INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
DATAMATICS GLOBAL SERVICES CORP.
(A Wholly-owned Subsidiary of Datamatics Global Services Inc. USA)
1807 Cityland Condominium 10 Tower 1
H.V. Dela Costa St., Barangay Bel-Air
Ayala Avenue, Makati City 1226

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **DATAMATICS GLOBAL SERVICES CORP.**, ("the Company") which comprise the statement of financial position as at March 31, 2018 and 2017, and the statements of income, statements of changes in equity, and statements 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, 2018 and 2017, and its financial performance and its cash flows for the period 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 ethical requirements that are relevant to our audit of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines (Philippine Code of Ethics)* and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 it 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 audits 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.

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

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 16 and 17, 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 **DATAMATICS GLOBAL SERVICES CORP.** 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.

MANGAY-AYAM, LIM & CO. CPA'S
TIN 228-756-505
BOA CERT. 0672 - valid until December 31, 2018
SEC Accreditation No. B-151-F (Group B) - valid until November 10, 2018
CDA-CEA 0020-AF - valid until March 20, 2020
BIR AN: 08-001698-000-2018 - valid until February 12, 2021

By:

RODRIGO M. MANGAY-AYAM
Partner
CPA Certificate No. 21565
BOA CERT. 0672 - valid until December 31, 2018
SEC Accreditation No. B-804-A (Group B) - valid until November 10, 2018
BIR AN: 08-001698-002-2018 - valid until February 12, 2021
TIN 123-447-203
PTR No. 6629138MD, January 11, 2018, Makati City

Makati City, Philippines
July 12, 2018

DATAMATICS GLOBAL SERVICES CORP.

(A Wholly-owned Subsidiary of Datamatics Global Services Inc. - U.S.A.)

STATEMENTS OF FINANCIAL POSITION

March 31, 2018 and 2017

(In Philippine Peso)

	NOTES	2018	2017
ASSETS			
Current Assets			
Cash	7	**7,947,821**	10,025,604
Prepayments and other current assets	8	**636,462**	111,870
		8,584,283	10,137,474
Non-current Asset			
Deferred tax asset	15	**559,267**	53,883
TOTAL ASSETS		**9,143,550**	10,191,357
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**65,879**	30,880
Advances from a related party	10	**362,687**	286,204
TOTAL LIABILITIES		**428,566**	317,084
STOCKHOLDERS' EQUITY			
Capital Stock	11	**10,000,000**	10,000,000
Deficit		**(1,285,016)**	(125,727)
TOTAL STOCKHOLDERS' EQUITY		**8,714,984**	9,874,273
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**9,143,550**	10,191,357

(See Notes to Financial Statements)

DATAMATICS GLOBAL SERVICES CORP.

(A Wholly-owned Subsidiary of Datamatics Global Services Inc. - U.S.A.)

STATEMENTS OF INCOME

For the Years Ended March 31, 2018 and 2017

(In Philippine Peso)

	NOTES	2018	2017
FINANCE INCOME	7	**19,939**	-
EXPENSES			
Professional fess		**1,238,820**	30,000
Director's fee		**195,000**	-
Insurance		**125,953**	-
Rent	12	**107,250**	-
Taxes and licenses		**16,496**	134,060
Supplies		**700**	14,320
Miscellaneous		**393**	1,230
		1,684,612	179,610
LOSS BEFORE TAX		**(1,664,673)**	(179,610)
INCOME TAX BENEFIT	14	**505,384**	53,883
LOSS		**(1,159,289)**	(125,727)

(See Notes to Financial Statements)

DATAMATICS GLOBAL SERVICES CORP.
(A Wholly-owned Subsidiary of Datamatics Global Services Inc. - U.S.A.)
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended March 31, 2018 and 2017
(In Philippine Peso)

	Note	Capital Stock	Deficit	Total
Issuance of shares	11	10,000,000		10,000,000
Loss			(125,727)	(125,727)
Balance at March 31, 2017	11	**10,000,000**	**(125,727)**	**9,874,273**
Loss			(1,159,289)	**(1,159,289)**
Balance at March 31, 2018	11	**10,000,000**	**(1,285,016)**	**8,714,984**

(See Notes to Financial Statements)

DATAMATICS GLOBAL SERVICES CORP.
(A Wholly-owned Subsidiary of Datamatics Global Services Inc. - U.S.A.)
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2018 and 2017
(In Philippine Peso)

	NOTES	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,664,673)**	(179,610)
Adjustments for finance income	7	**19,939**	-
Operating cash flows before changes in working capital		**(1,644,734)**	(179,610)
Increase in prepayments and other current assets		**(524,592)**	(111,870)
Increase in trade and other payables		**34,999**	30,880
Net cash used in operating activities		**(2,134,327)**	(260,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	11	-	10,000,000
Advances received from a related party	10	**76,483**	286,204
Net cash from financing activities		**76,483**	10,286,204
CASH FLOW FROM INVESTING ACTIVITY			
Finance income received	7	**(19,939)**	-
NET INCREASE (DECREASE) IN CASH		**(2,077,783)**	10,025,604
CASH AT BEGINNING OF PERIOD		**10,025,604**	-
CASH AT END OF PERIOD		**7,947,821**	10,025,604

(See Notes to Financial Statements)

DATAMATICS GLOBAL SERVICES CORP.

(A Wholly-owned Subsidiary of Datamatics Global Services Inc. – U.S.A.)

NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Datamatics Global Services Corp. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 10, 2017 with registration number CS201704984. The Company was registered with the Bureau of Internal Revenue on March 13, 2017 with Tax Identification Number (TIN) 009-560-911-000. The principal activities of the Company is to operate as a global provider of consulting, information technology (IT) and business process outsourcing (BPO) services, and to serve a cross section of industries including banking and finance, healthcare insurance, publishing, manufacturing, market research, retail and international organizations; and to offer and sell services in fields such as F&A, Enterprise Document Management, Enterprise Content Management, Collaboration and Portals, BIDW & Analytics, Big Data, Application Development, Support & Testing, Engineering & Embedded solutions and Mobility.

As of March 31, 2018 and 2017, the Company has not yet started its commercial operation.

The Company is wholly-owned by Datamatics Global Services Inc. – U.S.A., a Company incorporated under the laws in United States of America.

The Company's registered office is located at 1807 Cityland Condominium 10 Tower 1, H. V. Dela Costa Street, Barangay Bel-Air, Ayala Avenue, Makati City 1226.

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. Most banks, credit unions, insurance brokers or dealers, mutual funds and investment banks.

The SEC requires entities to use PFRS for SMEs if all of the following criteria are met, except when they meet certain criteria in which case they have an option to use PFRS:

- 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 Amendments to PFRS for SMEs Applied with no Material Effect on the Separate Financial Statements

The following amendments have been adopted in these separate financial statements. The application of these amendments has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- 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 asset as presented in the statement of financial position includes cash in bank only.

4.01.02 Cash

Cash includes cash deposits held at call with bank that 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 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.

4.01.04 Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the finance income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset. The effective interest rate is determined on the basis of the carrying amount of the financial asset at initial recognition.

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.

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 Prepayments and Other Current Asset

Prepayments and other current asset represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments and other current asset are classified in the separate statements of financial position as current assets when the expenses related are expected to be incurred within one (1) year or the Company's normal operating cycle whichever is longer. Otherwise, prepayments and other current asset are classified as non-current assets.

4.03 Financial Liabilities and Equity Instruments

4.03.01 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.

4.03.02 Financial Liabilities

Financial liabilities are initially measured at fair value inclusive of directly attributable transaction costs. They are classified as either financial liabilities 'at FVTPL', or 'at amortized cost'.

The Company's financial liability as presented in the statement of financial position includes trade and other payables and advances from a related party.

4.03.03 Financial Liabilities at Amortized Cost

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with finance cost recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating finance cost over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

4.03.04 Derecognition of Financial Liabilities

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

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.

4.03.05 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, net of direct issue costs.

Capital stock are ordinary shares classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of tax.

4.04 Employee Benefits

4.04.01 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. The Company as of the current year has no employees and no remuneration given to its key management personnel, but if the Company will have employees, the following short-term benefits may be given to them which includes but not limited to salaries and allowances, SSS, PHIC, and HDMF contributions.

4.05 Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, 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 date and adjusted to reflect the current best estimate.

4.06 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary 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.

4.07 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.

4.07.01 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.

4.08 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 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.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- 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.
- 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.

4.09 Current and Deferred Income Taxes

The tax expense for the period comprises current and deferred taxes. 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 date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences 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 date.

The carrying amount of deferred tax assets are reviewed at the end of each reporting date. An entity shall reduce the carrying amount of deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

4.10 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 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.

4.11 Changes in Accounting Policies

The Company shall account for a change in accounting policy resulting from a change in the requirements of this PFRS in accordance with the transitional provisions, if any, specified in that amendment. When an entity has elected to follow PAS 39, *Financial Instruments: Recognition and Measurement* instead of following Section 11, *Basic Financial Instruments* and Section 12, *Other Financial Instruments Issues* as permitted by paragraph 11.2, and the requirements of PAS 39 change, the entity shall account for that change in accounting policy in accordance with the transitional provisions, if any, specified in the revised PAS 39. The Company shall account for all other changes in accounting policy retrospectively.

5. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described 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.

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

5.01 Recoverability of Deferred Tax Asset

The Company reviews the carrying amounts at each reporting date and reduces deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized prior to its expiration.

In both years, Management believed that the Company will be able to generate future taxable income against which the balance of current Net Operating Loss Carry-over (NOLCO) will be applied. As of March 31, 2018 and 2017 the Company recognized deferred tax assets from NOLCO amounting to ₱559,267 and ₱53,883, as disclosed in Note 15.

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of:

		2018		2017
Financial Asset:				
Financial asset measured at amortized cost less impairment (Note 7)	₱	**7,947,821**	₱	10,025,604
Financial Liabilities:				
Financial liabilities measured at amortized cost (Notes 9 and 10)	₱	**428,566**	₱	317,084

Financial asset measured at amortized cost less impairment pertains to cash in bank only while financial liabilities measured at amortized cost includes trade and other payables and advances from a related party.

7. CASH

For the purpose of the statement of cash flows, cash pertains cash in bank amounting to ₱7,947,821 and ₱10,025,604 as of March 31, 2018 and 2017, respectively. Cash in bank earns interest based on bank daily floating rates. Finance income earned amounted to ₱19,939 and nil in 2018 and 2017, respectively.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Company's prepayments and other current asset are shown below.

		2018		2017
Advances to stockholders	₱	**275,000**	₱	111,870
Input VAT		**172,442**		-
Advances to suppliers		**111,870**		-
Advances to directors		**41,400**		-
Security deposit (Note 14)		**35,750**		-
	₱	**636,462**	₱	111,870

9. ACCRUED EXPENSES

This account pertains to the accrual of professional fees amounting to ₱65,879 and ₱30,880 as of March 31, 2018 and 2017, respectively.

10. RELATED PARTY TRANSACTION

The related party transactions pertains to the transactions with Datamatics Global Services Inc. (DGSI), the Parent Company.

10.01 Advances from a Related Party

Transaction with parent is detailed as follows:

	March 31, 2018		March 31, 2017	
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance
DGSI				
Advances	**₱ 76,483**	**₱ 362,687**	₱ 286,204	₱ 286,204

Advances are used for the business transactions related to the Company.

Transaction with parent is non-interest bearing, unsecured, payable on demand and will be settled in cash. No guarantees have been given in respect of the amount owed to related party.

10.02 Remuneration of Key Management Personnel

As of March 31, 2018 and 2017, the Company provided remuneration to its key management personnel amounting to ₱195,000 and nil.

11. CAPITAL STOCK

The capital stock of the Company is as follows:

	2018		2017	
	Shares	**Amount**	Shares	Amount
Authorized:				
₱100 par value per share	**400,000**	**₱ 40,000,000**	400,000	₱40,000,000
Issued and fully paid:				
Balance, Beginning	**100,000**	**₱ 10,000,000**	-	₱ -
Issuances	-	-	100,000	10,000,000
Balance, Ending	**100,000**	**₱ 10,000,000**	100,000	₱10,000,000

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

12. EXPENSES

The account is composed of the following:

	2018	2017
Professional fee	**₱ 1,238,820**	₱ 30,000
Director's fee	**195,000**	-
Insurance	**125,953**	-
Rent	**107,250**	-
Taxes and licenses	**16,496**	134,060
Supplies	**700**	14,320
Miscellaneous	**393**	1,230
	₱ 1,684,612	₱ 179,610

13. OPERATING LEASE AGREEMENTS

13.01 The Company as a Lessee

13.01.01 Lease Contract with Regus Commerce and Industry Plaza Centre, Inc.

The Company entered into a contract of lease with Regus Commerce and Industry Plaza Centre, Inc. for the lease of office space for six (6) months commencing September 1, 2017 to February 28, 2018 for a total monthly rental of ₱17,875 exclusive of VAT. As of March 31, 2018 and 2017, the security deposits pertaining to this lease amounted to ₱35,750 and nil, respectively, as disclosed in Note 8.

14. INCOME TAXES

14.01 Income Tax Recognized in Profit or Loss

In both years , the Company recognized income tax benefits amounting to ₱527,884 and ₱53,883, respectively.

A numerical reconciliation between tax benefit and the product of accounting loss multiplied by the tax rate in 2018 and 2017 is as follows:

	2018	2017
Accounting loss	**₱ (1,664,673)**	₱ (179,610)
Tax benefit at 30%	**(499,402)**	(53,883)
Tax effects of:		
Finance income subjected to final tax	**(5,982)**	-
	₱ (505,384)	₱ (53,883)

Details of NOLCO are as follows:

Year Incurred	Amount	Applied Current Year	Expired	Unapplied	Expiry Date
2017	₱ 179,610	₱ -	₱ -	₱ 179,610	2020
2018	1,684,612	-	-	1,684,612	2021
	₱ 1,864,222	**₱ -**	**₱ -**	**₱ 1,864,222**	

15. DEFERRED TAX ASSET

The Company's deferred tax asset arising from NOLCO amounted to ₱559,267 and ₱53,883 as of March 31, 2018 and 2017, respectively.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance by the Board of Directors on July 12, 2018.

17. 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:

17.01 Taxes and Licenses Paid or Accrued

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

17.01.01 Input VAT

The Company's input VAT claimed on during the year amounted to ₱172,442 which is based from the purchase of services during the year.

17.01.02 Other Taxes and Licenses

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

Registration fees	₱ 500
Certification fee	15,996
	₱ 16,496

18. 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:

18.01 Itemized Deductions

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

Professional fee	₱ 1,238,820
Director's fee	195,000
Insurance	125,953
Rent	107,250
Taxes and licenses	16,496
Supplies	700
Miscellaneous	393
	₱ 1,684,612

MANGAY-AYAM, LIM & CO.
CERTIFIED PUBLIC ACCOUNTANTS

SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
DATAMATICS GLOBAL SERVICES CORP.
(A Wholly-owned Subsidiary of Datamatics Global Services Inc. USA)
1807 Cityland Condominium 10 Tower 1
H.V. Dela Costa St., Barangay Bel-Air
Ayala Avenue, Makati City 1226

We have examined the financial statements of **DATAMATICS GLOBAL SERVICES CORP.** for the period ended March 31, 2018 and 2017 on which we have rendered the attached report dated July 12, 2018.

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 one (1) stockholder owning one hundred (100) or more shares.

MANGAY-AYAM, LIM & CO. CPA'S
TIN 228-756-505
BOA CERT. 0672 - valid until December 31, 2018
SEC Accreditation No. B-151-F (Group B) - valid until November 10, 2018
CDA-CEA 0020-AF - valid until March 20, 2020
BIR AN: 08-001698-000-2018 - valid until February 12, 2021

By:

RODRIGO M. MANGAY-AYAM
Partner
CPA Certificate No. 21565
BOA CERT. 0672 - valid until December 31, 2018
SEC Accreditation No. B-804-A (Group B) - valid until November 10, 2018
BIR AN: 08-001698-002-2018 - valid until February 12, 2021
TIN 123-447-203
PTR No. 6629138MD, January 11, 2018, Makati City

Makati City, Philippines
July 12, 2018

Rm. 205 Doña Nena Mansions, 7761 Facundo St., Pio del Pilar, Makati City • Tel. Nos. 810-00-71, 986-44-19 / Telefax: 813-14-18