
DATAMATICS GLOBAL SERVICES CORP.
(Formerly RJ Globus Solutions Inc.)

Units 304-306 3/F Rockwell Business Center Tower 1,
Meralco Avenue, Pasig City

AUDITED FINANCIAL STATEMENTS

As of and for the period ended March 31, 2023
(With comparative figures ended March 31, 2022)

AND REPORT OF INDEPENDENT AUDITOR



DATAMATICS GLOBAL SERVICES CORP.**STATEMENT OF FINANCIAL POSITION**

In Philippine Peso

		March 31
ASSETS	2023	2022
Current Assets		
Cash and cash equivalents <i>(note 4)</i>	13,302,382	71,988,648
Accounts and other receivable <i>(note 5)</i>	158,022,880	66,433,336
Prepayment and other current assets <i>(note 6)</i>	57,857,792	42,457,359
	229,183,054	180,879,343
Noncurrent Assets		
Property and equipment- net <i>(note 7)</i>	92,343,997	36,287,369
Other non-current assets <i>(note 8)</i>	521,600	521,600
	92,865,597	36,808,969
TOTAL ASSETS	322,048,651	217,688,311
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables <i>(note 9)</i>	39,319,345	43,505,602
	39,319,345	43,505,602
Noncurrent Liabilities		
Loans payable <i>(note 10)</i>	76,810,550	93,724,350
Other noncurrent liability <i>(note 11)</i>	18,782,421	38,513,340
	95,592,971	132,237,690
Equity		
Share capital	7,093,025	7,093,025
Retained earnings <i>(note 12)</i>	180,043,310	34,851,994
	187,136,335	41,945,019
TOTAL LIABILITIES AND EQUITY	322,048,651	217,688,311

See accompanying notes to financial statements



DATAMATICS GLOBAL SERVICES CORP.**STATEMENT OF PROFIT AND LOSS**

In Philippine Peso

	For the periods ended March 31	
	2023	2022
REVENUE (note 13)	931,085,481	730,630,589
COST OF SERVICE (note 14)	654,681,362	596,003,353
GROSS PROFIT	276,404,119	134,627,236
OTHER INCOME (note 15)	4,882,150	3,600,876
TOTAL PROFIT	281,286,269	138,228,112
OPERATING EXPENSES	117,508,689	117,639,309
FINANCE COST (note 17)	5,543,862	3,665,179
OTHER EXPENSE (note 18)	13,042,403	15,801,567
NET PROFIT	145,191,316	1,122,057

See accompanying notes to financial statements



DATAMATICS GLOBAL SERVICES CORP.**STATEMENT OF CHANGES IN EQUITY**

In Philippine Peso

		March 31
COMMON STOCK	2023	2022
Capital stock subscribed and paid	7,093,025	7,093,025
Additional paid-in capital (APIC)	-	-
Increase in capital stock by conversion of advances from stockholders to equity.	-	-
	7,093,025	7,093,025
RETAINED EARNINGS <i>(Note 12)</i>		
Balance at April 1	34,851,994	30,474,389
Net Profit (Loss)	145,191,316	1,122,057
Prior period adjustment	-	3,255,548
Balance at March 31	180,043,310	34,851,994
TOTAL EQUITY	187,136,335	41,945,019

See accompanying notes to financial statements

DATAMATICS GLOBAL SERVICES CORP.**STATEMENT OF CASH FLOWS**

In Philippine Peso

	For the periods ended March 31	
CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Profit for the year	145,191,316	1,122,057
Adjustments for:		
Non-cash Income Tax Expense		
Other noncash adjustment	-	360,060
Depreciation of property and equipment (Note 7)	30,051,225	24,862,278
Changes in Operating Assets and Liabilities	175,242,541	33,344,395
Decrease (Increase) in accounts and other receivables (Note 5)	(91,589,544)	(66,433,336)
Decrease (Increase) in prepayment and other current assets (Note 6)	(15,400,433)	(42,457,359)
Increase (Decrease) in accounts and other payables (Note 8)	(4,186,257)	43,505,602
Net Cash from Operating Activities	64,066,307	(32,040,698)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 7)	(86,107,853)	-
Net Cash from Investing Activities	(86,107,853)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received (payment) of loans (Note 10)	(16,913,800)	93,724,350
Cash received (payment) of loans (Note 11)	(19,730,919)	-
Increase in share capital	-	7,093,025
Net Cash from Financing Activities	(36,644,719)	100,817,375
NET INCREASE / DECREASE IN CASH FOR THE PERIOD	(58,686,265)	71,988,647
CASH AT THE BEGINNING OF THE YEAR (Note 4)	71,988,647	-
CASH AT THE END OF THE YEAR (Note 4)	13,302,382	71,988,647

See accompanying notes to financial statements



DATAMATICS GLOBAL SERVICES CORP.

NOTES TO FINANCIAL STATEMENTS

In Philippine Peso

1. COMPANY INFORMATION

DATAMATICS GLOBAL SERVICES CORP. (Formerly RJ Globus Solutions Inc.) received its approval for merger from Securities and Exchange Commission (SEC) on December 31, 2021 being the absorbed company by RJ Globus Solutions Inc, the surviving company.

The primary purpose of the corporation is to operate as a global provider of consulting, information technology (IT) and business process outsourcing (BPO) services, and to serve across section of industries, including banking and finance, healthcare insurance, publishing, manufacturing, market research, retail and international organization;

The Company is registered office address which is also its principal place of business is at Units 304-306 3/F Rockwell Business Center Tower 1, Meralco Avenue, Pasig City

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements

Statement of Compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities

The financial statements of **DATAMATICS GLOBAL SERVICES CORP.** have been prepared in accordance with *Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs)*. The *PFRS for SMEs* were adopted on 13 October 2009 by the Philippine Financial Reporting Standards Council from International Financial Reporting Standards (IFRS) for Small and Medium Entities issued by the International Accounting Standards Board. The Securities and Exchange Commission thereon resolved to adopt *PFRS for SMEs* as part of its rules and regulations on 03 December 2009.

The preparation of financial statements in conformity with *PFRS for SMEs* requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies without involving undue cost or effort.



Functional currency

The Board of Directors considers the Philippine peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency in which the Company measures its performance and reports its results.

b) Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents includes the cash on hand (petty cash) and peso deposits held with the bank.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost, which includes all cost attributable to acquisition, is determined using the first-in, first-out method.

Prepayments and Other Current Assets

Prepaid expenses comprised of excess input value-added tax (VAT) and prepaid income tax. These are expenses that are paid on advance. These are amortized over the period it will benefit the Company.

Property, Plant and Equipment

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

When assets are sold or retired, the cost and related accumulated depreciation are eliminated from the accounts. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within other gains / (losses) – net, in the statement of income.

Fully depreciated and fully amortized assets are retained in accounts until they are no longer in use and no further change in depreciation is made with respect to those assets.



Impairment of Assets

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.


Deferred Tax Asset / Liabilities

Deferred tax, if recognized is the tax expected to be recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The carrying cost of deferred tax assets is reviewed at each statements of financial position date and is adjusted 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 assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that apply to the year when the asset is realized or the liability is settled, based on the tax rates and tax laws that are in force at statements of financial position date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

 Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss

carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Trade and other payables

Trade payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established. These are recognized initially at fair value.

Other payables include statutory obligations to various government agencies and entities. Other payables are not interest bearing and are recognized at their nominal valued less settlement payments.

Current tax liability

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statements of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result if a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of income net of any reimbursement. If the effect if the time value for money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specifically to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The company recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow



into the entity and specific criteria have been met for each of the company's activities. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Dividend income

The company recognizes dividend income at the date of declaration.

Interest income

Interest income is recognized as the interest accrues (taking into consideration the effective yield on the asset)

Borrowing Costs

All borrowing costs are recognized in profit and loss in the period in which they are incurred.

Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market

Transactions between related parties are based on terms similar to those offered to non-related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Employee Benefits

After considering the relentless turnover of employees, it's very seldom for an employee to stay for at least five (5) periods, the Company believed it impracticable to have a formal retirement plan.



The Company have opted to treat the coverage of the PAG-IBIG FUND as a substitute retirement benefit for employees covered under Republic Act (RA) 7641, The Retirement Pay Law; and if said scheme provides less than what the employee is entitled, the Company will pay the difference as it occur.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of financial statements in accordance with *PFRS for SMEs* requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and disclosure of contingent assets and liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates will be recorded in the financial statements when reasonably determinable.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowance for doubtful accounts

The Company maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance for doubtful accounts is evaluated by the management on the basis of factors that affect the collectability of the accounts. These factors include, but not limited to, the age and status of receivable, the length of relationship with the lessees, the lessees payment behavior and known market factors. The company reviews the allowance on a continuous basis. Accounts that are specifically identified as potentially uncollectible are provided with adequate allowance through charges to statement of comprehensive income in the form of provision for doubtful accounts. A provision is also established as a certain percentage of receivables not provided with specific reserves. This percentage is based on a collective assessment of historical collection, current economic trends, and changes in lessee's payment terms and other factors that may affect the Company's ability to collect payment.

Impairment of Assets

PFRS for SMEs requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property and equipment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the company to conclude that the property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and financial performance.



Allowance for probable losses

The Company provides an allowance for probable losses on input value-added-tax (VAT) based on amount recoverable from taxation authority. The allowance account is reviewed on an annual basis. An increase in the allowance for probable losses would increase the recorded expenses and decrease current assets.

Estimated useful lives of property and equipment

The useful life of each of the Company's property and equipment is estimated based on the period over which asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible; however that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets.

Deferred tax assets

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced 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 assets to be utilized. Management expects future operations will generate sufficient taxable income that will allow all or part of the deferred tax assets to be utilized.

4. CASH AND CASH EQUIVALENT

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Bank of Philippines Islands 1731-0134-26	-	12,889,131
Bank of Philippines Islands 1734-0216-75	-	71,613
Union main bank account # 002320008178	7,032,340	5,512,015
Unionbank incoming / outgoing account	-	474,503
Unionbank main account	-	368
Unionbank USD main account #132320002476	434,463	-
Citybank incoming / outgoing account	5,475,511	52,707,647
Petty Cash Fund	360,068	333,371
Total	13,302,382	71,988,648



Petty cash fund was intended for transportation expenses, periodicals, notary, gasoline and other miscellaneous expenses.

Cash equivalents, if any, are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

5. ACCOUNTS RECEIVABLES

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Accounts receivables	82,661,364	63,354,502
Allowance for bad debts	(10,387,652)	-
Other receivables	-	3,078,834
Unbilled revenue	85,749,168	-
Total	158,022,880	66,433,336

6. ADVANCES AND PREPAYMENTS

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Advance income tax AY 2020 -2021	657,875	657,875
Advance to employees	1,875,391	2,040,075
Deposit - others	34,499,962	16,881,487
Deposit – NLRC	2,260,244	1,533,084
Prepaid expenses - 2020 -2021	18,177,240	20,994,075
Prepaid tax	387,080	350,763
Total	57,857,792	42,457,359



7. PROPERTY AND EQUIPMENT

The compositions of and movements in this account follow:

	2022	Addition	Disposal	2023
At Cost:				
Leasehold equipment	70,586,194	23,272,320	-	93,858,514
Furniture and fixture	15,844,704	12,613,425	-	28,458,129
Communication equipment	59,973,968	89,651	-	60,063,619
Computer software	1,464,708	4,015,597	-	5,480,305
Computer equipment	-	46,116,860	-	46,116,860
	147,869,574	86,107,853	-	233,977,427
Accumulated Depreciation				
Leasehold equipment	53,973,493	6,145,890	-	60,119,383
Furniture and fixture	13,418,816	2,221,385	-	15,640,201
Communication equipment	43,118,519	11,009,696	-	54,128,215
Computer software	1,071,377	3,180,941	-	4,252,318
Computer equipment	-	7,493,313	-	7,493,313
	111,582,205	30,051,225	-	141,633,430
Carrying Amount	36,287,369	56,056,628	-	92,343,997

8. OTHER NON-CURRENT ASSETS

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Investment in subsidiary	521,600	521,600
Total	521,600	521,600

9. ACCOUNTS AND OTHER CURRENT LIABILITIES

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Accounts payable	9,579,630	5,230,697
SSS/PHIC/HDMF payable	10,109,266	3,173,390
Accrued 13th month pay	8,394,556	6,730,462
Accrued 14th month pay	-	2,007,208
Withholding tax on compensation	-	5,730,872
Withholding tax expanded	79,239	663,807
Accrued interest	-	10,281,277

Grant

Interest payable	-	79,369
Other payables	6,200,405	9,245,833
Current portion of long term loan	-	362,687
DGSL current account payable	4,956,249	-
Total	39,319,345	43,505,602

10. LOAN PAYABLE

The details of the account for the periods ended March 31, 2023 and 2022 are as follows:

	2023	2022
Loan payable - Datamatics	63,223,050	62,932,350
Loans payable - DGSF	13,587,500	30,792,000
Total	76,810,550	93,724,350

11. OTHER NONCURRENT LIABILITY

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Unearned Revenue	14,324,420	30,997,690
Refundable Deposits to Client	4,458,001	7,515,650
Total	18,782,421	38,513,340

12. RETAINED EARNINGS

The details of the account for the periods ended March 31, 2023 and 2022 are as follows:

	2023	2022
Balance at April 1	31,640,024	30,474,389
Net profit	145,191,316	1,122,057
Prior period adjustment	-	43,578
Balance at March 31	176,831,340	31,640,024



13. REVENUE

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Revenue - reimbursement	35,818,739	84,582,797
Revenue - managed service	143,953,246	54,141,511
Revenue - SLP service	782,194,628	664,895,375
Revenue - SL service	-	17,169,250
Other admin costs - billable	(27,152,413)	(77,948,614)
Travel fare - local billable	-	(90,000)
Incentives, bonuses, and allowances - billable	(3,022,609)	(4,764,673)
Commission on sales	(175,357)	(6,661,429)
Statutory contributions - billable	(530,753)	(693,628)
Total	931,085,481	730,630,589

14. DIRECT COSTS

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Salaries and wages	428,673,564	402,053,852
13th and 14th month pay	35,583,076	37,182,486
Incentives	27,854,962	29,828,552
Allowance	103,772,520	76,305,289
SSS/PHIC/HDMF contribution	36,725,263	30,814,645
Communication, light and water	22,071,977	19,818,530
Total	654,681,362	596,003,354

15. OTHER INCOME

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Interest income	25,321	13,725
Miscellaneous	3,266,121	977,473
Forex gain (loss)	1,590,708	2,609,678
Total	4,882,150	3,600,876

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16. OPERATING EXPENSES

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Stipend - training expenses	1,206,944	6,065,997
Staff welfare expenses	7,522,702	3,367,995
Employee business expenses	2,159,458	4,066,473
Employee team picnic	502,690	221,700
Insurance - mediclaim	14,394,522	17,288,801
Hotel stay charges - local	275,417	468,860
Travel visa- frgn	875,926	315,000
Rent office	41,845,656	37,743,467
Rent equipment	187,722	2,634,302
Postage, telegram and courier	135,871	58,899
Legal fees	22,500	79,700
Professional fees - other	1,043,944	1,159,385
Director fees	540,000	165,000
Recruitment expenses	3,623,329	1,107,871
Remuneration to statutory auditors	-	13,750
Security charges	3,767,763	4,091,589
Repairs and maintenance - admin	1,300,627	1,274,426
Insurance - others	810,981	740,469
House keeping expenses	1,537,934	1,358,882
Supplies	1,467,554	1,067,726
Local bank charges	498,336	346,932
Transportation and forwarding	177,788	1,018,199
Rates and taxes	2,344,421	1,893,973
Bad debts written off	(1,199,999)	3,029,390
Depreciation - computer equipment	7,493,313	14,102,259
Depreciation - leasehold improvement	6,145,890	10,174,948
Depreciation - furniture and fittings	2,221,385	3,198,245
Depreciation - computer software	3,184,140	585,071
Depreciation - communication equipment	11,009,696	-
Marketing and advertising	429,489	-
Team snacks, lunch and dinner	764,445	-
Travel fare - frgn	467,451	-
Trav per diem - frgn	750,794	-
Total	117,508,689	117,639,309



17. FINANCE COST

The details of the account for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Interest expense	5,543,862	3,665,179
Total	5,543,862	3,665,179

18. OTHER EXPENSES

The details of the account for the periods ended March 31, 2023 and 2022 are as follows:

	2023	2022
Sundry Cr Bal W/Back	-	885,194
Provision for doubtful account	10,387,652	14,916,373
Revaluation gain/loss - forex	62,051	-
Revaluation gain/loss - others	2,592,700	-
Total	13,042,403	15,801,567

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no subsequent events that occurred between the balance sheet date and the date when the financial statements were authorized for issue.

