Company No.: 342313-W

RAMCOSYSTEMS SDN. BHD.

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

RAMCOSYSTEMS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry on the business of a computer software house. The Company obtained Multimedia Super Corridor ("MSC") status in 1997. There has been no significant change in the nature of this principal activity during the financial year.

ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Ramco Systems Limited, of which is incorporated in India and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

RESULTS	RM'000
Loss for the year	1,455

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDEND

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Pusapadi Ramasubramania Raja Venketrama Raja
Ravikula Chandran Ramamurthy
Saridah Binti Ismail
Huang Swee Lin (appointed on 1 December 2016)
Hedzir Bin Aminudin (resigned on 1 December 2016)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	<--------------- Number of ordinary shares --------------->			
Holding company	**Balance at 1.4.2016**	**Bought**	**Sold**	**Balance at 31.3.2017**
Ramco Systems Ltd.				
Pusapadi Ramasubramania Raja Venketrama Raja				
- Own	3,217,441	-	-	3,217,441
- Spouse	11,902	-	-	11,902
- Son	110,332	-	-	110,332
- Daughter	110,670	-	-	110,670
Ravikula Chandran Ramamurthy				
- Own	17,455	-	-	17,455
Related company				
Ramco Systems Corporation, USA				
Pusapadi Ramasubramania Raja Venketrama Raja				
- Own	200,000	-	-	200,000
- Spouse	200,000	-	-	200,000
- Son	225,000	-	-	225,000
- Daughter	225,000	-	-	225,000

None of the other Directors holding office at 31 March 2017 had any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up share capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, there was no indemnity given to Directors and officers of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, except for royalty as disclosed in Note 10 to the financial statements, the financial performance of the Company for the financial year ended 31 March 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 10 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

PUSAPADI RAMASUBRAMANIA RAJA
VENKETRAMA RAJA
Director

....

RAVIKULA CHANDRAN RAMAMURTHY
Director

Chennai

Date: 24 MAY 2017

RAMCOSYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 RM'000	2016 RM'000
Assets			
Equipment	3	581	155
Total non-current assets		581	155
Trade and other receivables	4	14,283	13,691
Tax recoverable		1,100	-
Fixed deposit with a licensed bank	5	52	50
Cash and cash equivalents		126	788
Total current assets		15,561	14,529
Total assets		16,142	14,684
Equity			
Share capital	6	1,280	1,280
Retained earnings		5,190	6,645
Total equity		6,470	7,925
Liabilities			
Trade and other payables	7	9,672	6,019
Tax payable		-	740
Total current liabilities		9,672	6,759
Total equity and liabilities		16,142	14,684

The notes on pages 10 to 24 are an integral part of these financial statements.

RAMCOSYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 RM'000	2016 RM'000
Revenue	9	18,728	21,223
Cost of services rendered		(14,524)	(13,004)
Gross profit		4,204	8,219
Administrative expenses		(5,923)	(3,889)
Operating (loss)/profit		(1,719)	4,330
Finance income		440	196
Interest expenses		(29)	-
(Loss)/Profit before tax	10	(1,308)	4,526
Tax expense	11	(147)	(1,396)
(Loss)/Profit for the year		(1,455)	3,130
Other comprehensive income		-	-
Total comprehensive (expense)/income for the year		(1,455)	3,130

RAMCOSYSTEMS SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital RM'000	*Distributable* Retained profits RM'000	Total RM'000
At 1 April 2015	1,280	3,515	4,795
Total comprehensive income for the year	-	3,130	3,130
At 31 March 2016/1 April 2016	1,280	6,645	7,925
Total comprehensive expense for the year	-	(1,455)	(1,455)
At 31 March 2017	1,280	5,190	6,470
	Note 6		

The notes on pages 10 to 24 are an integral part of these financial statements.

RAMCOSYSTEMS SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 RM'000	2016 RM'000
Cash flows from operating activities			
(Loss)/Profit before tax		(1,308)	4,526
Adjustments for:			
Bad debts written off		-	52
Depreciation	3	152	43
Finance income		(440)	(196)
Interest expenses		29	-
Provision for doubtful debts		137	196
Unrealised loss on foreign exchange		141	27
Operating (loss)/profit before changes in working capital		(1,289)	4,648
Changes in working capital:			
Trade and other receivables		(688)	(2,940)
Trade and other payables		3,471	(1,070)
		2,783	(4,010)
Cash generated from operation		1,494	638
Taxation paid		(1,987)	(587)
Net cash (used in)/generated from operating activities		(493)	51
Cash flows from investing activities			
Purchase of equipment	3	(578)	(87)
Placement of deposits with a licensed bank		(2)	(2)
Net cash used in investing activities		(580)	(89)
Cash flows from financing activities			
Finance income		440	196
Interest expenses		(29)	-
Net cash generated from financial activities		411	196
Net (decrease)/increase in cash and cash equivalents		(662)	158
Cash and cash equivalents at beginning of year		788	630
Cash and cash equivalents at end of year		126	788

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2017 RM'000	**2016** RM'000
Cash and bank balances	126	788

RAMCOSYSTEMS SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

RAMCOSYSTEMS SDN.BHD. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of its registered office and principal place of business are as follows:

Registered office

Lot 6.05, Level 6
KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Principal place of business

3B-15-7 Block 3B Level 15
Plaza Sentral
50470 Kuala Lumpur
Malaysia

The principal activity of the Company is to carry on the business of a computer software house. The Company obtained Multimedia Super Corridor (“MSC”) status in 1997. There has been no significant change in the nature of this principal activity during the financial year.

The Company is a subsidiary of Ramco Systems Limited, of which is incorporated in India and regarded by the Directors as the Company’s ultimate holding company, during the financial year and until the date of this report.

These financial statements were authorised for issue by the Board of Directors on 24 May 2017.

1. BASIS OF PREPARATION

1.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard (“MPERS”) and the requirements of Companies Act, 2016 in Malaysia. These are the Company’s first financial statements prepared in accordance with MPERS.

In the previous years, the financial statements of the Company were prepared in accordance with Private Entity Reporting Standards (“PERSs”). The financial impact on transition to MPERS is disclosed in Note 15.

1. BASIS OF PREPARATION (continued)

1.2 Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1.4 Use of estimates and judgments

The preparation of the financial statements in conformity with MPERS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 7 – deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

All foreign currency differences are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for either the Company (for a financial liability) or the counterparty (for a financial asset) to the arrangement. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

(ii) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

(a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;

(b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and

(c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Financial instruments (continued)

(ii) Subsequent measurement (continued)

- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.3 Equipment

(i) Recognition and measurement

Items of equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of equipment.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Equipment (continued)

(i) Recognition and measurement (continued)

The gain or loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and is recognised net within “other income” or “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of the asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease terms. Equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Computer	20%
Software	33.3%
Office equipment, furniture and fittings	20%

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset’s future economic benefits, the Company would review its present depreciation method and, if current expectations differ, the Company would amend the residual value, depreciation method or useful life to reflect the new pattern.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2.5 Impairment of non-financial assets

The carrying amount of non-financial asset (i.e. equipment) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2.6 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

2.7 Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Revenue and other income

(i) Licence fees

Licence fees revenue is recognised on delivery of the software.

(ii) Implementation fee

Implementation contracts are either milestones based or time and material based:

(a) In the case of milestones contract, revenue is recognised based on efforts spent and upon achievement of the milestones as per the terms of the contract.

(b) In the case of time and material contracts, revenue is recognised based on billable time spent on the project, priced at the contractual rate.

(iii) Services

Revenue from fixed price contracts is recognised on milestones achieved as per the terms of the specific contract and based on efforts spent.

(iv) Annual maintenance contract

Revenue from maintenance services is recognised on a pro-rata basis over the period of the contract.

(v) Hardware sales

Revenue from sales of hardware is recognised based on the consideration received or receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(vi) Enablement fees, application installation and expenses reimbursement

Revenue from enablement fees, application installation and expenses reimbursement is recognised as and when services are rendered.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-tem cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Statutory employer's contribution

Obligations for statutory employer's contribution for employees are recognised as an expense in the statement of comprehensive income as incurred.

2.10 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they plan to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Borrowing costs

Borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred by using the effective interest method.

2.12 Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

3. EQUIPMENT

	Computers	**Software**	**Office equipment, furniture and fittings**	**Total**
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 April 2015	225	590	223	1,038
Additions	51	-	36	87
At 31 March 2016/1 April 2016	276	590	259	1,125
Additions	55	-	523	578
At 31 March 2017	331	590	782	1,703
Accumulated depreciation				
At 1 April 2015	154	590	183	927
Charge for the year	24	-	19	43
At 31 March 2016/1 April 2016	178	590	202	970
Charge for the year	34	-	118	152
At 31 March 2017	212	590	320	1,122
Carrying amounts				
At 1 April 2015	71	-	40	111
At 31 March 2016/1 April 2016	98	-	57	155
At 31 March 2017	119	-	462	581

4. TRADE AND OTHER RECEIVABLES

	Note	2017 RM'000	2016 RM'000
Trade receivables		13,050	12,934
Other receivables		579	470
Prepayments		140	25
Amounts due from related companies			
- Trade	a	514	-
- Non-trade	b	-	262
		14,283	13,691

Note a

The trade amounts due from related companies are subject to normal trade terms.

Note b

The non trade amount due from a related company was unsecured, subject to interest rate of 5% per annum with no fixed terms of repayment.

5. FIXED DEPOSIT WITH A LICENSED BANK

The deposit with a licensed bank has been pledged for a bank facility in respect of lien for Corporate Credit Card.

6. SHARE CAPITAL

	2017 RM'000	2016 RM'000
Authorised:		
1,500,000 ordinary shares of RM1 each	1,500	1,500
Issued and fully paid:		
1,280,000 ordinary shares of RM1 each	1,280	1,280

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

7. TRADE AND OTHER PAYABLES

	Note	2017 RM'000	2016 RM'000
Trade payables		180	-
Other payables and accruals		3,425	4,114
Amount due to holding company	a	5,400	1,792
Amount due to a related company			
- Trade	a	-	113
- Non-trade	b	667	-
		9,672	6,019

Note a

The amounts due to holding company and a related company are trade in nature and subject to normal trade terms.

Note b

The non trade amount due to a related company is unsecured, subject to interest rate of 5% per annum and repayable on demand.

8. DEFERRED TAX ASSETS

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2017 RM'000	2016 (Restated) * RM'000
Provisions	2,255	2,464
Deductible temporary differences	(97)	(58)
	2,158	2,406

The deductible temporary differences do not expire under current tax legislation, but subject to the agreement of Inland Revenue Board. Deferred tax assets have not been recognised in respect of this item because it is not probable that sufficient future taxable profit will be available against which the Company can utilise the benefits therefrom.

***** Comparatives have been restated to conform to current year's presentation.

9. REVENUE

	2017	2016
	RM'000	RM'000
Licence fees	4,960	8,033
Services	9,723	10,396
Annual maintenance contract	2,818	1,722
Hardware sales	286	-
Enablement fees and application installation	739	-
Expenses reimbursement	202	1,072
	18,728	21,223

10. (LOSS)/PROFIT BEFORE TAX

	2017	2016
	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging:		
Auditors' remuneration:		
- Audit fee	30	30
- Non-audit fee	4	-
Bad debts written off	-	52
Depreciation	152	43
Interest expenses	29	-
Provision for doubtful debts	137	196
Rental of premises	450	349
Royalty	3,400	4,136
Realised loss on foreign exchange	11	-
Unrealised loss on foreign exchange	141	27
and after crediting:		
Finance income	440	196
Realised gain on foreign exchange	-	493

The number of employees of the Company at the end of the year is 43 (2016: 36).

The staff costs for the year amounted to RM4,956,409 (2016: RM4,024,984) which included contributions to Employees' Provident Fund of RM48,545 (2016: RM37,099).

11. TAX EXPENSE

	2017 RM'000	2016 RM'000
Recognised in profit or loss		
Major components of income tax expense include:		
Current tax expense		
Malaysia - current year	-	1,544
- prior year	147	(148)
	147	1,396

With the effect from 1 January 2016, the tax rate of the Company has been reduced from 25% to 24% due to the change in Malaysian corporate tax rate that was announced during the Malaysian Budget 2014.

There were no income tax expense during the year as the Company is in tax loss position.

12. SIGNIFICANT RELATED COMPANY TRANSACTIONS

Identity of related parties

The significant related party transactions of the Company are as follows:

	2017 RM'000	2016 RM'000
Holding company		
Purchases		
- Administrative expenses	995	395
- Services	3,121	2,819
- Royalty	3,400	4,136
Related company		
Purchases		
- Services	1,484	1,370
Loan repayment	262	1,662
Loan received	667	-

13. FINANCIAL INSTRUMENT

13.1 Categories of financial instruments

The table below provides an analysis of financial instrument categorised as financial assets and financial liabilities measured at amortised cost ("AC").

	2017		2016	
	Carrying amount	**AC**	**Carrying amount**	**AC**
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Trade and other receivables	14,143	14,143	13,666	13,666
Fixed deposit with a licensed bank	52	52	50	50
Cash and cash equivalents	126	126	788	788
	14,321	14,321	14,504	14,504
Financial liabilities				
Trade and other payables	(9,672)	(9,672)	(6,019)	(6,019)

Net gains and losses arising from financial instruments

	2017	2016
	RM'000	RM'000
Net gains/(losses) on:		
Financial assets measured at amortised cost	344	(79)
Financial liabilities measured at amortised cost	(211)	-
	133	(79)

14. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	RM'000	RM'000
Less than one years	324	339
Between one and five years	270	594
	594	933

The Company leases its office premises under operating leases. None of the leases included contingent rentals.

15. EXPLANATION OF TRANSITION TO THE MPERS

As stated in Note 1.1, these are the first financial statements of the Company prepared in accordance with MPERS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Company for the financial year ended 31 March 2017, and the comparative information presented in these financial statements for the financial year ended 31 March 2016.

The transition to MPERS does not have financial impact to the separate financial statements of the Company.

15.1 Reconciliation of equity

	Note	**31.3.2016** RM'000	**1.4.2015** RM'000
Total equity previously reported		8,672	5,071
Discounting of instalments receivable	a	(747)	(276)
Total equity under MPERS		7,925	4,795

15.2 Reconciliation of profit

	Note	**2016** RM'000
Profit for the year previously reported		3,601
Discounting of instalments receivable	a	(471)
Profit for the year under MPERS		3,130

The transition to MPERS has resulted in the following changes in accounting policies:

(a) Discounting of instalments receivable

In the prior years' financial statements, the Company recognised revenue attributable to the contracted amount at the date of sale.

Upon adoption of MPERS, the contracted amount is the present value of the consideration, determined by discounting the instalments receivable at the imputed rate of interest. The Company is required to recognise the interest element using the effective interest method.

RAMCOSYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 5 to 24 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2017 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
PUSAPADI RAMASUBRAMANIA RAJA
VENKETRAMA RAJA
Director

....
RAVIKULA CHANDRAN RAMAMURTHY
Director

Chennai

Date: 2 4 MAY 2017

RAMCOSYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, PUSAPADI RAMASUBRAMANIA RAJA VENKETRAMA RAJA, the Director primarily responsible for the financial management of Ramcosystems Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 24 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Notaries Act, 1952.

Subscribed and solemnly declared by the abovenamed PUSAPADI RAMASUBRAMANIA RAJA VENKETRAMA RAJA, Passport No.: Z2682675(P), in Chennai on 24 MAY 2017

....
PUSAPADI RAMASUBRAMANIA RAJA
VENKETRAMA RAJA
(Passport No.: Z2682675(P))

NOTARY ★ S.K.D. BABU Chennai City G.O.Ms. No. 136 Law Dept. Dt. 07-10-2014 GOVT. OF TAMIL NADU ★

Before me:

S.K.D BABU
ADVOCATE & NOTARY
60/33, 4th MAIN ROAD,
C.I.T. NAGAR, CHENNAI-600 035.
CELL : 9841 786 335

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAMCOSYSTEMS SDN. BHD.

(Company No.: 342313-W)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ramcosystems Sdn. Bhd., which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 internal control of the Company.

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

- Conclude on the appropriateness of the Directors' 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 ability of the Company 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 of the Company 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors 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.

KPMG

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

LAM SHUH SIANG
Partner
Approval Number: 03045/02/2019 J
Chartered Accountant

Date: 24 May 2017

IPOH