

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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C	O	R	P	.																									

Principal Office (No./Street/Barangay/City/Town)Province)

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Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

	N	A	
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number/s

812-1723

Mobile Number

N/A

No. of Stockholders

6

Annual Meeting
Month/Day

3rd Monday of September

Fiscal Year
Month/Day

March 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Reynato M. Directo

Email Address

reynatodirecto@bdplaw.com.ph

Telephone Number/s

812-1723

Mobile Number

N/A

Contact Person's Address

1807 Cityland Condominium 10 Tower 1, H.V. Dela Costa St., Barangay Bel-Air, Ayala Avenue, Makati City
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Note : 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/ or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Datamatics Global Services Corp.

Unit 1807 Cityland Condominium 10 - Tower 1,
6815 Ayala Avenue Cor., H.V. Dela Costa St,
Makati City, Philippines - 1200,

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR SEPARATE FINANCIAL STATEMENTS**

The Management of **DATAMATICS GLOBAL SERVICES CORP.** is responsible for the preparation and fair presentation of the separate financial statements for the years ended March 31, 2019 and 2018, in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities, and for such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements and submits the same to the stockholders.

Mangay-Ayam, Lim & Co. CPA'S, the independent auditor appointed by the stockholders, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

SANDEEP MANTRI
Chairman of the Board

REYNATO M. DIRECTO
Treasurer

NAVIN GUPTA
President

Signed this 7th day of May 2019.



INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders

DATAMATICS GLOBAL SERVICES CORP.

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

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 separate statements of financial position as at March 31, 2019 and 2018, and the separate statements of income and deficit, and separate statements of cash flows for the periods 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, 2019 and 2018, and its financial performance and its cash flows for the periods then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

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

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

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management

either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 on taxes and licenses in the notes to financial statements is presented for purposes of filing with Bureau of Internal Revenue and is not a required part 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 and, in our opinion, 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 September 15, 2021

SEC Accreditation No. 0374-F (Group B) - valid until December 17, 2021

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

SEC Accreditation No. 1731-A (Group B) - valid until December 17, 2021

BIR AN: 08-001698-002-2018 - valid until February 12, 2021

TIN 123-447-203

PTR No. MKT7345428, January 9, 2019, Makati City

Makati City, Philippines

May 7, 2019



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. U.S.A.)
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, 2019 and 2018 on which we have rendered the attached report dated May 7, 2019.

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

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RODRIGO M. MANGAY-AYAM

Partner

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BIR AN: 08-001698-002-2018 - valid until February 12, 2021

TIN 123-447-203

PTR No. MKT7345428, January 9, 2019, Makati City

Makati City, Philippines
May 7, 2019

DATAMATICS GLOBAL SERVICES CORP.*(A Wholly-owned Subsidiary of Datamatics Global Services Inc. - U.S.A.)***SEPARATE STATEMENTS OF FINANCIAL POSITION**

March 31, 2019 and 2018

(In Philippine Peso)

	NOTES	2019	2018
A S S E T S			
Current Assets			
Cash	7	2,325,793	7,947,821
Advances to related parties	11	86,495,145	316,400
Interest receivable	11	5,034,633	-
Other current assets	8	377,245	320,062
		94,232,816	8,584,283
Non-current Assets			
Investment in a subsidiary	9	2,633,816	-
Deferred tax asset — net	17	-	559,267
		2,633,816	559,267
TOTAL ASSETS		96,866,632	9,143,550
LIABILITIES AND STOCKHOLDERS' EQUITY			
LI A B I L I T I E S			
Current Liabilities			
Accrued and other payables	10	784,292	65,879
Advances from a related party	11	83,891,600	362,687
Interest payable	11	3,953,524	-
Income tax payable		609,046	-
		89,238,462	428,566
Non-current Liability			
Deferred tax liability — net	17	40,301	-
TOTAL LIABILITIES		89,278,763	428,566
S T O C K H O L D E R S ' E Q U I T Y			
Capital Stock	12	10,000,000	10,000,000
Deficit		(2,412,131)	(1,285,016)
TOTAL STOCKHOLDERS' EQUITY		7,587,869	8,714,984
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		96,866,632	9,143,550

(See Notes to Separate Financial Statements)

DATAMATICS GLOBAL SERVICES CORP.**(A Wholly-owned Subsidiary of Datamatics Global Services Inc. - U.S.A.)****SEPARATE STATEMENTS OF INCOME AND DEFICIT**

For the Years Ended March 31, 2019 and 2018

(In Philippine Peso)

	NOTES	2019	2018
EXPENSES			
Professional fees	13	957,252	1,238,820
Directors' fees	13	180,000	195,000
Insurance	13	95,986	125,953
Taxes and licenses	13	500	16,496
Rent	13	-	107,250
Supplies	13	-	700
Miscellaneous	13	69,622	393
LOSS		1,303,360	1,684,612
FINANCE INCOME	7,11	5,040,943	19,939
FINANCE COST	11	3,953,524	-
FOREIGN EXCHANGE GAINS – net	14	297,440	-
PROFIT (LOSS) BEFORE TAX		81,499	(1,664,673)
INCOME TAX EXPENSE (BENEFIT)	16	1,208,614	(505,384)
LOSS		(1,127,115)	(1,159,289)
DEFICIT AT THE BEGINNING OF THE YEAR		(1,285,016)	(125,727)
DEFICIT AT THE END OF THE YEAR		(2,412,131)	(1,285,016)

(See Notes to Separate Financial Statements)

DATAMATICS GLOBAL SERVICES CORP.***(A Wholly-owned Subsidiary of Datamatics Global Services Inc. - U.S.A.)*****SEPARATE STATEMENTS OF CASH FLOWS**

For the Years Ended March 31, 2019 and 2018

(In Philippine Peso)

	NOTES	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (Loss) before tax		81,499	(1,664,673)
Adjustments for:			
Finance cost	11	3,953,524	-
Finance income from bank deposits	7	(6,310)	(19,939)
Unrealized foreign exchange gains — net	14	(134,337)	-
Finance income from loans	11	(5,034,633)	-
Operating cash flows before changes in working capital		(1,140,257)	(1,684,612)
Increase in other current assets		(57,183)	(524,592)
Increase in accrued and other payables		718,413	34,999
Net cash used in operating activities		(479,027)	(2,174,205)
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received	7	6,310	19,939
Acquisition of investment in a subsidiary	9	(2,633,816)	-
Advances granted to a subsidiary	11	(86,420,145)	-
Net cash from (used in) investing activities		(89,047,651)	19,939
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from a related party	11	83,528,913	76,483
Payment received from related parties	11	241,400	-
Net cash from financing activities		83,770,313	76,483
EFFECTS OF FOREIGN EXCHANGE RATE			
CHANGES ON CASH	14	134,337	-
NET DECREASE IN CASH		(5,622,028)	(2,077,783)
CASH AT BEGINNING OF YEAR		7,947,821	10,025,604
CASH AT END OF YEAR		2,325,793	7,947,821

(See Notes to Separate Financial Statements)

DATAMATICS GLOBAL SERVICES CORP.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS

March 31, 2019 and 2018

(All amounts given are shown in Philippine Peso unless otherwise stated)

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

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 primary purpose for which the Company was organized 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 reporting date, the Company has not yet started its commercial operations.

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 St., Barangay Bel-Air, Ayala Avenue, Makati City.

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

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

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

An entity has public accountability if:

- it files, or it is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. 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 P3 Million and P350 Million or total liabilities of between P3 Million and P250 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.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF SEPARATE FINANCIAL STATEMENTS

3.01 Statement of Compliance

These separate 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 separate financial statements of the Company are measured using Philippine Peso (P), the currency of the primary economic environment in which the Company operates (the "functional currency").

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

3.03 Basis of Preparation

The reporting date of the separate financial statements of the Company and its subsidiary is March 31 and December 31, respectively. These separate financial statements are based from the Company's own transactions, exclusive of transactions of the Company's subsidiary. The latter's transactions will be used in the preparation of the consolidated financial statements, which will likewise be available for public use.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.01 Financial Assets

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

4.01.01 Basic Financial Assets

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

The Company's basic financial assets as presented in the separate statements of financial position include cash, security deposit presented under 'other current assets,' advances to a subsidiary under 'advances to related parties' and interest receivable.

4.01.02 Cash

Cash pertains to 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.

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.

4.02 Other Current Assets

4.02.01 Input VAT

Input VAT is recognized when the Company pays all vatable transactions. This is initially recorded as an asset and measured at the amount of cash paid. Subsequently, this may be offset against output VAT.

4.02.02 Advances to Suppliers

Advances to suppliers are recognized when the Company paid in advance reputable suppliers for goods or services about to be delivered or rendered. They are already paid but not yet incurred. This is initially measured at cost and subsequently recognized as expense or asset upon delivery of goods or completion of service.

4.03 Investment in a Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity known as parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in a subsidiary is accounted under the cost method. Under the cost method, the Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost or recognizes any resulting difference as a gain or loss in profit or loss attributable to the Company.

4.04 Impairment of Assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

4.05 Financial Liabilities and Equity Instruments

4.05.01 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.

4.05.02 Financial Liabilities

The Company shall recognize a financial liability only when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at the transaction price including transaction costs.

Financial liabilities are classified either at FVTPL or at amortized cost.

4.05.03 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.

The Company's financial liabilities at amortized cost as presented in the separate statements of financial position include accrued expenses under 'accrued and other payables,' advances from a related party and interest payable.

4.05.04 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.

4.05.05 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 transaction costs.

Ordinary shares are classified as equity.

4.06 Employee Benefits

4.06.01 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. As of reporting period, the Company has no employees. The short-term benefits that may be given to the future employees of the Company include, but not limited to, salaries and allowances, SSS, Philhealth and HDMF contributions.

4.07 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.

4.08 Revenue Recognition

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

4.08.01 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.09 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 separate statements of income and deficit 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.

4.10 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.

4.10.01 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.

4.11 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Company that is preparing its financial statements. A person or a close member of that person's family is related to 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).
- Management entity providing key management personnel services to a reporting entity.

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

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

4.12 Foreign Currency Transactions

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

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

4.13 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.

An entity shall offset current tax assets and current tax liabilities, or offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off the amounts and the entity can demonstrate without undue cost or effort that it plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.14 Events after the Reporting Period

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

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of the Company's accounting policies, which are disclosed in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the 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 the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgment in Applying Accounting Policies

Below is a critical judgment, apart from those involving estimations, that Management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

5.01.01 Assessment of Control

The Company determines whether an entity qualifies as a subsidiary when it has control over an entity. The Company controls an entity when it has the power to govern the financial and operating policies of an entity so as to obtain benefits from activities. In making its judgments, the Company considers all facts and circumstances when assessing control over an investee.

The Company, having seventy-five percent (75%) ownership and voting interest, assessed that it has control since it has the power to govern the financial and operating policies of an entity so as to obtain benefits from activities. As of March 31, 2019 and 2018, the carrying amount of the investment in a subsidiary is P2,633,816 and nil, respectively, as disclosed in Note 9.

5.02 Key Source of Estimation Uncertainties

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

5.02.01 Asset Impairment

Determining the fair value of other current assets (except security deposit) and investment in a subsidiary, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the separate financial statements. Future events could cause the Company to conclude that other current assets (except security deposit) and investment in a subsidiary are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

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

In both years, Management believes that no impairment had existed on its other current assets (except security deposit) and investment in subsidiary. As of March 31, 2019 and 2018, the aggregate carrying amounts of the aforementioned assets amounted to P3,011,061 and P284,312, respectively, as disclosed in Notes 8 and 9.

5.02.02 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 periods, 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, 2019 and 2018, the carrying amounts of the Company's deferred tax asset from NOLCO amounted to nil and P559,267, respectively, as disclosed in Note 17.

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of:

	2019	2018
Financial Assets:		
Financial assets measured at amortized cost less impairment (Notes 7, 8 and 11)	93,780,571	7,983,571
Financial Liabilities:		
Financial liabilities measured at amortized cost (Notes 10 and 11)	88,610,213	428,566

Financial assets measured at amortized cost less impairment pertains to cash, security deposit, advances to a subsidiary and interest receivable.

Financial liabilities measured at amortized cost includes accrued expenses, advances from a related party and interest payable.

7. CASH

For the purpose of the separate statements of cash flows, cash pertains to cash in bank amounting to P2,325,793 and P7,947,821 as of March 31, 2019 and 2018, respectively. Cash in bank earns interest based on bank daily floating rates. Finance income earned amounted to P6,310 and P19,939 for the years ended March 31, 2019 and 2018, respectively.

In 2019 and 2018, the Company recognized realized foreign exchange gain amounting to P163,103 and nil, respectively, as disclosed in Note 14.

In 2019 and 2018, the Company also recognized net unrealized foreign exchange gain amounting to P134,337 and nil, respectively, as disclosed in Note 14.

8. OTHER CURRENT ASSETS

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

	2019	2018
Input VAT	265,375	172,442
Advances to suppliers	111,870	111,870
Security deposit (Note 15)	-	35,750
	377,245	320,062

9. INVESTMENT IN A SUBSIDIARY

On April 2018, the Company acquired investment in a subsidiary amounting to P2,633,816, which is fully paid upon acquisition. This represents seventy-five percent (75%) of the outstanding shares of stocks of RJ Globus Solutions, Inc. (RGSi), a Corporation duly organized and existing under the laws of the Philippines on which its primary purpose is to engage in inbound and outbound and data processing and call center and Business Process Outsourcing (BPO) services.

10. ACCRUED AND OTHER PAYABLES

The components of the account are as follows:

	2019	2018
Accrued expenses	765,089	65,879
Advances from suppliers	17,203	-
Due to government agencies	2,000	-
	784,292	65,879

Accrued expenses pertain to accrual of professional fees.

11. RELATED PARTY TRANSACTIONS

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

Related parties	Nature of Relationship
Datamatics Global Services Inc. (DGSi)	Parent
RJ Globus Solutions, Inc. (RGSi)	Subsidiary
Stockholders and Directors	Key management personnel

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

11.01 Advances to Related Parties

Balances of advances to related parties presented in the separate statements of financial position are summarized per category as follows:

	2019	2018
Subsidiary	86,420,145	-
Key management personnel	75,000	316,400
	86,495,145	316,400

11.01.01 Subsidiary

Transactions with a subsidiary is detailed as follows:

	2019		2018	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balance
RGSi				
Advances	86,420,145	86,420,145	-	-
Interest	5,034,633	5,034,633	-	-

Advances pertain to amounts extended by the Company to its related party mainly for the latter's working capital requirements.

The advances are collectible on notice of demand or on the termination of the loan. No guarantees have been received. No provisions have been made for doubtful accounts in respect of the amounts owed by the related party.

Interest on these advances is equal to London Interbank Offered Rate (LIBOR) plus 3.5% per annum and payable at the payment or termination of the loan. The interest on the advances are yet to be received at the end of the reporting period.

11.01.02 Key Management Personnel

Transactions with key management personnel are detailed as follows:

	March 31, 2019		March 31, 2018	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balances
Stockholders				
Advances	-	75,000	-	275,000
Directors				
Advances	-	-	-	41,400
	-	75,000	-	316,400

Advances to stockholders pertains to amount given by the Company subject for liquidation and reimbursement.

Advances to directors pertains to an overpayment of directors fee which will be applied for succeeding period.

Transactions with key management personnel are non-interest bearing, unsecured and will be settled through liquidation or by application to succeeding period. No guarantees have been received. No provisions have been made for doubtful accounts in respect of the amounts owed by the related parties.

In 2019 and 2018, payment received amounted to P241,400 and nil, respectively.

11.02 Advances from a Related Party

Transactions with parent is detailed as follows:

	March 31, 2019		March 31, 2018	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balances
DGSI				
Advances	83,528,913	83,891,600	76,483	362,687
Interest	3,953,524	3,953,524	-	-

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

The advances are payable on notice of demand or on the termination of the loan. No guarantees have been given in respect of the amount owed to a related party.

Interest on these advances is equal to London Interbank Offered Rate (LIBOR) plus 3.0% per annum and payable at the payment or termination of the loan. The interest on advances are still payable at the end of the reporting period.

11.03 Remuneration of Key Management Personnel

For the years ended March 31, 2019 and 2018, the Company provided remuneration to its key management personnel amounting to P180,000 and P195,000, respectively.

12. CAPITAL STOCK

The capital stock of the Company is as follows:

	2019		2018	
	Shares	Amount	Shares	Amount
Authorized:				
P100 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.

13. EXPENSES

The account is composed of the following:

	2019	2018
Professional fees	957,252	1,238,820
Directors' fees	180,000	195,000
Insurance	95,986	125,953
Taxes and licenses	500	16,496
Rent	-	107,250
Supplies	-	700
Miscellaneous	69,622	393
	1,303,360	1,684,612

14. FOREIGN EXCHANGE GAINS – net

Components of foreign exchange gain on cash, as disclosed in Note 7, are as follows:

	2019	2018
Realized foreign exchange gain	163,103	-
Unrealized foreign exchange gain – net	134,337	-
	297,440	-

15. OPERATING LEASE AGREEMENTS

15.01 The Company as a Lessee

15.01.01 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, 2019 and 2018, the security deposits pertaining to this lease amounted to nil and ₱35,750, respectively, as disclosed in Note 8.

The lease contract was no longer renewed after its expiration on February 28, 2018.

16. INCOME TAXES

16.01 Income Tax Recognized in Profit or Loss

Components of income tax expense (benefit) are as follows:

	2019	2018
Current tax expense	609,046	-
Deferred tax expense (benefit)	599,568	(505,384)
	1,208,614	(505,384)

A numerical reconciliation between tax expense (benefit) and the product of accounting profit (loss) multiplied by the tax rate in 2019 and 2018 is as follows:

	2019	2018
Accounting profit (loss)	81,499	(1,664,673)
Tax benefit at 30%	24,450	(499,402)
Tax effects of:		
Non-deductible finance cost	1,186,057	-
Finance income subjected to final tax	(1,893)	(5,982)
	1,208,614	(505,384)

Details of NOLCO are as follows:

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

17. DEFERRED TAXES

The breakdown of deferred taxes as presented in the separate statements of financial position is as follows:

	2019	2018
Deferred tax asset (Note 17.01)	-	559,267
Deferred tax liability (Note 17.02)	(40,301)	-
	(40,301)	559,267

17.01 Deferred Tax Asset

The movements of the Company's deferred tax asset from NOLCO are as follows:

Balance, April 1, 2017	53,883
Recognized in profit or loss	505,384
Balance, March 31, 2018	559,267
Recognized in profit or loss	(559,267)
Balance, March 31, 2019	-

17.02 Deferred Tax Liability

The Company's deferred tax liability amounting to P40,301 and nil as of March 31, 2019 and 2018, respectively, pertains to future taxable income from unrealized foreign exchange gain on dollar-denominated cash in bank.

18. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

These separate financial statements were approved and authorized for issuance by the Board of Directors on May 7, 2019.

19. RECLASSIFICATIONS OF COMPARATIVE AMOUNTS

Certain amounts in the comparative separate financial statements and note disclosures have been reclassified to conform to the current year's presentation.

Current Year Classification	Previous Year Classification	Amounts
Advances to related parties	Prepayments and other current assets	
Advances to related parties	Advances to stockholders	275,000
Advances to related parties	Prepayments and other current assets	
Advances to related parties	Advances to directors	41,400

Management opted to reclassify the aforementioned accounts in order to properly present advances granted to related parties in the Company's separate financial statements.

Management believes that the above reclassifications resulted to a better presentation of accounts and did not have any impact on prior year's profit or loss and cash flows.

20. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION 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:

20.01 Taxes and Licenses Paid or Accrued

The details of the Company's taxes and licenses fees paid or accrued in 2019 are as follows:

20.01.01 Input VAT

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

Balance, March 31, 2018	172,442
Current year's domestic purchases/payments for: Services lodged under other accounts	92,933
Total available input VAT	265,375
Applied against output VAT	-
Balance, March 31, 2019	265,375

20.01.02 Other Taxes and Licenses

The Company's other taxes and licenses paid during the year amounted to P500 pertaining to annual registration fee of the Company.

20.01.03 Withholding Taxes

The Company's withholding taxes paid or accrued during the year for professional fees and directors' fees amounted to P33,000.

21. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION 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:

21.01 Non-operating and Taxable Other Income

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

Finance income from loan	5,034,633
Realized foreign exchange gain	163,103
	5,197,736

21.02 Itemized Deductions

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

Professional fees	957,252
Directors' fees	180,000
Insurance	95,986
Taxes and licenses	500
Miscellaneous	69,622
	1,303,360

21.03 Application of NOLCO

The Company applied P1,864,222 of Net Operating Loss Carry-Over incurred in previous years against taxable income in current year.