the Period Ended March 31, 2017

(In Philippine Peso)

	NOTES	
REVENUES	14	**131,677,058**
COST OF SERVICES	15	**90,359,430**
GROSS PROFIT		**41,317,628**
OTHER INCOME	16	**2,334,193**
		43,651,821
OPERATING EXPENSES	17	**17,561,465**
PROFIT BEFORE TAX		**26,090,356**
INCOME TAX	20	**7,826,277**
PROFIT		**18,264,079**

(See Notes to Financial Statements)

RAMCO SYSTEM INC.
(A Wholly-owned Subsidiary of Ramco Systems Limited)
STATEMENT OF CHANGES IN EQUITY
For the Period Ended March 31, 2017
(In Philippine Peso)

	Note	Capital Stock	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total
Issuance of shares	13	11,750,000			**11,750,000**
Profit			18,264,079		**18,264,079**
Appropriation	13		(8,000,000)	8,000,000	-
Balance, March 31, 2017		**11,750,000**	**10,264,079**	**8,000,000**	**30,014,079**

(See Notes to Financial Statements)

RAMCO SYSTEM INC.

(A Wholly-owned Subsidiary of Ramco Systems Limited)

STATEMENT OF CASH FLOWS

For the Period Ended March 31, 2017

(In Philippine Peso)

	NOTES	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		**26,090,356**
Adjustments for:		
Depreciation	10,17	**5,376**
Finance income	7,16	**(2,765)**
Unrealized foreign exchange gain - net	16	**(2,331,428)**
Operating cash flows before changes in working capital		**23,761,539**
Increase in operating assets:		
Trade and other receivables		**(101,659,028)**
Prepayments and other current assets		**(968,596)**
Increase in operating liabilities:		
Trade and other payables		**17,387,940**
Due to related parties		**58,400,373**
Net cash used in operating activities		**(3,077,772)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance income received	7,16	**2,765**
Additions to equipment	10	**(142,670)**
Net cash used in investing activities		**(139,905)**
CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from issuance of shares	13	**11,750,000**
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH		**144,715**
CASH AT END OF PERIOD		**8,677,038**

(See Notes to Financial Statements)

RAMCO SYSTEM INC.
(A Wholly-owned Subsidiary of Ramco Systems Limited)
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

1. CORPORATE INFORMATION

Ramco System Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on April 5, 2016. The principal activities of the Company are pertaining to or connected with and involving information technology, computer data processing, computerized information, retrieval systems, computer software, development and management feasibility studies analysis and design or turnkey system for scientific, mathematical, statistical, statutory, financial banking, commercial and business applications, database management, software techniques, word processing software, electronic funds, transfer systems, on-line acquiring systems, transactional processing systems, data capture, data logging, computer graphics, plotting and charting software, process control software, simulations and modeling.

The Company is wholly-owned by Ramco Systems Limited, an entity incorporated under the laws of India.

The Company's registered office is located at 1805 Cityland Condominium 10, Tower 1, 156 H.V. Dela Costa St., Makati City.

2. ADOPTION OF PHILIPPINE FINANCIAL REPORTING STANDARDS FOR SMALL AND MEDIUM-SIZED ENTITIES (PFRS for SMEs)

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs). The PFRS for SMEs defines 'Small and Medium-sized Entities' as entities that:

- do not have public accountability; and
- publish general purpose financial statements for external users.

An entity has public accountability if:

- it files, or it is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance brokers or dealers, mutual funds and investment banks.

In December 2009, the SEC resolved to adopt the PFRS for SMEs as part of its rules and regulations. Further, the SEC improved the criteria for application of this PFRS which includes all entities that:

- have total assets of between ₱3 Million and ₱350 Million or total liabilities of between ₱3 Million and ₱250 Million. If the entity is a parent company, the said amounts shall be based on the consolidated figures;
- are not required to file financial statements under Part II of SRC Rule 68;
- are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market; and

- are not holders of secondary licenses issued by regulatory agencies.

2.01 First Time Adoption of PFRS for SMEs

The Company's financial statements for the period ended March 31, 2017 are its first general purpose financial statements and its first annual financial statements prepared under accounting policies that comply with the PFRS for SMEs.

2.02 Amendments to PFRS for SMEs in Issue but not yet Effective

The Company will adopt the following amendments below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these amendments, to have significant impact on the financial statements. These amendments are effective beginning on or after January 1, 2017. Earlier application is permitted.

- Section 1, *Small and Medium-sized Entities*

  Clarify that the types of entities listed in paragraph 1.3(b) of this framework are not automatically publicly accountable. And, add a clarifying guidance on the use of the PFRS for SMEs in the parent's separate financial statements

- Section 2, *Concepts and Pervasive Principles*

  Add a clarifying guidance on the undue cost or effort exemption as well as a new requirement within the relevant sections for entities to disclose their reasoning for using such an exemption.

- Section 4, *Statement of Financial Position*

  Add a requirement to present investment property measured at cost less accumulated depreciation and impairment separately on the face of the statement of financial position. And, remove the requirement to disclose comparative information for the reconciliation of the opening and closing number of shares outstanding.

- Section 5, *Statement of Comprehensive Income and Income Statement*

  Clarify that the single amount presented for discontinued operations includes any impairment of the discontinued operation. And, add a requirement that entities shall group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.

- Section 6, *Statement of Changes in Equity and Statement of Income and Retained Earnings*

  Clarify the information to be presented in the statement of changes in equity.

- Section 9, *Consolidated and Separate Financial Statements*

  Clarify that all subsidiaries acquired with the intention of sale or disposal within one year shall be excluded from consolidation and the addition of clarifying guidance on how to account for and disclose these subsidiaries. And, add a clarifying guidance on the preparation of consolidated financial statements if group entities have different reporting dates.

Clarify that cumulative exchange differences that arise from the translation of a foreign subsidiary are not recognized in profit or loss on the disposal of the subsidiary. And, add an option to permit an entity to account for investments in subsidiaries, associates and jointly controlled entities in its separate financial statements using the equity method and clarification of the definition of 'separate financial statements'. In addition, modify the definition of 'combined financial statements' to refer to entities under common control, instead of only those under common control by a single investor.

- Section 11, *Basic Financial Instruments*

  Add an undue cost or effort exemption from the measurement of investments in equity instruments at fair value. And, clarify the interaction of the scope of Section 11 with other sections of the PFRS for SMEs.

  Clarify the application of the criteria for basic financial instruments to simple loan arrangements; when an arrangement would constitute a financing transaction; and the guidance on fair value measurement in Section 11 of when the best evidence of fair value may be a price in a binding sale agreement.

- Section 12, *Other Financial Instruments Issues*

  Clarify the interaction of the scope of Section 12 with other sections of the PFRS for SMEs and the requirements for hedge accounting, including the addition of a sentence that clarifies the treatment of exchange differences relating to a net investment in a foreign operation.

- Section 17, *Property, Plant and Equipment*

  Align the wording with the amendments to PAS 16, *Property, Plant and Equipment* from Annual Improvements to PFRSs 2009–2011 Cycle, issued in May 2012, regarding the classification of spare parts, stand-by equipment and servicing equipment as property, plant and equipment or inventory.

  Add the exemption in paragraph 70 of PAS 16 allowing an entity to use the cost of the replacement part as an indication of what the cost of the replaced part was at the time that it was acquired or constructed, if it is not practicable to determine the carrying amount of a part of an item of property, plant and equipment that has been replaced.

  And, add an option to use the revaluation model.

- Section 18, *Intangible Assets other than Goodwill*

  Modify the requirement that if the useful life of goodwill or another intangible asset cannot be established reliably, the useful life shall be determined based on management's best estimate but shall not exceed ten years.

- Section 19, *Business Combinations and Goodwill*

  Replace the undefined term 'date of exchange' with the defined term 'date of acquisition'.

  And, add a clarifying guidance on the measurement requirements for employee benefit arrangements, deferred tax and non-controlling interests when allocating the cost of a business combination.

In addition, add an undue cost or effort exemption to the requirement to recognize intangible assets separately in a business combination and the addition of a disclosure requirement for all entities to provide a qualitative description of the factors that make up any goodwill recognized.

- Section 20, *Leases*

  Modify to include leases with an interest rate variation clause that is linked to market interest rates within the scope of Section 20 instead of Section 12.

  And, clarify that only some outsourcing arrangements, telecommunication contracts that provide rights to capacity and take-or-pay contracts are, in substance, leases.

- Section 22, *Liabilities and Equity*

  Add a clarifying guidance on classifying financial instruments as equity or a liability.

  Add exemption from the initial measurement requirements in paragraph 22.8 for equity instruments issued as part of a business combination, including business combinations of entities or businesses under common control.

  Add the conclusions of IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* to provide guidance on debt for equity swaps when the financial liability is renegotiated and the debtor extinguishes the liability by issuing equity instruments.

  Clarify that income tax relating to distributions to holders of equity instruments (owners) and to transaction costs of an equity transaction should be accounted for in accordance with Section 29.

  Modify to require that the liability component of a compound financial instrument is accounted for in the same way as a similar standalone financial liability.

  Add an undue cost or effort exemption from the requirement to measure the liability to pay a non-cash distribution at the fair value of the non-cash assets to be distributed and clarifying guidance on accounting for the settlement of the dividend payable.

  Add exemption from the requirements in paragraph 22.18 for distributions of non-cash assets ultimately controlled by the same parties before and after the distribution.

- Section 26, *Share-based Payment*

  Align the scope and the definitions with PFRS 2, *Share-based Payment* to clarify that share-based payment transactions involving equity instruments of other group entities are in the scope of Section 26.

  Clarify that Section 26 applies to all share-based payment transactions in which the identifiable consideration appears to be less than the fair value of the equity instruments granted or the liability incurred and not only to share-based payment transactions that are provided in accordance with programmes established under law.

  Clarify the accounting treatment for vesting conditions and modifications to grants of equity instruments.

  Clarify that the simplification provided for group plans is for the measurement of the share-based payment expense only and does not provide relief from its recognition.

- Section 27, *Impairment of Assets*

  Clarify that Section 27 does not apply to assets arising from construction contracts.

- Section 28, *Employee Benefits*

  Clarify the application of the accounting requirements in paragraph 28.23 to other long-term employee benefits. And, remove the requirement to disclose the accounting policy for termination benefits.

- Section 29, *Income Tax*

  Align the main principles of Section 29 with PAS 12, *Income Taxes* for the recognition and measurement of deferred income tax, but modified to be consistent with the other requirements in the PFRS for SMEs. And, add an undue cost or effort exemption to the requirement to offset income tax assets and liabilities.

- Section 30, *Foreign Currency Translation*

  Clarify that financial instruments that derive their value from the change in a specified foreign exchange rate are excluded from Section 30, but not financial instruments denominated in a foreign currency.

- Section 33, *Related Party Disclosures*

  Align the definition of 'related party' with PAS 24, *Related Party Disclosures*, including incorporation of the amendment to the definition in PAS 24 from Annual Improvements to PFRSs 2010–2012 Cycle, issued in December 2013, which include a management entity providing key management personnel services in the definition of a related party.

- Section 34, *Specialized Activities*

  Remove the requirement to disclose comparative information for the reconciliation of changes in the carrying amount of biological assets. And, align the main recognition and measurement requirements for exploration and evaluation assets with PFRS 6, *Exploration for and Evaluation of Mineral Resources*.

- Section 35, *Transition to the PFRS for SMEs*

  Add an option to permit Section 35 to be used more than once—based on the amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards* from Annual Improvements to PFRSs 2009–2011 Cycle.

  Add an exception to the retrospective application of the PFRS for SMEs for government loans that exist at the date of transition to the IFRS for SMEs;

  Add an option to permit first-time adopters to use an event-driven fair value measurement as 'deemed cost'.

  Add an option to permit an entity to use the previous generally accepted accounting principles (GAAP) carrying amount of items of property, plant and equipment or intangible assets used in operations subject to rate regulation.

  Add guidance for entities emerging from severe hyperinflation that are applying the PFRS for SMEs for the first time.

  Simplify the wording used in the exemption from the restatement of financial information on first-time adoption.

There are also consequential changes to various sections of this framework resulting from the foregoing amendments.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

The financial statements have been prepared in conformity with PFRS for SMEs and are under the historical cost convention, except for certain financial instruments that are carried at amortized cost.

3.02 Functional and Presentation Currency

Items included in the financial statements of the Company are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Company operates (the "functional currency").

The Company chose to present its financial statements using its functional currency.

4. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Financial Assets

Financial assets are classified as either 'basic financial assets' or 'other financial assets'.

4.01.01 Basic Financial Assets

The Company recognizes basic financial assets only when the entity becomes a party to the contractual provisions of the instrument. The Company shall measure it at the transaction price including transaction costs. Subsequent to initial recognition, basic financial assets are measured at amortized cost.

The Company's basic financial assets as presented in the statement of financial position comprise of cash, trade receivables and security deposit presented under 'Prepayments and other current assets'.

4.01.02 Cash

Cash pertains to cash in bank only. Cash deposits held at call with bank are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

4.01.03 Trade Receivables

Trade receivables are recognized initially at the transaction price. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

4.01.04 Amortized Cost

The amortized cost of a financial instrument at each reporting date is the net of the following amounts:

- the amount at which the financial instrument is measured at initial recognition,
- minus any repayments of the principal,
- plus or minus the cumulative amortization using the effective interest method of any difference between the amount at initial recognition and the maturity amount,
- minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

4.01.05 Impairment of Financial Instruments Measured at Amortized Cost

At the end of each reporting period, the Company assesses whether there is objective evidence of impairment of any financial assets that are measured at amortized cost. If there is objective evidence of impairment, the Company recognizes an impairment loss in profit or loss immediately.

The Company assesses impairment either individually or grouped on the basis of similar credit risk characteristics.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider
- it has become probable that the debtor will enter bankruptcy or other financial reorganization; and
- observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or adverse changes in industry conditions.

Other factors may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

4.01.06 Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company derecognizes the asset and any rights and obligations retained or created in the transfer.

4.02 Equipment

Equipment is stated initially at historical cost including expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

The Company adds to the carrying amount of an item of equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the computer equipment which is five (5) years or 20% annually.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting period.

An item of equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, as discussed in Note 4.03.

4.03 Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that its equipment may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as an income.

4.04 Financial Liabilities and Equity Instruments

4.04.01 Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

4.04.02 Financial Liabilities

Financial liabilities are initially measured at transaction price.

The Company's financial liabilities as presented in the statement of financial position comprise of trade and other payables (excluding payable to government agencies) and due to related parties.

4.04.03 Financial Liabilities at Amortized Cost

Financial liabilities are subsequently measured at amortized cost.

4.04.04 Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

If an existing borrower and lender exchange financial instruments with substantially different terms, the transaction is accounted for as an extinguishment of the original financial liability and a new financial liability is recognized. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and a new financial liability is recognized. Any difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

4.04.05 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received.

Ordinary shares are classified as equity.

4.05 Employee Benefits

4.05.01 Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Company to its employees include salaries and wages and other employee costs.

4.06 Provisions

Provisions are recognized when Company has a present obligation, whether legal or constructive, as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate.

4.07 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business.

4.07.01 Rendering of Services

Revenue is derived from the following streams and accounted as stated below:

License Fees:

Software license revenues represent all fees earned from granting customers licenses to use the software. For software license arrangements that do not require significant modification or customization of the underlying software, revenue is recognised on delivery of the software, including cases with extended credit period.

Software Development / Implementation Fees:

Software development / implementation contracts are either fixed price or time and material based. In the case of fixed price contracts, revenue is recognized in accordance with percentage of completion method. In the case of time and material contracts, revenue is recognized based on billable time spent in the project, priced at the contractual rate.

Product Support Service / Application Maintenance Contract fees:

Fees for product support and application maintenance services, are recognised as revenue ratably on straight line basis, over the term of the support arrangement.

Value Added Resale Hardware & Software:

Revenue from sale of traded hardware / software is recognized upon dispatch to customers.

4.07.02 Finance Income

Interest on bank deposits is recognized on accrual basis.

The imputed interest attributable to extended credit period for software and services, is eliminated from the value of software license and services and accounted as interest over the credit period.

4.08 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the activities of the Company.

The Company recognizes expenses in the statement of income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.09 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.09.01 The Company as Lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.10 Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, i.e. foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognized in profit or loss in the period in which they arise

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

1 USD:	49.841 PhP
1INR:	1.2931 PhP

4.11 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Company that is preparing its financial statements. A person or a close member of that person's family is related to the Company if that person has control or joint control over the Company, has significant influence over the Company, or is a member of the key management personnel of the Company or of a parent of the Company.

An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting period in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences (other than temporary differences associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition of goodwill) arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting period.

The carrying amount of deferred tax assets are reviewed at each reporting period and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

4.13 Events after the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting period, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Company's accounting policies, which are disclosed in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

5.01.01 Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso (₱). The Philippine Peso (₱) is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.

The following factors may also provide evidence of an entity's functional currency:

a. The currency in which funds from financing activities (issuing debt and equity instruments) are generated.

b. The currency in which receipts from operating activities are usually retained.

5.01.02. Assessment of Principal-Agency Arrangement

Revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own account. The Company is in an agency relationship where commission payments are made to its business partner for identified opportunity of licensing and implementation services.

The Company acts as the principal in the execution of licensing and implementation services. For the period ended, commission fees amounted to ₱7,919,501, as disclosed in Note 17.

5.02 Key Sources of Estimation Uncertainties

The following are key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Reviewing Residual Values, Useful Lives and Depreciation Method of Equipment

The residual values, useful lives and depreciation method of the Company's equipment are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Company's equipment are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an equipment, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's equipment. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of equipment would increase the recognized expenses and decrease non-current assets. The Company uses a depreciation method that reflects the pattern in which it expects to consume the equipment's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which an Company expects to consume the equipment's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

Management assessed that there is no indication of change in estimate during the period. As of March 31, 2017, the carrying amount of equipment amounted to ₱137,294, as disclosed in Note 10.

5.02.02 Asset Impairment

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of equipment which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that equipment is impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS for SMEs.

During the period, Management assessed that there is no indication of impairment on its equipment. As of March 31, 2017, the carrying amount of the Company's equipment amounted to ₱137,294, as disclosed in Note 10.

5.02.03 Estimating Allowances for Doubtful Accounts

The Company estimates the allowance for doubtful accounts related to its trade receivables based on assessment of specific accounts where the Company has information that certain counterparties are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparties and the counterparties' current credit status based on third party credit reports and known market factors. The Company used judgment to record specific allowances for counterparties against amounts due to reduce the expected collectible amounts. These specific allowances are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

Management believes that the recoverability of its trade receivables is certain; hence, no allowance for doubtful accounts was provided. As of March 31, 2017, the carrying amount of trade receivables amounted to ₱103,845,741, as disclosed in Note 8.

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of:

Financial Assets:		
Financial assets measured at amortized cost less impairment (Notes 7, 8 and 9)	**₱**	**112,692,779**
Financial Liabilities:		
Financial liabilities measured at amortized cost (Notes 11 and 12)	**₱**	**67,756,999**

Financial assets measured at amortized cost less impairment include cash, trade receivables and security deposit under 'Prepayments and other current assets'.

Financial liabilities measured at amortized cost include trade and other payables (excluding payable to government agencies) and due to related parties.

7. CASH

For the purpose of the statement of cash flows, cash pertains to cash in bank only. As of March 31, 2017, cash as shown in the statement of financial position amounted to ₱8,677,038.

Cash in bank earn interest at floating rates based on bank's daily deposit rates. Finance income amounted to ₱2,765, as disclosed in Note 16.

8. TRADE RECEIVABLES

The Company's trade receivables pertain to unbilled services rendered by the Company, which amounted to ₱103,845,741 as of March 31, 2017. The average credit period on sale of services ranges between zero (0) to sixty (60) days or may vary as to the agreement with the debtors. Thereafter, the Company may charge interest on the late payment base on agreement with the customers.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Company's prepayments and other current assets are shown below:

Prepaid rent (Note 19)	₱	414,766
Creditable withholding taxes		235,417
Security deposit (Note 19)		170,000
Advances to employees		75,000
Other prepayments		73,413
	₱	**968,596**

Advances to employees pertain to salary advances granted subject to salary deduction.

10. EQUIPMENT – net

The carrying amount of the Company's equipment as of March 31, 2017 is as follows:

Additions	₱	142,670
Depreciation (Note 17)		5,376
Carrying amount	**₱**	**137,294**

11. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

Trade	₱	653,749
Accrued expenses		8,693,645
Payable to government agencies		8,031,314
Payable to employees		9,232
	₱	**17,387,940**

The average credit period on purchases of services from suppliers is thirty (30) days. No interest is charged on trade payables from the date of invoice.

Accrued expenses pertain to accruals of professional fees and commission.

Payable to government agencies pertains to withholding taxes payable and statutory employee welfare contribution payables at reporting date.

12. RELATED PARTY TRANSACTIONS

Nature of relationships of the Company and its related parties are disclosed below:

Related Parties	**Nature of Relationship**
Ramco Systems Limited	Parent
Ramco Systems Sdn. Bhd.	Fellow Subsidiary

Balances and transactions between the Company and its related parties are disclosed below:

12.01 Due to Related Parties

Balances of due to related parties are summarized per category as follows:

12.01.01 Parent

Transactions with parent are detailed below:

Ramco Systems Limited		
Royalties (Note 15)	₱	48,537,275
Transfer pricing charges (Note 15)		36,310,317
Marketing and administrative expenses		2,780,414
Final withholding taxes		(14,561,183)
Payments		(17,457,667)
Balance, March 31, 2017	**₱**	**55,609,156**

Details of the transactions are as follows:

- Royalties pertain to expenses incurred for the right to use the license.
- Transfer pricing charges are the amounts charged for off-shore development.

Transactions with related party are non-interest bearing, unsecured, payable on demand and will be settled in cash.

12.01.02 Fellow Subsidiary

Transactions with fellow subsidiary are detailed below:

	Total Transactions	Outstanding Balance
Ramco Systems Sdn. Bhd.		
Advances	**₱ 2,791,217**	**₱ 2,791,217**

Advances pertain to amounts paid by the related party for travel expenses incurred. Transactions with related party are non-interest bearing, unsecured, payable on demand and will be settled in cash.

12.02 Remuneration of Key Management Personnel

For the period ended, remuneration paid to the Company's key management personnel amounted to ₱370,000.

13. CAPITAL STOCK

The capital stock of the Company is as follows:

Authorized:	
47,000,000 shares at ₱1 par value per share	**₱ 47,000,000**
Subscribed, issued and outstanding:	
11,750,000 shares at ₱1 par value per share	**₱ 11,750,000**

Ordinary shares carry one (1) vote per share and a right to dividends.

13.01 Appropriated Retained Earnings

On April 19, 2017, the Board of Directors and stockholders of the Company approved the appropriation of retained earnings for business expansion amounting to ₱8,000,000, which is expected to materialize in 2019.

14. REVENUES

Details of revenues are as follows:

License	₱ 116,750,559
Implementation services	11,914,583
Application maintenance charges	1,850,599
Interest on license	1,161,317
	₱ 131,677,058

15. COST OF SERVICES

The following is an analysis of the Company's cost of services from its operations:

Royalties	₱	48,537,275
Transfer pricing charges		36,310,317
Subcontractors		2,682,837
Salaries and wages (Note 18)		1,741,969
Marketing		643,435
Hosting		443,597
	₱	**90,359,430**

Royalties pertain to payments made for the right to use the license.

16. OTHER INCOME

Components of other income are as follows:

Unrealized foreign exchange gain – net	₱	2,331,428
Finance income (Note 7)		2,765
	₱	**2,334,193**

17. OPERATING EXPENSES

The account is composed of the following:

Commission	₱	7,919,501
Transportation and travel		5,139,174
Marketing		1,592,431
Rent (Note 19)		1,381,347
Professional fees		1,073,894
Taxes and licenses		232,296
Communication, light and water		73,737
Other employee costs (Note 18)		61,483
Printing and stationery		17,161
Realized foreign exchange loss		12,708
Depreciation (Note 10)		5,376
Others		52,357
	₱	**17,561,465**

Commission pertains to payments made to the Company's business partner for identified opportunity of licensing and implementation services.

18. EMPLOYEE BENEFITS

18.01 Short-term Employee Benefits

The Company's short-term employee benefits, as disclosed in Notes 15 and 17 are composed of the following:

Salaries and wages	₱	1,741,969
Other employee costs		61,483
	₱	**1,803,452**

19. OPERATING LEASE AGREEMENTS

19.01 The Company as a Lessee

19.01.01 Masterman Land Corporation

The Company leased a condominium apartment unit located at 153 Legazpi Street, Legazpi Village, Makati City. The unit is to be used by employees travelling from abroad for project execution for Philippine customers. The lease shall be for a period of one (1) year, from August 20, 2016 to August 19, 2017, renewable for another year thereafter upon mutual agreement. If the lessee does not renew for another year and fails to inform the lessor of his intention to renew or not by written agreement at least sixty (60) days prior to expiration of lease, the lessee agrees to the forfeiture of security bond as liquidated damages.

Prior to signing of contract of lease, the lessee shall pay the amount of ₱170,000, representing security deposit, as disclosed in Note 9. This shall be applied to answer for the lessee's obligations, subject to refund to lessee sixty (60) days after termination of lease, after deducting thereof whatever accounts owing by the lessee to the lessor. The bond shall in no case be applied for payment of unpaid rentals in case of renewal of the period of lease. Advance rental covering the entire lease period was paid amounting to ₱1,073,684. As of March 31, 2017, advance rent amounted to ₱414,766, as disclosed in Note 9.

For the period ended, total rent expense charged to operations amounted to ₱658,918, as disclosed in Note 17.

19.01.02 Regus PLT Centre, Inc.

The Company entered an agreement to lease an office space located at 40/F PBCom Tower Ayala Avenue cor. Rufino, Makati City. The lease is being renewed on a monthly basis, as the Company continuously occupies the premises.

For the period ended, total rent expense charged to operations amounted to ₱722,429, as disclosed in Note 17.

20. INCOME TAXES

Components of income tax expense are as follows:

Current tax expense	₱	7,126,849
Deferred tax expense (Note 21)		699,428
	₱	**7,826,277**

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the tax rate in 2017 is as follows:

Accounting profit	₱ 26,090,356
Tax expense at 30%	7,827,107
Tax effect of finance income subjected to final tax	(830)
	₱ 7,826,277

21. DEFERRED TAX LIABILITY

Deferred tax liability arising from unrealized foreign exchange gain amounted to ₱699,428 as of March 31, 2017.

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance by the Board of Directors on April 26, 2017.

23. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 15–2010

The Bureau of Internal Revenue (BIR) released a revenue regulation dated November 25, 2010 amending Revenue Regulations No. 21-2002 setting forth additional disclosures on Notes to Financial Statements. Below are the disclosures required by the said Regulation:

23.01 Taxes and Licenses Paid or Accrued

The details of the Company's taxes and licenses fees paid or accrued in 2017 are as follows:

23.01.01 Output VAT

The Company is VAT registered with output tax declaration of ₱3,585,133 for the year based on vatable receipts amounting to ₱29,876,109.

23.01.02 Input VAT

An analysis of the Company's input tax claimed during the year is as follows:

Current year's domestic purchases/payments for services lodged under other accounts	₱	164,398
Claims for tax credit/refund and other adjustments		(164,398)
Balance, December 31	**₱**	-

23.01.03 Documentary Stamp Tax

An analysis on the Company's documentary stamp tax paid or accrued during the period is as follows:

		Amount of transaction		DST thereon
Original issue of shares of stock	₱	11,750,000	₱	58,750
Lease and other hiring agreement		131,800		1,133
	₱	**11,881,800**	**₱**	**59,883**

23.01.04 Other Taxes and Licenses

An analysis on the Company's taxes and licenses and permit fees paid or accrued during the period is as follows:

Business permits	₱	158,368
Community tax certificate		11,000
Others		3,045
	₱	**172,413**

23.01.05 Withholding Taxes

The Company's withholding tax paid or accrued during the period are as follows:

Final withholding taxes	₱	14,561,183
Withholding taxes on compensation		372,262
Expanded withholding taxes		91,434
	₱	**15,024,879**

Expanded withholding taxes arose from payments of rentals and directors' fees.

Final withholding taxes arose from payment of royalties.

24. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 19–2011

Pursuant to Section 244 in relation to Section 6(H) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are prescribed to revise BIR Form 1702 setting forth the following schedules. Below are the disclosures required by the said Regulation.

24.01 Revenues

The following is an analysis of the Company's revenues for the taxable period:

License	₱	116,750,559
Implementation services		11,914,583
Application maintenance charges		1,850,599
Interest on license		1,161,317
	₱	**131,677,058**

24.02 Cost of Services

The following is an analysis of the Company's cost of services for the taxable period:

Royalties	₱	48,537,275
Transfer pricing charges		36,310,317
Subcontractors		2,682,837
Salaries and wages		1,741,969
Marketing		643,435
Hosting		443,597
	₱	**90,359,430**

24.03 Itemized Deductions

The following is an analysis of the Company's itemized deductions for the taxable period:

Commission	₱	7,919,501
Transportation and travel		5,139,174
Marketing		1,592,431
Rent		1,381,347
Professional fees		1,073,894
Taxes and licenses		232,296
Communication, light and water		73,737
Other employee costs		61,483
Printing and stationery		17,161
Realized foreign exchange loss		12,708
Depreciation		5,376
Others		52,357
	₱	**17,561,465**

R.S. BERNALDO & ASSOCIATES

SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
RAMCO SYSTEM INC.
1805 Cityland Condominium 10, Tower 1
156 H.V. Dela Costa St.,Makati City

We have examined the financial statements of **RAMCO SYSTEM INC.** for the period ended March 31, 2017 on which we have rendered the attached report dated April 26, 2017.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

In compliance with Securities Regulation Code Rule 68, we are stating that the above Company has a one (1) stockholder owning one hundred (100) or more shares.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until December 31, 2018
SEC Group A Accredited
Accreditation No. 0153-FR-2
Valid until September 1, 2017
BSP Group B Accredited
Valid until 2018 audit period
CDA CEA No. 0013-AF
Valid until December 12, 2019
IC Accreditation No. F-2016/002-R
Valid until August 30, 2019

ROMEO A. DE JESUS, JR.
Partner
CPA Certificate No. 86071
SEC Group A Accredited
Accreditation No. 1135-AR-1
Valid until August 4, 2017
BIR Accreditation No. 08-004744-001-2015
Valid from March 27, 2015 until March 26, 2018
Tax Identification No. 109-227-897
IC Accreditation No. SP-2016/007-R
Valid until August 30, 2019
PTR No. 5929421
Issued on January 15, 2017 at Makati City

April 26, 2017