

Company No. 342313-W

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31ST MARCH, 2019

JAMAL, AMIN & PARTNERS
Chartered Accountants

Company No. 342313-W

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31ST MARCH, 2019

C O N T E N T S

PARTICULARS	Page
Corporate Information	(i)
Directors' Report	1 - 5
Statement by Directors	6
Statutory Declaration	6
Independent Auditors' Report	7 - 10
Statement of Financial Position	11
Statement of Comprehensive Income	12
Statement of Changes in Equity	13
Statement of Cash Flow	14
Notes to the Financial Statements	15 - 30

Company No. 342313-W

RAMCO SYSTEMS SDN. BHD.

(A private limited liability company, incorporated and domiciled in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pusapadi Ramasubramania Raja Venketrama Raja
Ravikula Chandran Ramamurthy
Saridah Binti Ismail
Huang Swee Lin

SECRETARIES

Tai Yit Chan
Chan Yoke Peng

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

3B-5-3 Block 3B Level 5
Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur

AUDITORS

JAMAL, AMIN & PARTNERS
Chartered Accountants
No. 60-2B, 2nd Floor, Jalan 2/23A
Off Jalan Genting Klang
Taman Danau Kota, Setapak
53300 Kuala Lumpur

Company No. 342313-W

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended 31st March, 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry on the business of a computer software house and to carry on business pertaining to, or connected with and involving information technology and software. The Company obtained Multimedia Super Corridor (“MSC”) status in 1997.

There has been no significant changes 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 financial year and until the date of this report.

FINANCIAL RESULTS

	2019 RM
Loss for the Year	<u>(5,317,448)</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provision during the financial year.

DIVIDENDS

No dividend has been proposed or paid for the financial year.

Company No. 342313-W
Cont.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS

The Directors who served since the date of the last report and at the date of this report are as follows:

Pusapadi Ramasubramania Raja Venketrama Raja
Ravikula Chandran Ramamurthy
Saridah Binti Ismail
Huang Swee Lin

DIRECTORS' INTERESTS

None of the directors holding office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' REMUNERATIONS

None of the Directors or past Directors of the Company has received any remuneration from the Company during the financial period.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

Company No. 342313-W
Cont.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

OPTIONS

No option has been granted during the financial year ended covered by the income statements to take up unissued shares of the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to realise their book values in the ordinary course of business were written down to an amount that they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

Company No. 342313-W
Cont.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

CONTINGENT AND OTHER LIABILITIES

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 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 (12) months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company that would render any amounts stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Company for the year were not substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

In the opinion of the Directors, there has not arisen during the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	2019
	RM
Statutory audit	<u>30,000</u>

Company No. 342313-W
Cont.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

AUDITORS

The auditors, Messrs. Jamal, Amin & Partners have indicated their willingness to accept the appointment in accordance with Section 267(4) of the Companies Act, 2016.

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



PUSAPADI RAMASUBRAMANIA RAJA
VENKETRAMA RAJA



RAVIKULA CHANDRAN RAMAMURTHY

Chennai

Dated : 1 5 MAY 2019

Company No. 342313-W

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

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

We, PUSAPADI RAMASUBRAMANIA RAJA VENKETRAMA RAJA and RAVIKULA CHANDRAN RAMAMURTHY, being two of the Directors of RAMCO SYSTEMS SDN. BHD., do hereby state on behalf of the Directors that in our opinion, the financial statements set out on pages 11 to 30 are drawn up in accordance with Malaysian Private Entity Reporting Standards and the Companies Act, 2016, in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the results and cash flows of the Company for the year then ended.

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

PUSAPADI RAMASUBRAMANIA RAJA
VENKETRAMA RAJA

RAVIKULA CHANDRAN RAMAMURTHY

Chennai

Dated : 1 5 MAY 2019

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

I, PUSAPADI RAMASUBRAMANIA RAJA VENKETRAMA RAJA, being the Director primarily responsible for the accounting records and financial management of RAMCO SYSTEMS SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 11 to 30 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

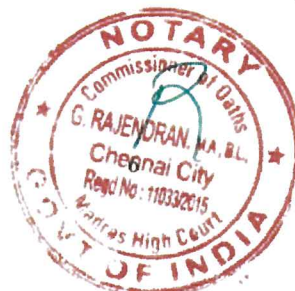
Subscribed and solemnly declared by the above)
named PUSAPADI RAMASUBRAMANIA)
RAJA VENKETRAMA RAJA in Chennai on)

1 5 MAY 2019

PUSAPADI RAMASUBRAMANIA RAJA
VENKETRAMA RAJA

Before me,

G. RAJENDRAN, M.A., B.L.,
Advocate & Commissioner of Oaths
Notary Public, GOVT OF INDIA,
No. 48/58, East Jones Road,
Saidapet, Chennai - 600 015





JAMAL, AMIN & PARTNERS

C h a r t e r e d A c c o u n t a n t s

No. 60-2B, 2nd Floor, Jalan 2/23A, Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur
Tel : 603-4142 1626 Fax : 603-4142 1601 E-mail : jap@jamalamin.com.my Website: <http://www.jamalamin.com.my>

A Member Firm of Malaysian
Institute of Accountants
(AF 1067)
A Member Firm of
Labuan Offshore
Financial Services
Authority - LOFSA
(AAL 0022)

Company No. 342313-W

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF **RAMCO SYSTEMS SDN. BHD.** (Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of RAMCO SYSTEMS SDN. BHD., which comprise the statement of financial position as at 31st March, 2019 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 11 to 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March, 2019, 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 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 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.



JAMAL, AMIN & PARTNERS

C h a r t e r e d A c c o u n t a n t s

No. 60-2B, 2nd Floor, Jalan 2/23A, Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur
Tel : 603-4142 1626 Fax : 603-4142 1601 E-mail : jap@jamalamin.com.my Website: <http://www.jamalamin.com.my>

A Member Firm of Malaysian
Institute of Accountants
(AF 1067)
A Member Firm of
Labuan Offshore
Financial Services
Authority - LOFSA
(AAL 0022)

Company No. **342313-W**

Cont.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF **RAMCO SYSTEMS SDN. BHD.** (Incorporated in Malaysia)

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 Standard 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 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 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.



JAMAL, AMIN & PARTNERS

C h a r t e r e d A c c o u n t a n t s

No. 60-2B, 2nd Floor, Jalan 2/23A, Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur
Tel : 603-4142 1626 Fax : 603-4142 1601 E-mail : jap@jamalamin.com.my Website: <http://www.jamalamin.com.my>

A Member Firm of Malaysian
Institute of Accountants
(AF 1067)
A Member Firm of
Labuan Offshore
Financial Services
Authority - LOFSA
(AAL 0022)

Company No. 342313-W

Cont.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont.)

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 Company's internal control.
- 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 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 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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.



JAMAL, AMIN & PARTNERS

C h a r t e r e d A c c o u n t a n t s

No. 60-2B, 2nd Floor, Jalan 2/23A, Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur
Tel : 603-4142 1626 Fax : 603-4142 1601 E-mail : jap@jamalamin.com.my Website: http://www.jamalamin.com.my

A Member Firm of Malaysian
Institute of Accountants
(AF 1067)
A Member Firm of
Labuan Offshore
Financial Services
Authority - LOFSA
(AAL 0022)

Company No. 342313-W
Cont.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

Other Matters

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.

JAMAL, AMIN & PARTNERS
(No : AF 1067)
Chartered Accountants

AHMAD HILMY BIN JOHARI
(No : 2977/03/20(J))
Chartered Accountant

Kuala Lumpur

Dated : 15th May, 2019

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2019

	NOTE	2019 RM	2018 RM
NON-CURRENT ASSETS			
Property, Plant and Equipments	3	<u>418,708</u>	<u>480,989</u>
Total Non-Current Assets		<u>418,708</u>	<u>480,989</u>
CURRENT ASSETS			
Trade and Other Receivables	4	19,841,096	18,130,752
Tax recoverable		1,973,670	1,700,000
Fixed Deposits with Licensed Financial Institution		55,227	53,134
Cash and Cash Equivalents	5	<u>272,459</u>	<u>306,475</u>
Total Current Assets		<u>22,142,452</u>	<u>20,190,361</u>
TOTAL ASSETS		<u>22,561,160</u>	<u>20,671,350</u>
EQUITY			
Share Capital		1,280,000	1,280,000
(Accumulated Loss)/Retained Earnings		<u>(4,346,440)</u>	<u>971,008</u>
Total Equity		<u>(3,066,440)</u>	<u>2,251,008</u>
CURRENT LIABILITIES			
Trade and Other Payables	6	<u>25,627,600</u>	<u>18,420,342</u>
Total Current Liabilities		<u>25,627,600</u>	<u>18,420,342</u>
TOTAL EQUITY AND LIABILITIES		<u>22,561,160</u>	<u>20,671,350</u>

(The accompanying notes form an integral part of the financial statements)

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2019

	NOTE	2019 RM	2018 RM
Revenue	7	19,787,745	18,961,880
Cost of Services Rendered		(18,509,972)	(16,419,211)
Gross Profit		<u>1,277,773</u>	<u>2,542,669</u>
Administrative Expenses		(5,853,865)	(6,511,730)
Finance Income		2,093	46,520
Finance Costs		(743,449)	(295,184)
Loss Before Taxation	8	<u>(5,317,448)</u>	<u>(4,217,725)</u>
Taxation	9	-	-
Loss After Taxation		<u>(5,317,448)</u>	<u>(4,217,725)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u><u>(5,317,448)</u></u>	<u><u>(4,217,725)</u></u>

(The accompanying notes form an integral part of the financial statements)

RAMCO SYSTEMS SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2019

	<u>Share</u> <u>Capital</u>	<u>Retained</u> <u>Profit/</u> <u>(Accumulated Loss)</u>	<u>Total</u>
	RM	RM	RM
Balance as at 01/04/2017	1,280,000	5,188,733	6,468,733
Loss for the Year	-	(4,217,725)	(4,217,725)
Balance as at 31/03/2018	<u>1,280,000</u>	<u>971,008</u>	<u>2,251,008</u>
Loss for the Year	-	(5,317,448)	(5,317,448)
Balance as at 31/03/2019	<u><u>1,280,000</u></u>	<u><u>(4,346,440)</u></u>	<u><u>(3,066,440)</u></u>

(The accompanying notes form an integral part of the financial statements)

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2019

	NOTE	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss Before Taxation		(5,317,448)	(4,217,725)
Adjustments For :			
Bad Debt Written Off		382,385	38,628
Bad Debt Recovered		(138,228)	-
Depreciation		175,496	162,007
Expected Credit Loss		142,034	-
Finance Income		(2,096)	(46,520)
Finance Costs		743,449	295,184
Impairment Loss on Trade Receivables		-	413,000
Unrealised (Gain)/Loss on Foreign Exchange		476,360	(593,000)
Operating Profit Before Working Capital Changes		(3,538,048)	(3,948,426)
Decrease in Receivables		(4,270,074)	(4,296,435)
Increase in Payables		858,964	3,871,000
Increase in Amount Due to Holding Company		(92,519)	-
Increase in Amount Due From Related Company		7,862,229	-
Cash Generated From Operations		820,552	(4,373,861)
Taxation Paid		-	(600,000)
Net Cash Generated From Operating Activities		820,552	(4,973,861)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(113,215)	(62,000)
Placement of Deposits with a Licensed Bank		-	(1,000)
Net Cash Used In Investing Activities		(113,215)	(63,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest Received		2,096	46,520
Finance Costs		(743,449)	(295,184)
Proceeds From Inter-company loans		-	5,466,000
Net Cash Generated From / (Used In) Financing Activities		(741,353)	5,217,336
NET INCREASE IN CASH AND CASH EQUIVALENTS		(34,016)	180,475
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		306,475	126,000
CASH AND CASH EQUIVALENTS CARRIED FORWARD	5	272,459	306,475
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and cash equivalents	5	276,459	306,475
(The accompanying notes form an integral part of the financial statements)			

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 1 : CORPORATE INFORMATION

The Company is a private limited liability Company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama 47800 Petaling Jaya, Selangor.

The principal place of business is located at 3B-5-3 Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

The principal activity of the Company is to carry on business pertaining to, or connected with and involving information technology and software. 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.

The financial statements were authorised for issue by the Board on 15th May 2019.

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements as set out on pages 11 to 30 have been prepared in accordance with Malaysian Private Entity Reporting Standards and the Companies Act, 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated.

b) 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.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c) Foreign Currency Transactions (Cont.)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value that was determined.

All foreign currency differences are recognized in profit or loss.

d) Property, Plant And Equipment

Property, plant and equipments are stated at cost less accumulated depreciation and subsequent accumulated impairment losses.

Other property, plant and equipments are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, recognised as follows :

	(%)
Computer Equipment	20
Furniture and Fittings	20
Office Equipment	20

Gain and losses on disposals are determined by comparing proceeds with the carrying amount and are included in income statement.

e) Impairment of Non-financial Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows.

Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit. An impairment loss is charged to the statement of comprehensive income immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e) Impairment of Non-financial Assets (Cont.)

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately, unless that asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of comprehensive income, a reversal of that impairment loss is recognised as income in the statement of comprehensive income.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately, unless that asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of comprehensive income, a reversal of that impairment loss is recognised as income in the statement of comprehensive income.

f) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement

A financial asset or a financial liability (including derivative instruments) is recognised only when the entity becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset or a financial liability is measured at the transaction price, including transaction costs. For a financial asset or a financial liability that is subsequently measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f) Financial instruments (cont.)

(i) Initial recognition and measurement (cont.)

An arrangement constitutes a financing transaction, if payment is deferred beyond normal business terms. Under a financing transaction, a financial asset or a 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 are measured at amortised cost using the effective interest method. 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 are subject to review for impairment, except for financial assets measured at fair value through profit or loss.

(iii) Impairment

At the end of each reporting period, financial assets that are measured at cost or amortised cost are assessed as to whether there is objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For a financial asset 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. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For a financial asset 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.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f) Financial instruments (cont.)

(iii) Impairment (cont.)

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss.

(iv) De-recognition

A financial asset is derecognised only when (i) the contractual rights to receive the cash flows from the financial asset expire or are settled; or (ii) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, including circumstances when the entity acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, is cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances which have an insignificant risk of changes in value.

h) Provision for Liabilities

Provision for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i) Borrowing Cost

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

j) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MPERS requires management to make judgements, 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 recognized 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 judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements.

k) 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.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

l) Revenue and other income

(i) License fees

License fees revenue is recognized 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 recognized based on effort 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 recognized based on billable time spent on the project, priced at the contractual rate.

(iii) Services

Revenue from fixed price contracts is recognized 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 recognized based on the consideration received or receivable and is recognized 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 recognized as and when services are rendered.

vii) Interest income

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

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

m) Employee Benefits

i. Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (“EPF”).

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

n) Income Tax

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised.

o) Foreign Currency Transaction

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 3 : PROPERTY, PLANT AND EQUIPMENTS

2019

<u>COST</u>	Balance at 01/04/2018 RM	Additions RM	Disposal RM	Balance at 31/03/2019 RM
Computer Equipment	393,068	113,215	-	506,283
Furniture and Fittings	292,586	-	-	292,586
Office Equipment	432,738	-	-	432,738
	<u>1,118,392</u>	<u>113,215</u>	<u>-</u>	<u>1,231,607</u>

**ACCUMULATED
DEPRECIATION**

Computer Equipment	253,918	58,947	-	312,865
Furniture and Fittings	198,328	77,432	-	275,760
Office Equipment	185,157	39,117	-	224,274
	<u>637,403</u>	<u>175,496</u>	<u>-</u>	<u>812,899</u>

2018

<u>COST</u>	Balance at 01/04/2017 RM	Additions RM	Disposal RM	Balance at 31/03/2018 RM
Computer Equipment	330,408	62,660	-	393,068
Furniture and Fittings	432,738	-	-	432,738
Office Equipment	292,586	-	-	292,586
	<u>1,055,732</u>	<u>62,660</u>	<u>-</u>	<u>1,118,392</u>

**ACCUMULATED
DEPRECIATION**

Computer Equipment	211,686	42,232	-	253,918
Furniture and Fittings	120,674	77,654	-	198,328
Office Equipment	143,036	42,121	-	185,157
	<u>475,396</u>	<u>162,007</u>	<u>-</u>	<u>637,403</u>

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 3 : PROPERTY, PLANT AND EQUIPMENTS (CONT.)

NET BOOK VALUE

	Cost at 31/03/2019 RM	Accumulated Depreciation 31/03/2019 RM	Net Book Value 31/03/2019 RM	Net Book Value 31/03/2018 RM
Computer Equipment	506,283	312,865	193,418	139,150
Furniture and Fittings	292,586	275,760	16,826	234,410
Office Equipment	432,738	224,274	208,464	107,429
	<u>1,231,607</u>	<u>812,899</u>	<u>418,708</u>	<u>480,989</u>

NOTE 4 : TRADE AND OTHER RECEIVABLES

	Note	2019 RM	2018 RM
Trade Receivables		18,940,177	16,421,247
Other Receivables		487,849	110,796
Prepayments		240,860	147,115
Amount Due From Holding Company			
- Non-trade	a	127,793	643,755
Amount Due From Related Companies			
- Non-trade	b	44,417	807,839
		<u>19,841,096</u>	<u>18,130,752</u>

Note a

The non-trade amount due from holding company is unsecured and repayable on demand.

Note b

The non-trade amount due from related companies are unsecured and repayable on demand.

NOTE 5 : CASH AND CASH EQUIVALENTS

	2019 RM	2018 RM
Cash in Hand	1,868	1583
Cash at Bank	270,591	304,892
	<u>272,459</u>	<u>306,475</u>

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 7 : TRADE AND OTHER PAYABLES

	Note	2019 RM	2018 RM
Trade Payables		246,287	52,668
Other Payables and Accruals		6,719,206	6,195,894
Amount Due to Holding Company			
- Trade	a	4,486,384	6,038,539
- Non-trade	b	5,569,556	4,625,881
Amount Due to a Related Company			
- Non-trade	c	8,606,167	1,507,360
		<u>25,627,600</u>	<u>18,420,342</u>

Note a

The trade amount due to holding is subject to normal trade terms

Note b

The non-trade amount due to holding company is unsecured, subject to interest rate of 12.5% per annum and repayable on demand

Note c

The non-trade amount due to a related company is unsecured, subject to interest rate of 5% (2018:5 %) per annum and repayable on demand.

NOTE 8 : REVENUE

	2019 RM	2018 RM
License fees	7,289,892	5,271,562
Services	7,938,104	9,017,169
Annual maintenance contract	3,595,110	3,745,309
Hardware sales	935,239	-
Enablement fees and application installation	29,400	927,840
	<u>19,787,745</u>	<u>18,961,880</u>

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 9 : **PROFIT BEFORE TAXATION**

The following amounts have been included in arriving / (credited) at profit before taxation :

	2019 RM	2018 RM
Auditors' remuneration	30,000	33,000
Bad debt written off	382,385	38,627
Bad debt recovered	(138,228)	-
Depreciation	175,496	162,007
Finance costs	743,449	295,184
Finance income	(2,093)	(46,520)
Impairment loss on trade receivables	-	413,200
Rental of premises	481,050	441,741
Royalty	4,287,970	3,845,402
Realised loss on foreign exchange	36,379	467,704
Unrealised loss/(gain) on foreign exchange	<u>439,411</u>	<u>(593,281)</u>

NOTE 10 : **TAXATION**

	2019 RM	2018 RM
Income Tax Expenses		
- Current Year	<u>-</u>	<u>-</u>

Tax Reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using statutory tax rate of Malaysia as follows:

	2019 RM	2018 RM
Profit Before Taxation	<u>(5,317,448)</u>	<u>(4,217,725)</u>
Tax Calculated at a Tax Rate of 18% (2018:19%)	(957,141)	(801,368)
Expenses not Deductible for Tax Purposes	135,887	543,958
Utilised Unabsorbed Business Losses	<u>821,254</u>	<u>257,410</u>
Tax Charge	<u>-</u>	<u>-</u>

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 11 : **SIGNIFICANT RELATED COMPANY TRANSACTIONS**

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

	2019	2018
	RM	RM
Holding company		
Purchases		
Administrative expense	525,722	754,000
Services	4,379,027	2,942,000
Royalty	4,287,970	3,845,402
Loan received from	4,486,384	4,946,000
Finance cost	<u>489,386</u>	<u>248,211</u>
Related companies		
Purchases		
Services	-	2,256,000
Sales		
Services	-	1,667,000
Expenses paid on behalf	-	1,026,000
Finance costs	240,045	46,971
Finance income	2,093	46,520
Loan received from	8,606,167	2,803,000
Loan given to	<u>-</u>	<u>2,003,000</u>

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2019

NOTE 12 : **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's financial risk management seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The following policies are implemented to provide effective ways to reduce the financial risks of the Company. The risks faced are mainly liquidity risk, credit risk and interest rate risk.

a) Liquidity Risk

The Company ensures that there are adequate funds to meet all its obligations in a timely and cost effective manner.

b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparty and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults. Trade receivables are monitored on an on-going basis via Company management reporting procedures.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

c) Interest Rate Risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposures arise from the Company's borrowings, and is managed through the use of fixed rate debts.

d) Foreign Exchange Risk

Foreign exchange risk arose solely from payment on behalf of the holding corporation transacted in United States Dollar. Exposure to exchanges risk was minimised by virtue of controlled float of Ringgit Malaysia to United States Dollar.

Company No. 342313-W
Cont.

RAMCO SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTE 13 : **AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31st March, 2019 were authorised for issue in accordance with a resolution of the Directors on 15th May, 2019.