

**RJ GLOBUS SOLUTIONS INC.**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2018

*(With Comparative Figures as of December 31, 2017)*

(In Philippine Peso)

	NOTES	2018	2017
<b>A S S E T S</b>			
<b>Current Assets</b>			
Cash	7	5,526,490	127,648
Trade and other receivables	8	20,332,203	11,883,031
Due from related parties	15	26,897,765	16,234,143
Prepayments and other current assets	9	3,970,856	1,501,187
		<b>56,727,314</b>	<b>29,746,009</b>
<b>Non-current Assets</b>			
Property and equipment – net	10	47,827,016	35,035,018
Computer software – net	11	33,537	10,083
Other non-current assets	12	13,536,695	13,111,125
Deferred tax assets – net	25	484,384	900,939
		<b>61,881,632</b>	<b>49,057,165</b>
<b>TOTAL ASSETS</b>		<b>118,608,946</b>	<b>78,803,174</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>L I A B I L I T I E S</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	26,691,135	31,341,634
Loans payable	15	84,358,400	-
Income tax payable	24	739,916	652,666
		<b>111,789,451</b>	<b>31,994,300</b>
<b>Non-current Liabilities</b>			
Loans payable – net of current portion	15	-	49,431,941
Refundable deposits	14	5,676,968	-
		<b>5,676,968</b>	<b>49,431,941</b>
<b>TOTAL LIABILITIES</b>		<b>117,466,419</b>	<b>81,426,241</b>
<b>S T O C K H O L D E R S ' E Q U I T Y</b>			
Capital Stock	16	250,000	250,000
Retained Earnings (Deficit)		892,527	(2,873,067)
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>1,142,527</b>	<b>(2,623,067)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>118,608,946</b>	<b>78,803,174</b>

(See Notes to Financial Statements)

**RJ GLOBUS SOLUTIONS INC.**  
**STATEMENT OF INCOME**

For the Year Ended December 31, 2018

*(With Comparative Figures for the Year December 31, 2017)*

(In Philippine Peso)

	NOTES	2018	2017
<b>REVENUE</b>	17	<b>275,643,379</b>	201,715,779
<b>COST OF SERVICES</b>	18	<b>214,050,815</b>	165,989,603
<b>GROSS PROFIT</b>		<b>61,592,564</b>	35,726,176
<b>OTHER INCOME</b>	19	<b>1,654,075</b>	256,661
		<b>63,246,639</b>	35,982,837
<b>OPERATING EXPENSES</b>	20	<b>37,482,875</b>	13,172,822
<b>FINANCE COSTS</b>	15	<b>19,597,868</b>	24,386,887
<b>OTHER EXPENSES</b>	21	<b>896,764</b>	898,807
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>5,269,132</b>	(2,475,679)
<b>INCOME TAX</b>	24	<b>1,503,538</b>	165
<b>PROFIT (LOSS)</b>		<b>3,765,594</b>	(2,475,844)

(See Notes to Financial Statements)

**RJ GLOBUS SOLUTIONS INC.**  
**STATEMENT OF CHANGES IN EQUITY**

For the Year Ended December 31, 2018

*(With Comparative Figures for the Year December 31, 2017)*

(In Philippine Peso)

	<b>Capital Stock</b>	<b>Retained Earnings (Deficit)</b>	<b>Total</b>
Balance at January 1, 2017	250,000	(397,223)	<b>(147,223)</b>
Loss		(2,475,844)	<b>(2,475,844)</b>
<b>Balance at December 31, 2017</b>	<b>250,000</b>	<b>(2,873,067)</b>	<b>(2,623,067)</b>
Profit		3,765,594	<b>3,765,594</b>
<b>Balance at December 31, 2018</b>	<b>250,000</b>	<b>892,527</b>	<b>1,142,527</b>

(See Notes to Financial Statements)

**RJ GLOBUS SOLUTIONS INC.**  
**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2018

*(With Comparative Figures for the Year December 31, 2017)*

(In Philippine Peso)

	NOTES	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (Loss) before tax		5,269,132	(2,475,679)
Adjustments for:			
Finance cost	15	19,597,868	24,386,887
Depreciation	10,18	16,638,494	14,838,204
Loss on assets written off	8,9,21	736,614	464,600
Amortization	11	16,583	-
Finance income	7,19	(4,092)	(859)
Unrealized foreign exchange gain – net	15,19	(1,649,259)	-
Operating cash flows before changes in working capital		40,605,340	37,213,153
Decrease:			
Trade and other receivables		(9,185,787)	(27,247,851)
Prepayments and other current assets		(2,469,669)	824,407
Other non-current assets		(425,570)	(6,396,969)
Increase (Decrease) in operating liabilities:			
Trade and other payables		(8,452,953)	9,808,542
Refundable deposits		5,676,968	-
Cash generated from operations		25,748,329	14,201,282
Income tax paid		(999,733)	(652,667)
Net cash from operating activities		24,748,596	13,548,615
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Finance income received	7,19	4,092	859
Additions to computer software	11	(40,037)	-
Additions to property and equipment	10	(29,430,492)	(16,667,710)
Net cash used in investing activities		(29,466,436)	(16,666,851)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of loans	15	86,008,383	35,403,808
Advances granted to related party	15	(10,663,622)	(8,001,047)
Finance cost paid	15	(15,795,413)	(24,386,887)
Payments of loan	15	(49,431,941)	-
Net cash from financing activities		10,117,407	3,015,874
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH</b>			
	7	(724)	-
NET INCREASE (DECREASE) IN CASH		5,398,842	(102,362)
CASH AT BEGINNING OF THE YEAR		127,648	230,010
CASH AT END OF THE YEAR		5,526,490	127,648

(See Notes to Financial Statements)

# **RJ GLOBUS SOLUTIONS INC.**

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2018

*(With Comparative Figures as of and for the Year Ended December 31, 2017)*

### **1. CORPORATE INFORMATION**

RJ Globus Solutions Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 30, 2012. The principal activity of the Company is to engage in call center and BPO services, inbound and outbound and data processing.

The Company was registered with Philippine Economic Zone Authority (PEZA) on February 14, 2018 with Registration Certificate No. 18-019 as Ecozone IT Enterprise at the Rockwell Business Center to engage in call center.

As a PEZA-registered entity, the Company has the following incentives:

- The Company shall be entitled to the five percent (5%) gross income tax incentive;
- Tax and duty-free importation of merchandise, which includes raw materials, capital requirement, machinery and spare parts;
- Exemption from wharfage dues and export tax, impost or fees;
- VAT zero-rating of local purchases subject to compliance with BIR and PEZA requirements; and
- Exemption from payment of any and local government imposts, fees, licenses or taxes except real estate tax; however, machinery installed and operated in the ecozone for manufacturing, processing or for industrial purposes shall not be subject to payment of real estate taxes for the first three (3) years of operation of such machinery; production equipment not attached to real estate shall be exempt from real property taxes.

The Company is 74.84% owned by Datamatics Global Services, Corp., a domestic corporation, and 25.04% and 0.12% owned by Indian and Filipino individuals, respectively.

The Company's registered office address is located at 2nd Floor Paragon Plaza, EDSA corner Reliance St. Brgy. Highway Hills, Mandaluyong City.

The Company is currently operating in three (3) locations: 3rd Floor Tower 1 Rockwell Business Center, Blk. 4 Meralco Compound, Ortigas Avenue, Pasig City; 8th and 9th Floor Hanston Building F. Ortigas Jr. Road, Ortigas Center Pasig City and 29th Floor One Corporate Center J. Vargas cor. Meralco Avenue, Ortigas Center, Pasig City.

#### **1.01 Share Purchase Agreement**

The Company's existing stockholders and Datamatics Global Services, Corp. (DGSC) entered into a Share Purchase Agreement on April 6, 2018 wherein the latter has agreed to acquire one hundred percent (100%) shares of the Company on such terms and conditions mutually agreed between by the parties. During the year, around seventy five percent (75%) shareholdings of the existing shareholders are already acquired by DGSC resulting to gaining control over the operations of the Company.

## **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 would meet this second criterion.

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 FINANCIAL STATEMENTS**

### **3.01 Statements 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 assets as presented in the statement of financial position comprise of cash, trade and other receivables, due from related parties and security deposits presented under "other non-current assets".

###### **4.01.02 Cash**

Cash includes cash on hand and in banks. Cash on hand is stated at face value while cash deposits held at call with bank that are subject to insignificant risk of change in value shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

###### **4.01.03 Receivables**

Receivables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

###### **4.01.04 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.

#### 4.01.05 Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset (or a group of financial assets) 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.

#### 4.01.06 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.

The Company assesses impairment either individually or grouped on the basis of similar credit risk characteristics.

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.

#### 4.01.07 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 Prepayments and Other Current and Non-current Assets**

#### 4.02.01 Prepayments

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

#### 4.02.02 Advances to Officers and Employees

Advances to officers and employees are initially recorded as asset measured at the amount of cash paid and subsequently reclassified to a particular expense or asset account to which the related cash advance was disbursed.

#### 4.02.03 Input VAT – net

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

#### 4.02.03 Advance Rental

Advance rental is recognized when the Company pays rent in advance. This is initially recorded as non-current asset and measured at the amount of cash paid. Subsequently, this is reclassified to rent expense after the month in which it is intended for.

### **4.03 Property and Equipment**

Property and equipment is stated initially at cost including expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized regardless of whether the replaced parts had been depreciated separately. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Furniture and fixture	5 years
Communication equipment	5 years

Leasehold improvements are depreciated over the shorter between the improvements' useful life of four (4) years or the lease term.

Property and equipment's residual values, useful lives and depreciation method are reviewed, and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Property and equipment's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, as discussed in Note 4.05.

#### **4.04 Computer Software**

Intangible asset acquired separately is initially carried at cost. Subsequently, intangible asset with definite useful lives is carried at cost less accumulated amortization and accumulated impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five (5) years.

Intangible asset's residual values, useful lives and amortization methods are reviewed and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date.

An item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, as discussed in Note 4.05.

#### **4.05 Impairment of Assets**

At each reporting date, the Company assesses whether there is any indication that any assets other than deferred tax assets and basic financial 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 other than goodwill 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.

#### **4.06 Borrowing Costs**

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### **4.07 Financial Liabilities and Equity Instruments**

##### **4.07.01 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.

##### **4.07.02 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.

#### 4.07.03 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 include trade and other payables (excluding due to government agencies and unearned revenue), loans payable and refundable deposits.

#### 4.07.04 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.

#### 4.07.05 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.

### **4.08 Employee Benefits**

#### 4.08.01 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. Short-term benefits given by the Company to its employees include salaries and wages, 13<sup>th</sup> month and other bonuses, allowances and other de-minimis benefits and SSS, PHIC and HDMF contributions.

### **4.09 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.

#### **4.10 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 services provided in the normal course of business. Revenue is reduced for estimated customer returns.

##### **4.10.01 Rendering of Services**

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Revenue from rendering of services is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the stage of completion of the transaction can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Rendering of services encompasses call center in bound and out bound selling services.

##### **4.10.02 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.

#### **4.11 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.

#### **4.12 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.

##### **4.12.01 The Company as a 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.

#### **4.13 Foreign Currency Transactions**

In preparing the financial statement 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.

#### **4.14 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.

#### **4.15 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 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.

#### **4.16 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's 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.

### **5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES**

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.

#### **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 entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

##### **5.01.01 Distinction Between Operating and Finance Leases**

The Company determines whether a lease is finance or operating. In making its judgments, the company considers whether the lease transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risk and rewards incidental to ownership. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

In both years, there were no lease agreements classified as finance lease.

Accordingly, the rental expense recognized from operating leases amounted to ₱36,095,500 and ₱29,925,580 in 2018 and 2017, respectively, as disclosed in Notes 18 and 23.



## 5.02. Key Sources of Estimation Uncertainties

### 5.02.01 Estimating Allowances for Doubtful Accounts

The Company estimates the allowance for doubtful accounts related to its trade and other receivables and due from related parties based on assessment of specific accounts where the Company has information that certain counterparties are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on third party credit reports and known market factors. The Company used judgment to record specific allowance for counterparties against amounts due to reduce the expected collectible amounts. These specific allowances are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

In 2017, Management believes that the collectability of its trade and other receivables is certain, thus, no provisions for doubtful accounts were recognized. However, in 2018, the Company wrote-off trade receivables amounting to ₱395,281 due to high uncertainty of collection, as disclosed in Note 21. In both years, Management believes that the collectability of its due from related parties is certain, thus, no provisions for doubtful accounts were recognized. As of December 31, 2018 and 2017, the Company's aggregate carrying value of aforementioned assets amounted to ₱47,229,968 and ₱28,117,174, respectively, as disclosed in Notes 8 and 15.

### 5.02.02 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Company's property and equipment are reviewed, and adjusted prospectively, if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Company's property and equipment are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of the property and equipment, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets. The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits.

If there is an indication that there has been a significant change in the pattern used by which the Company expects to consume an asset's future economic benefits, the Company shall review its present depreciation method and, if current expectations differ, it shall change the depreciation method to reflect the new pattern.

In both years, Management assessed that there were no changes from the previous estimates since the last annual reporting period. As of December 31, 2018 and 2017, the carrying amount of property and equipment amounted ₱47,827,016 and ₱35,035,018, respectively, as disclosed in Note 10.

#### 5.02.03 Reviewing Residual Value, Useful Life and Amortization Method of Computer Software

The residual value, useful life and amortization method of the Company's computer software are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when computer software is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by management. Amortization ceases when the asset is derecognized. The Company uses a straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the asset's future economic benefits.

In both years, Management assessed that there were no changes from the previous estimates since the last annual reporting period. As of December 31, 2018 and 2017, the carrying amount of computer software amounted ₱33,537 and ₱10,083, respectively, as disclosed in Note 11.

#### 5.02.04 Asset Impairment

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of prepayments and other current assets, property and equipment, computer software and advance rental presented under other non-current assets, 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 financial statements. Future events could cause the Company to conclude that prepayments and other current assets, property and equipment, computer software and advance rental presented under other non-current assets 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 assessed that no impairment indicators exist on its property and equipment, computer software and advance rental presented under other non-current assets. In 2018 and 2017, the Company wrote-off advances to officers and employees presented under prepayments and other current assets amounting to ₱341,333 and ₱434,600, respectively due to high uncertainty that these amounts are liquidated, as disclosed in Notes 9 and 21. As of December 31, 2018 and 2017, the aggregate carrying amounts of the aforementioned assets amounted to ₱56,761,032 and ₱41,331,743, respectively, as disclosed in Notes 9, 10, 11, 12 and 23.

#### 5.02.05 Deferred Tax Assets

The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets 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 prior to expiration.

As of December 31, 2018 and 2017, Management believes that the Company would be able to generate future taxable profit that would allow its deferred tax assets to be fully utilized prior to expiration. As of December 31, 2018 and 2017, the carrying amounts of deferred tax assets amounted to ₱979,379 and ₱900,939, respectively, as disclosed in Note 25.

## **6. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of:

	2018	2017
<b>Financial Assets</b>		
Financial asset measured at cost (Note 7)	₱ -	₱ 113,283
Financial assets measured at amortized cost less impairment (Notes 7, 8, 12, 15 and 23)	<b>61,363,529</b>	36,457,209
	<b>₱ 61,363,529</b>	₱ 36,570,492
<b>Financial Liabilities</b>		
Financial liabilities measured at amortized cost (Notes 13, 14 and 15)	<b>₱ 102,791,376</b>	₱ 62,949,609

Financial asset measured at cost pertains to cash on hand only.

Financial assets measured at amortized cost less impairment comprise of cash in banks, trade and other receivables, due from related parties and security deposits presented under "other non-current assets".

Financial liabilities measured at amortized cost include trade and other payables (excluding due to government agencies and unearned revenue), loans payable and refundable deposits.

## **7. CASH**

For the purpose of the statement of cash flows, cash include cash on hand and in banks.

Cash at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2018	2017
Cash on hand	₱ -	₱ 113,283
Cash in banks	<b>5,526,490</b>	14,365
	<b>₱ 5,526,490</b>	₱ 127,648

Cash in banks bear interest at floating rates based on daily bank deposits rates. Finance income earned on this account amounted to ₱4,092 and ₱859, in 2018 and 2017, respectively, as disclosed in Note 19.

Unrealized foreign exchange loss on its dollar denominated bank account amounted to ₱724 and nil, in 2018 and 2017, respectively, as disclosed in Note 21 .

## 8. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables consist of:

	2018	2017
Trade	₱ 20,332,203	₱ 11,743,031
Others	-	140,000
	₱ 20,332,203	₱ 11,883,031

The average credit period on sales of services is thirty (30) to ninety (90) days. No interest is charged on outstanding balance on the first thirty (30) or ninety (90) days from the date of invoice. Thereafter, interest is charged at one percent (1%) to ten percent (10%) per annum on the outstanding balance.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

In 2018 and 2017, the Company wrote-off trade receivables amounting to ₱395,281 and nil, respectively, due to high uncertainty of collection, as disclosed in Note 21.

## 9. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2018	2017
Prepaid expenses	₱ 380,737	₱ 166,321
Input VAT	2,223,381	-
Advances to officers and employees	1,366,738	1,334,866
	₱ 3,970,856	₱ 1,501,187

Prepaid expenses include prepaid subscriptions and prepaid insurance.

Advances to officers and employees pertain to amount advanced subject for liquidation. The Company wrote-off portion of the account in 2018 and 2017 amounting to ₱341,333 and ₱434,600, respectively due to high uncertainty that these amounts are liquidated, as disclosed in Note 21.

#### 10. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Company's property and equipment as of December 31, 2018 are as follows:

	<b>Furniture and Fixture</b>	<b>Communication Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Cost</b>				
January 1, 2018	₱ 4,752,831	₱ 18,139,250	₱ 33,383,542	₱ 56,275,623
Additions	5,644,482	11,601,676	12,184,334	29,430,492
<b>December 31, 2018</b>	<b>10,397,313</b>	<b>29,740,926</b>	<b>45,567,876</b>	<b>85,706,115</b>
<b>Accumulated Depreciation</b>				
January 1, 2018	1,636,513	10,833,817	8,770,275	21,240,605
Depreciation (Note 18)	1,258,855	4,320,520	11,059,119	16,638,494
<b>December 31, 2018</b>	<b>2,895,368</b>	<b>15,154,337</b>	<b>19,829,394</b>	<b>37,879,099</b>
<b>Carrying Amount</b>	<b>₱ 7,501,945</b>	<b>₱ 14,586,589</b>	<b>₱ 25,738,480</b>	<b>₱ 47,827,016</b>

All additions during the year were paid in cash.

In both years, the Company has determined that there was no indication that an impairment loss occurred on its property and equipment.

#### 11. COMPUTER SOFTWARE – net

The carrying amount of the Company's computer software is as follows:

<b>Cost</b>	
January 1, 2018	₱ 121,000
Additions	40,037
<b>December 31, 2018</b>	<b>161,037</b>
<b>Accumulated Amortization</b>	
January 1, 2018	110,917
Amortization (Note 20)	16,583
<b>December 31, 2018</b>	<b>127,500</b>
<b>Carrying Amount</b>	<b>₱ 33,537</b>

All additions were paid in cash during the year.

In both years, the Company has determined that there was no indication that an impairment loss occurred on computer software.

## 12. OTHER NON-CURRENT ASSETS

The components of other non-current assets as disclosed in Note 23 are as follows:

	2018		2017	
Advance rental	₱	4,929,624	₱	4,785,455
Security deposits		8,607,071		8,325,670
	₱	13,536,695	₱	13,111,125

## 13. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	2018		2017	
Trade	₱	8,316,371	₱	13,373,904
Due to government agencies		7,819,744		9,999,037
Unearned revenue		6,115,383		7,824,929
Accrued finance cost		3,802,455		-
Accrued expenses		637,183		143,764
	₱	26,691,135	₱	31,341,634

The average credit period on purchases of certain goods from suppliers is one hundred twenty (120) days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Due to government agencies includes unremitted withholding taxes, SSS, PHIC and HDMF contributions payable.

Unearned revenue pertains to advance collection from customers.

Accrued finance cost pertains to unpaid interests from loans as disclosed in Note 15.

## 14. REFUNDABLE DEPOSITS

Refundable deposits pertain to security associated with the contracts entered into by the Company and its customers which amounted to ₱5,676,968 and nil as of December 31, 2018 and 2017, respectively. These deposits shall be refunded to the customers after the expiration or termination of their respective long-term contracts.

## 15. RELATED PARTY TRANSACTIONS

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

Related Party	Nature of Relationship
Datamatics Global Services, Corp. (DGSC)	Parent
Stockholders	Key management personnel

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

### 15.01 Due from Related Parties

Transactions with related parties are detailed as follows:

	December 31, 2018		December 31, 2017	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balance
<b>Advances</b>				
Parent	P 521,600	P 521,600	P -	P -
Stockholders	10,142,022	26,376,165	8,001,047	16,234,143
	<b>P 10,663,622</b>	<b>P 26,897,765</b>	<b>P 8,001,047</b>	<b>P 16,234,143</b>

Advances granted pertain to expenses paid for by the Company on behalf of its related parties.

The amounts outstanding are non-interest bearing, unsecured, collectible on demand and will be settled in cash. No guarantee has been received. No provision has been made for doubtful accounts in respect of the amount owed by the related party.

### 15.02 Loans Payable

Transactions are detailed as follows:

	December 31, 2018		December 31, 2017	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balance
<b>Loans payable</b>				
Parent	P 86,008,383	P 86,008,383	P -	P -
Unrealized foreign exchange gain (Note 19)		(1,649,983)	-	-
	<b>P 86,008,383</b>	<b>P 84,358,400</b>	<b>P -</b>	<b>P -</b>

Movements of the loans payable are as follows:

		2018		2017
Balance at January 1	P	49,431,941	P	14,028,134
Proceeds from availments of loan		86,008,383		35,403,807
Loan repayments		(49,431,941)		-
		86,008,383		49,431,941
Unrealized foreign exchange gain (Note 19)		(1,649,983)		-
Balance at December 31		84,358,400		49,431,941
Less: Current portion		(84,358,400)		-
	P	-	P	49,431,941

The Company obtained loan amounting to \$1,600,000 (P86,008,383) from its parent, Datamatics Global Services, Corp. on April 2, 2018, payable within one (1) year, in its desire to extinguish all the existing loans of the Company in preparation for the Share Purchase Agreement between the shareholders of the Company and its parent as disclosed in Note 1 and to finance its working capital requirements. This loan bears variable interest rate based on London Interbank Offered Rate (LIBOR) plus three percent (3%) simple interest per annum.

All existing loans of the Company as of December 31, 2017 consist of unsecured long term loans availed from banks and individuals for the Company's working capital requirements. These loans carry interests of four to six percent (4-6%) per annum. During the year, these loans were fully paid including all the interests charged therefrom.

Unpaid finance costs, as disclosed in Note 13 are as follows:

		2018		2017
Incurred	P	19,597,868	P	24,386,887
Paid		(15,795,413)		(24,386,887)
	P	3,802,455	P	-

In 2018 and 2017, aggregate finance costs incurred with a related party amounted to P6,674,448 and nil, respectively.

As of December 31, 2018, the Company has complied with all the requirements and has no default payments.

### 15.03 Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel of the Company amounted nil in both years.



## 16. CAPITAL STOCK

The details of the Company's capital stock are shown below:

	Shares	Amount
Authorized P100 par value per share	10,000	P 1,000,000
Issued and outstanding P100 par value per share		
Balance, January 1	2,500	250,000
Balance, December 31	2,500	P 250,000

## 17. REVENUE

Revenue generated from call center in bound and out bound selling services amounted to P275,643,379 and P201,715,779 in 2018 and 2017, respectively.

## 18. COST OF SERVICES

The following is an analysis of the Company's cost of services:

	2018	2017
Short-term employee benefits (Note 22)	P 138,003,411	P 105,847,183
Rental (Note 23)	36,095,500	29,925,580
Communications, light and water	17,158,991	15,378,636
Depreciation (Note 10)	16,638,494	14,838,204
Association dues	6,154,419	-
	P 214,050,815	P 165,989,603

## 19. OTHER INCOME

Components of other income are as follows:

	2018	2017
Unrealized foreign exchange gain from loan payable (Note 15)	P 1,649,983	P -
Finance income (Note 7)	4,092	859
Miscellaneous	-	255,802
	P 1,654,075	P 256,661

## 20. OPERATING EXPENSES

The account is composed of the following operating expenses:

		2018		2017
Short-term employee benefits (Note 22)	P	21,820,702	P	-
Professional fees		3,003,726		4,532,530
Security services		2,401,907		1,178,135
Commission		1,838,414		-
Fines and penalties		1,402,525		890,777
Office supplies		1,250,951		1,184,056
Taxes and licenses		926,733		662,165
Medical		900,496		379,488
Transportation and travel		877,737		-
Visa processing		670,960		-
Representation		657,267		-
Bank charges		402,703		897,515
Training and seminars		277,569		-
Repairs and maintenance		183,172		-
Insurance		64,671		349,476
Amortization (Note 11)		16,583		-
Miscellaneous		786,760		3,098,680
	P	37,482,875	P	13,172,822

## 21. OTHER EXPENSES

Components of other expenses are as follows:

		2018		2017
Trade receivables written off (Note 8)	P	395,281	P	-
Advances to officers and employees written off (Note 9)		341,333		464,600
Realized foreign exchange loss		159,425		434,207
Unrealized foreign exchange loss from cash (Note 7)		724		-
	P	896,764	P	898,807

## 22. EMPLOYEE BENEFITS

### 22.01 Short-term Employee Benefits

Components of short-term employee benefits are as follows:

	2018	2017
<b>Cost of services (Note 18)</b>		
Salaries and wages	<b>₱ 96,190,744</b>	₱ 67,893,442
13th month and other bonuses	<b>6,522,835</b>	4,718,670
Allowances and other de-minimis benefits	<b>18,377,549</b>	15,114,861
SSS, PHIC and HDMF contributions	<b>6,673,665</b>	4,203,794
HMO, incentives and training costs	<b>10,238,618</b>	13,916,386
	<b>138,003,411</b>	105,847,183
<b>Operating expenses (Note 20)</b>		
Salaries and wages	<b>13,139,125</b>	-
13th month and other bonuses	<b>1,865,965</b>	-
Allowances and other de-minimis benefits	<b>6,250,480</b>	-
SSS, PHIC and HDMF contributions	<b>565,132</b>	-
	<b>21,820,702</b>	-
	<b>₱ 159,824,113</b>	₱ 105,847,183

### 22.04 OPERATING LEASE AGREEMENTS

#### 23.01 The Company as a Lessee

Operating leases relate to leases of various warehouses and administrative office with lease terms of between one (1) to five (5) years. Operating lease payments represent rentals payable by the Company for warehouses and office spaces. Leases are negotiated for an average term of five (5) years upon mutual agreement of both parties.

Upon inception of the lease agreement, the Company is required to pay certain amounts as security deposits and advance rentals. The Company likewise pay a fixed monthly rent, which is calculated by reference to a fixed sum per square meter of the area leased. The lease agreements are automatically renewed unless otherwise decided by the lessor and the Company.

As of December 31, 2018 and 2017, the amount of security deposits paid amounted to ₱8,607,071 and ₱8,325,670, respectively, as disclosed Note 12, which can be refunded at the end of the terms of the lease.

On the other hand, advance rental as of December 31, 2018 and 2017 amounted to ₱4,929,624 and ₱4,785,455, respectively, as disclosed in Note 12, which can be applied on the last months of the lease.

In 2018 and 2017, the Company's rent expenses incurred in relation to the lease contracts under operating leases amounted to ₱36,095,500 and ₱29,925,580, respectively, as disclosed in Note 18.

At reporting dates, the Company had outstanding commitments for future minimum lease payments under non-cancelable operating leases, which fall due as follows:

	2018		2017	
Not later than one year	₱	28,608,978	₱	36,002,101
Later than one year but not later than five years		64,495,087		89,010,983
	₱	93,104,065	₱	125,013,084

## 23. INCOME TAXES

### 24.01 Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

	2018		2017	
Current tax expense	₱	1,086,983	₱	-
Deferred tax expense (benefit) (Note 25)		416,555		(165)
	₱	1,503,538	₱	(165)

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

#### 24.01.01 Special Tax Rate (PEZA)

	2018		2017	
Accounting profit	₱	9,066,929	₱	-
Tax expense at 5 %		453,346		-
Tax effects of non-deductible expenses		72,146		-
	₱	525,492	₱	-

24.01.02 Regular Tax Rate

	2018	2017
Accounting loss	<b>P (3,797,797)</b>	<b>P (2,475,679)</b>
Tax expense at 30%	<b>(1,139,339)</b>	<b>(742,704)</b>
Finance cost incurred between related party	<b>2,002,334</b>	-
Penalties	<b>420,757</b>	<b>267,233</b>
Impairment loss	<b>220,984</b>	-
Non-deductible finance cost	<b>508</b>	-
Finance income subject to final tax	<b>(1,228)</b>	<b>(258)</b>
Application of unrecognized DTA from NOLCO	<b>(525,970)</b>	-
Non-deductible representation	-	<b>14,510</b>
Non-recognition of DTA from NOLCO	-	<b>461,054</b>
	<b>P 978,046</b>	<b>P (165)</b>

24.01.03 Income Tax Payable

	2018	2017
<b>Due to national government</b>	<b>P 876,786</b>	<b>652,666</b>
Payments made for the first three (3) quarters	<b>(347,067)</b>	-
	<b>P 529,719</b>	<b>652,666</b>
<b>Due to local government unit</b>	<b>210,197</b>	-
	<b>P 739,916</b>	<b>652,666</b>

Details of NOLCO are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2015	54,100	-	54,100	-	-	2018
2016	162,285	-	162,285	-	-	2019
2017	1,536,848	-	1,536,848	-	-	2020
	<b>P 1,753,233</b>	<b>P -</b>	<b>P 1,753,233</b>	<b>P -</b>	<b>P -</b>	

Details of MCIT are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2016	181,299	-	181,299	-	-	2019
2017	719,640	-	719,640	-	-	2020
	<b>P 900,939</b>	<b>-</b>	<b>P 900,939</b>	<b>P -</b>	<b>P -</b>	

## 24. DEFERRED TAXES – net

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

		2018		2017
Deferred tax assets	P	979,379	P	900,939
Deferred tax liability		(494,995)		-
	P	484,384	P	900,939

### 25.01 Deferred Tax Assets

The components of the Company's and its respective movement are as follows:

	Unearned Revenue	Unrealized Foreign Exchange Loss from Cash in Bank	Excess MCIT	Total
Balance at January 1, 2017	P -	P -	P 181,299	P 181,299
Recognized in profit or loss	-	-	719,640	719,640
<b>Balance at December 31, 2017</b>	-	-	<b>900,939</b>	<b>900,939</b>
Recognized in profit or loss	979,162	217	(900,939)	78,440
<b>Balance at December 31, 2018</b>	<b>P 979,162</b>	<b>P 217</b>	<b>P -</b>	<b>P 979,379</b>

### 25.02 Deferred Tax Liability

The Company's deferred tax liability from unrealized foreign exchange gain on loans payable are detailed as follows:

	2018	2017
Balance at January 1	P -	P -
Recognized in profit or loss	494,995	-
Balance at December 31	P 494,995	P -

## 25. RECLASSIFICATION OF COMPARATIVE AMOUNTS

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

Previous Classification	Current Classification	Amount
<b>Trade and other receivables</b>	<b>Due from related parties</b>	
Advances to stockholders	Due from related parties	16,234,143
<b>Trade and other receivables</b>	<b>Prepayments and other current assets</b>	
Advances to officers and employees	Advances to officers and employees	1,334,867
<b>Property and equipment – net</b>	<b>Computer software – net</b>	
Computer software	Computer software – net	10,083
<b>Other assets</b>		
Advance rental and security deposits	<b>Advance rental</b>	4,447,677
Refundable deposits	<b>Security deposits</b>	8,663,448
Deferred charges – MCIT	<b>Deferred tax asset</b>	900,939
<b>Other current liabilities</b>	<b>Trade and other payables</b>	
Withholding taxes payable - compensation	Due to government agencies	7,506,650
Withholding taxes payable - supplier	Due to government agencies	440,862
SSS, Philhealth and HDMF premium payables	Due to government agencies	2,051,525
<b>Other current liabilities</b>	<b>Income tax payable</b>	
Income tax payables	Income tax payable	652,666
<b>Administrative expenses</b>	<b>Other expenses</b>	
Impairment loss	Impairment loss on advances to officers and employees	464,600

The foregoing reclassifications have an impact on the opening statement of financial position as of January 1, 2017 but did not have any impact on prior year's profit or loss.

The reclassifications affected the statement of cash flows as of December 31, 2017 detailed as follows:

Particulars	Previously Reported, December 31, 2017	Restated, December 31, 2017	Increase (Decrease)
Cash flows from operating activities	₱ 19,362,224	₱ 12,955,865	₱ (6,406,359)
Cash flows from investing activities	(23,073,210)	(16,666,851)	6,406,359

Management believes that the above reclassifications resulted to a better presentation of accounts due to the following reasons:

- Advances to stockholders pertain to related party transactions, hence, reclassified to due from related parties.
- Advances to officers and employees are not actually receivable but cash provided subject to liquidation, hence reclassified to prepayments and other current assets.

- Computer software was erroneously presented as part of property and equipment, thereby, presenting the account as line item in the financial statements.
- Advance rental and security deposits, refundable deposits and deferred charges – MCIT were previously lumped to other assets, hence, reclassified to their proper accounts, thereby presenting each account as line items in the financial statements.
- Other current liabilities which comprise of due to government agencies and income tax payables were reclassified to trade and other payables and income tax payable to conform with the proper classification of accounts.

## 26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance by the Board of Directors on \_\_\_\_\_.

## 27. 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:

### 28.01 Taxes, Duties and Licenses Paid or Accrued

The details of the Company's taxes, duties and licenses fees paid or accrued in 2018 are as follows:

#### 28.01.01 Output VAT

The Company is VAT-registered with zero rated sales of ₱276,053,076 pursuant to the provisions of Section 108 (B) of the National Internal Revenue Code (NIRC), as amended.

#### 28.01.02 Input VAT

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

Balance, January 1	₱	-
Current year's domestic purchases/payments for:		
Domestic purchase of services		2,223,381
<b>Total available input VAT</b>		<b>2,223,381</b>
Claims for tax credit/refund and other adjustments		-
<b>Balance, December 31</b>	<b>₱</b>	<b>2,223,381</b>



#### 28.01.04 Other Taxes and Licenses

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

Permit fees and registration	P	806,733
Others		120,000
	<b>P</b>	<b>926,733</b>

#### 28.01.05 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the year is as follows:

Withholding tax on compensation and benefits	P	3,133,300
Expanded withholding taxes		1,143,825
	<b>P</b>	<b>4,277,125</b>

Expanded withholding taxes refer to taxes withheld on payments to local suppliers, contractors, lessors and commission.

### **28. 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:

#### **29.01 Revenues**

The Company's revenue for the taxable period are as follows:

	<b>Regular</b>		<b>Special</b>		<b>Total</b>	
Revenue	P	202,177,565	P	73,465,814	P	275,643,379
Unearned revenue		3,263,870		-		3,263,870
	<b>P</b>	<b>205,441,435</b>	<b>P</b>	<b>73,465,814</b>	<b>P</b>	<b>278,907,249</b>

## 29.02 Cost of Services

The following is an analysis of the Company's cost of services for the taxable period:

	Regular		Special		Total
Salaries, wages and other benefits	₱	99,858,754	₱	38,144,657	₱ 138,003,411
Rental		25,598,912		10,496,588	36,095,500
Communications, light and water		10,579,678		6,579,313	17,158,991
Depreciation		8,903,089		7,735,405	16,638,494
Association dues		6,154,419		-	6,154,419
	₱	151,094,852	₱	62,955,963	₱ 214,050,815

## 29.03 Itemized Deductions


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

	Regular		Special (Non-deductible)		Total
Salaries and wages and other benefits	₱	21,255,570	₱	-	₱ 21,255,570
Finance costs		12,921,732		-	12,921,732
Professional fees		3,003,726		-	3,003,726
Security services		1,725,342		676,565	2,401,907
Commission		1,838,414		-	1,838,414
Office supplies		1,250,951		-	1,250,951
Medical expenses		900,496		-	900,496
Transportation and travel		877,737		-	877,737
Visa processing		670,960		-	670,960
Representation		657,267		-	657,267
SSS, PHIC, HDMF and other contribution		565,132		-	565,132
Bank charges		402,703		-	402,703
Training and seminars		277,569		-	277,569
Repairs and maintenance		183,172		-	183,172
Taxes and licenses		160,378		766,355	926,733
Realized foreign exchange loss		159,424		-	159,424
Insurance		64,671		-	64,671
Amortization		16,583		-	16,583
Miscellaneous		786,760		-	786,760
	₱	47,718,587	₱	1,442,920	₱ 49,161,507

#### **28.04 Application of NOLCO**

The Company applied its NOLCO aggregating ₱1,753,233 against its taxable income during the year. The Company applied its MCIT from prior years aggregating ₱900,939 against its tax due for the taxable year.

For BIR Use Only BCS/Item Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas	<b>Annual Income Tax Return</b> For Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE <small>Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X".          Two copies MUST be filed with the BIR and one held by the taxpayer.</small>	BIR Form No. <b>1702-MX</b> June 2013 Page 1		
1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal 2 Year Ended (MM/DD/YYYY) <div style="border: 1px solid black; padding: 2px;">1 2 / 20 1 8</div>	3 Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5 Alphanumeric Tax Code (ATC) <div style="display: flex; justify-content: space-between;"> <div>IC 055 <input type="checkbox"/></div> <div>Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/></div> </div>		
<b>Part I – Background Information</b>				
6 Taxpayer Identification Number (TIN) <div style="border: 1px solid black; padding: 2px;">0 0 8 - 2 5 7 - 5 9 8 - 0 0 0 0 7</div> RDO Code <div style="border: 1px solid black; padding: 2px;">0 4 1</div>				
8 Date of Incorporation/Organization (MM/DD/YYYY) <div style="border: 1px solid black; padding: 2px;">0 3 / 3 0 / 2 0 1 2</div>				
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) <div style="border: 1px solid black; padding: 2px;">R J G L O B U S S O L U T I O N S I N C .</div>				
10 Registered Address (Indicate complete registered address) <div style="border: 1px solid black; padding: 2px;">2 N D F L O O R P A R A G O N P L A Z A E D S A C O R . R E L I A N C E S T .          B R G Y . H I G H W A Y H I L L S M A N D A L U Y O N G C I T Y 1 5 5 0</div>				
11 Contact Number <div style="border: 1px solid black; padding: 2px;">6325 - 859163</div>		12 Email Address <div style="border: 1px solid black; padding: 2px;">matthew.deleon@datamatics.com</div>		
13 Main Line of Business <div style="border: 1px solid black; padding: 2px;">O T H E R T E L E C O M M U N I C A T I O N S E R V I C E S</div>		14 PSIC Code <div style="border: 1px solid black; padding: 2px;">6 4 2 9</div>		
15 Method of Deduction <input checked="" type="checkbox"/> Itemized Deduction [Section 34 (A-J), NIRC]				
<b>Part II – Total Tax Payable</b> (Do NOT enter Centavos)				
16 Total Income Tax Due (Overpayment) (From Part V Item 37D)		1 , 7 7 7 , 7 2 5		
17 Less: Total Tax Credits/Payments (From Part V Item 38D)		1 , 2 4 8 , 0 0 6		
18 Net Tax Payable (Overpayment) (Item 16 Less Item 17)		5 2 9 , 7 1 9		
19 Add: Total Penalties (From Part V Item 43)		0		
20 TOTAL AMOUNT PAYABLE (Overpayment) <small>(Sum of Items 18 &amp; 19) or (From Part V Item 44)</small>		5 2 9 , 7 1 9		
21 If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)				
<div style="display: flex; justify-content: space-between;"> <div><input type="checkbox"/> To be refunded</div> <div><input type="checkbox"/> To be issued a Tax Credit Certificate (TCC)</div> <div><input type="checkbox"/> To be carried over as a tax credit for next year/quarter</div> </div>				
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)				
Signature over printed name of President/Principal Officer/Authorized Representative <div style="border: 1px solid black; height: 20px; width: 100%;"></div>		Signature over printed name of Treasurer/Assistant Treasurer <div style="border: 1px solid black; height: 20px; width: 100%;"></div>		
Title of Signatory <div style="border: 1px solid black; height: 20px; width: 100%;"></div>		Number of pages filed <div style="border: 1px solid black; padding: 2px;">9</div>		
22 Community Tax Certificate (CTC) Number/SEC Reg. No. <div style="border: 1px solid black; padding: 2px;">2 0 1 2 0 6 3 3 8</div>		23 Date of Issue (MM/DD/YYYY) <div style="border: 1px solid black; padding: 2px;">0 3 / 3 0 / 2 0 1 2</div>		
24 Place of Issue <div style="border: 1px solid black; padding: 2px;">CITY OF MANDALUYONG</div>		25 Amount, if CTC <div style="border: 1px solid black; padding: 2px;">0</div>		
<b>Part III – Details of Payment</b>				
Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo			/ /	0
27 Check			/ /	0
28 Tax Debit Memo			/ /	0
29 Others (Specify below)			/ /	0
Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank)				Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

<b>Annual Income Tax Return</b> Page 2		BIR Form No. <b>1702-MX</b> June 2013	 1702-MX06/13P2
TIN 0 0 8 2 5 7 5 9 8 0 0 0 0		Registered Name R J GLOBUS SOLUTIONS INC.	
<b>Part IV – Basis of Tax Relief</b>			
<b>30 Basis of Tax Relief under Special Law or International Tax Treaty</b> If there is <b>only one activity/program</b> under EXEMPT and SPECIAL Tax Regimes, fill up spaces below. <input type="checkbox"/> If there are <b>more than one activities/programs</b> under EXEMPT and SPECIAL Tax Regimes, use as many Mandatory Attachments per Activity (Part VIII) as necessary and mark "X" the box at the left.			
	<b>A Exempt</b>	<b>B Special Rate</b>	<b>C Special Tax Relief</b> (Under Regular/Normal Rate)
<b>31</b> Investment Promotion Agency (IPA) / Implementing Government Agency		<b>P E Z A</b>	
<b>32</b> Legal Basis		<b>R A 7 9 1 6</b>	
<b>33</b> Registered Activity/Program (Reg. No.)		<b>1 8 - 0 1 9</b>	
<b>34</b> Special Tax Rate		5 . 0 %	
<b>35</b> From (MM/DD/YYYY)		0 2 / 1 4 / 2 0 1 8	
<b>36</b> To (MM/DD/YYYY)		1 2 / 3 1 / 2 0 1 8	
<b>Part V - Computation of Amount Payable per Tax Regime</b>			
<b>Description</b>	<b>A. Total Exempt</b>	<b>B. Total Special</b>	<b>C. Total Regular</b>
<b>37 TOTAL INCOME TAX DUE (OVERPAYMENT)</b> <i>(From Schedule 1 Item 15B/16C/16D) (To Part II Item 16)</i>	0.00	315,296	1,462,429
<b>38 Less: Tax Credits/Payments</b> <i>(From Schedule 8 Item 13) (To Part II Item 17)</i>	0	0	1,248,006
<b>39 NET TAX PAYABLE (OVERPAYMENT)</b> <i>(Item 37 Less Item 38) (To Part II Item 18)</i>	0	315,296	214,423
<b>Add Penalties</b>			
<b>40</b> Surcharge			0
<b>41</b> Interest			0
<b>42</b> Compromise			0
<b>43</b> Total Penalties <i>(Sum of Items 40 to 42) (To Part II Item 19)</i>			0
<b>44 TOTAL AMOUNT PAYABLE (OVERPAYMENT)</b> <i>(Sum of Items 39 and 43) (To Part II Item 20)</i>			529,719
<b>Part VI - Information - External Auditor/Accredited Tax Agent</b>			
<b>45</b> Name of External Auditor/Accredited Tax Agent G E R A R D O S . T E O F I L O J R .			
	<b>46</b> TIN	4 0 3 5 6 4 1 4 2 0 0 0	
<b>47</b> Name of Signing Partner <i>(If External Auditor is a Partnership)</i>			
	<b>48</b> TIN		
<b>49</b> BIR Accreditation No.	<b>50</b> Issue Date (MM/DD/YYYY)		<b>51</b> Expiry Date (MM/DD/YYYY)
0 8 - 0 0 6 6 0 6 - 0 0 1 - 2 0 1 6	1 2 / 2 0 / 2 0 1 6		1 2 / 2 0 / 2 0 1 9

ATC	DESCRIPTION DOMESTIC CORPORATION	TAX RATE	TAX BASE	ATC	DESCRIPTION DOMESTIC CORPORATION	TAX RATE	TAX BASE
IC 010 IC 055	1. a. In General b. Minimum Corporate Income Tax (MCIT)	30% 2%	Taxable Income from All Sources Gross Income	IC 011 IC 010 IC 021	7. Exempt Corporation a. On Exempt Activities b. On Taxable Activities 8. General Professional Partnership (GPP)	0% 30% exempt	Taxable Income from All Sources
IC 030 IC 055	2. Proprietary Educational Institutions a. Proprietary Educational Institution whose gross income from unrelated trade, business or other activity exceeds fifty percent (50%) of the total gross income from all sources b. Minimum Corporate Income Tax (MCIT)	10% 30% 2%	Taxable Income from All Sources Gross Income		9. Corporation covered by Special Law*		
IC 031 IC 055	3. Non-Stock, Non-Profit Hospitals a. Non-Stock, Non-Profit Hospitals whose gross income from unrelated trade, business or other activity exceeds fifty percent (50%) of the total gross income from all sources b. Minimum Corporate Income Tax (MCIT)	10% 30% 2%	Taxable Income from All Sources Gross Income	IC 070 IC 055 IC 080 IC 101	1. a. In general b. Minimum Corporate Income Tax (MCIT) 2. International Centers 3. Regional Operating Headquarters*	30% 2% 2.5% 10%	Taxable Income from Within the Philippines Gross Income Gross Philippine Billing Taxable Income
IC 040 IC 055	4. a. Government Owned and Controlled Corporations (GOCC), Agencies & Instrumentalities b. Minimum Corporate Income Tax (MCIT)	30% 2%	Taxable Income from All Sources Gross Income	IC 190	4. Corporation covered by Special Law*		
IC 041 IC 055	5. a. National Government and Local Government Units (LGU) b. Minimum Corporate Income Tax (MCIT)	30% 2%	Taxable Income from All Sources Gross Income	IC 191	5. Offshore Banking Units (OBUs) a. Foreign Currency Transactions not subjected to Final Tax b. Other than Foreign Currency Transaction	10% 30%	Gross Taxable Income on Foreign Currency Transaction not subjected to Final Tax Taxable Income Other Than Foreign Currency Transaction
IC 020 IC 055	6. a. Taxable Partnership b. Minimum Corporate Income Tax	30% 2%	Taxable Income from All Sources Gross Income		6. Foreign Currency Deposit Units (FCDU) a. Foreign Currency Transactions not subjected to Final Tax b. Other than Foreign Currency Transaction	10% 30%	Gross Taxable Income on Foreign Currency Transaction not subjected to Final Tax Taxable Income Other Than Foreign Currency Transaction

\*Please refer to Revenue District Offices

<b>Annual Income Tax Return</b> Page 3 – Schedules 1 & 2		BIR Form No. <b>1702-MX</b> June 2013	 1702-MX06/13P3
TIN 0 0 8 2 5 7 5 9 8 0 0 0 0		Registered Name RJ GLOBUS SOLUTIONS INC.	

Instructions: A. Fill up the applicable columns below, if there is **only one activity/program** under **EXEMPT** and/or **SPECIAL Tax Regimes**.  
 B. Use as many Part VIII-Mandatory Attachments per Activity as necessary, if there are **more than one activities/programs** under **EXEMPT** and/or **SPECIAL Tax Regimes**. Consolidated amounts from Part VIII Mandatory Attachments PER TAX REGIME shall be reflected under the corresponding columns below.


### Part VII – SCHEDULES


#### Schedule 1 – COMPUTATION OF TAX Per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
<b>1 Net Sales/Revenues/Receipts/Fees</b> <i>(From Schedule 3 Item 6) and (From all of Part VIII Sched B Item 1)</i>	0	73,465,814	205,441,435	278,907,249
<b>2 Less: Cost of Sales/Services</b> <i>(From Schedule 3 Item 27) and (From all of Part VIII Sched B Item 2)</i>	0	62,955,963	151,094,852	214,050,815
<b>3 Gross Income from Operation</b> <i>(Item 1 Less Item 2)</i>	0	10,509,851	54,346,583	64,856,434
<b>4 Add: Other Taxable Income not Subjected to Final Tax</b> <i>(From Schedule 4 Item 4) &amp; (From all of Part VIII Sched B Item 4)</i>	0	0	0	0
<b>5 Total Gross Income/Gross Taxable Income</b> <i>(Sum of Items 3 &amp; 4)</i>	0	10,509,851	54,346,583	64,856,434
<b>6 Ordinary Allowable Itemized Deductions</b> <i>(From Schedule 5 Item 40) and (From all of Part VIII Sched B Item 6)</i>	0	0	47,718,587	47,718,587
<b>7 Special Allowable Itemized Deductions</b> <i>(From Schedule 6 Item 5) and (From all of Part VIII Sched B Item 7)</i>	0	0	0	0
<b>8 NOLCO</b> [only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the Tax Code] <i>(From Schedule 7A Item 8D) and (From all of Part VIII Sched B Item 8)</i>	0	0	1,753,233	1,753,233
<b>9 Total Itemized Deductions</b> <i>(Sum of Items 6, 7 &amp; 8)</i>	0	0	49,471,820	49,471,820
<b>10 Net Taxable Income/Net Income</b> <i>(Item 5 Less Item 9)</i>	0	10,509,851	4,874,763	15,384,614
<b>11 Applicable Income Tax Rate</b> <i>(i.e., Special or Regular/Normal rate)</i>	0%	5.0%	30.0%	
<b>12 Income Tax Due other than MCIT</b> <i>(Item 5 OR Item 10 X Item 12)</i>	0.00	525,493	1,462,429	1,987,922
<b>13 Less: Share of Other Govt. Agencies, if remitted directly</b>		210,197	0.00	210,197
<b>14 Net Income Tax Due to National Government</b> <i>(Item 12 Less Item 13)</i>		315,296	1,462,429	1,777,725
<b>15 MCIT</b> <i>(2% of Gross Income in Item 5)</i>			1,086,932	1,086,932
<b>16 Total Income Tax Due (Overpayment)</b> <i>(Item 16B = Item 14B); (Item 16C = Normal Income Tax in Item 12C or MCIT in Item 15C, whichever is higher); (Item 16D = Sum of Items 16B &amp; 16C) (To Part V Item 37B/37C/37D)</i>		315,296	1,462,429	1,777,725


#### Schedule 2 - Tax Relief Availment


Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
<b>1 Regular Income Tax Otherwise Due</b> <i>(30% of the Net Taxable Income in Item 11A for Exempt &amp; Item 11B for Special Rate)</i>	0	3,152,955		3,152,955
<b>2 Special Allowable Itemized Deductions</b> <i>(30% of the applicable Total in Schedule 6 Item 5)</i>	0	0	0	0
<b>3 Sub-Total</b> <i>(Sum of Items 1 and 2)</i>	0	3,152,955	0	3,152,955
<b>4 Less: Income Tax Due</b> <i>(From Sched 1 Item 13B)</i>	0.00	315,296		315,296
<b>5 Tax Relief Availment before Special Tax Credit</b> <i>(Item 3 Less Item 4)</i>	0	2,837,659	0	2,837,659
<b>6 Add: Special Tax Credits</b> <i>(From Schedule 8 Item 10)</i>	0	0	0	0
<b>7 Total Tax Relief Availment</b> <i>(Sum of Items 5 &amp; 6)</i>	0	2,837,659	0	2,837,659

<b>Annual Income Tax Return</b>		BIR Form No. <b>1702-MX</b> June 2013		 1702-MX06/13P4	
<b>Page 4 – Schedule 3</b>					
<b>TIN</b>		<b>Registered Name</b>			
0   0   8   2   5   7   5   9   8   0   0   0   0		RJ GLOBUS SOLUTIONS INC.			
<b>Schedule 3 - Sales/Revenues/Receipts/Fees</b>		<b>A. Total Exempt</b>	<b>B. Total Special</b>	<b>C. Total Regular</b>	<b>D. Total All Columns</b>
1 Sale of Goods/Properties	0	73,465,814	205,441,435	278,907,249	
2 Sale of Services	0	0	0	0	
3 Lease of Properties	0	0	0	0	
4 Total (Sum of Items 1 to 3)	0	73,465,814	205,441,435	278,907,249	
5 Less: Sales Returns, Allowances & Discounts	0	0	0	0	
6 Net Sales/Revenues/Receipts/Fees <small>(Item 4 Less Item 5) (To Schedule 1 Item 1)</small>	0	73,465,814	205,441,435	278,907,249	
<b>Schedule 3A - Cost of Sales</b> <small>(For those engaged in Trading)</small>		<b>A. Total Exempt</b>	<b>B. Total Special</b>	<b>C. Total Regular</b>	<b>D. Total All Columns</b>
1 Merchandise Inventory, Beginning	0	0	0	0	
2 Add: Purchases of Merchandise	0	0	0	0	
3 Total Goods Available for Sale <small>(Sum of Items 1 &amp; 2)</small>	0	0	0	0	
4 Less: Merchandise Inventory, Ending	0	0	0	0	
5 Cost of Sales <small>(Item 3 Less Item 4) (To Item 27)</small>	0	0	0	0	
<b>Schedule 3B - Cost of Sales</b> <small>(For those engaged in Manufacturing)</small>		<b>A. Total Exempt</b>	<b>B. Total Special</b>	<b>C. Total Regular</b>	<b>D. Total All Columns</b>
6 Direct Materials, Beginning	0	0	0	0	
7 Add: Purchases	0	0	0	0	
8 Materials Available for Use <small>(Sum of Items 6 &amp; 7)</small>	0	0	0	0	
9 Less: Direct Materials, Ending	0	0	0	0	
10 Raw Materials Used <small>(Item 8 Less Item 9)</small>	0	0	0	0	
11 Direct Labor	0	0	0	0	
12 Manufacturing Overhead	0	0	0	0	
13 Total Manufacturing Cost <small>(Sum of Items 10 to 12)</small>	0	0	0	0	
14 Add: Work in Process, Beginning	0	0	0	0	
15 Less: Work in Process, Ending	0	0	0	0	
16 Cost of Goods Manufactured <small>(Sum of Items 13 &amp; 14 Less Item 15)</small>	0	0	0	0	
17 Add: Finished Goods, Beginning	0	0	0	0	
18 Less: Finished Goods, Ending	0	0	0	0	
19 Cost of Goods Manufactured & Sold <small>(Sum of Items 16 &amp; 17 Less Item 18) (To Item 27)</small>	0	0	0	0	
<b>Schedule 3C - Cost of Services</b> <small>(For those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)</small>		<b>A. Total Exempt</b>	<b>B. Total Special</b>	<b>C. Total Regular</b>	<b>D. Total All Columns</b>
20 Direct Charges - Salaries, Wages & Benefits	0	38,144,657	99,858,754	138,003,411	
21 Direct Charges - Materials, Supplies & Facilities	0	6,579,313	10,579,678	17,158,991	
22 Direct Charges - Depreciation	0	7,735,405	8,903,089	16,638,494	
23 Direct Charges - Rental	0	10,496,588	25,598,912	36,095,500	
24 Direct Charges - Outside Services	0	0	0	0	
25 Direct Charges - Others	0	0	6,154,419	6,154,419	
26 Total Cost of Services <small>(Sum of Items 20 to 25) (To Item 27)</small>	0	62,955,963	151,094,852	214,050,815	
27 Total Cost of Sales/Services <small>(Sum of Items 5, 19 &amp; 26, if applicable) (To Schedule 1 Item 2)</small>	0	62,955,963	151,094,852	214,050,815	

Annual Income Tax Return Page 5 - Schedules 4 & 5		BIR Form No. <b>1702-MX</b> June 2013	 1702-MX06/13P5	
TIN 0 0 8 2 5 7 5 9 8 0 0 0 0		Registered Name RJ GLOBUS SOLUTIONS INC.		
<b>Schedule 4 - Other Taxable Income not Subjected to Final Tax</b> (Attach additional sheet/s, if necessary)		A. Total Exempt	B. Total Special	C. Total Regular
1		0	0	0
2		0	0	0
3		0	0	0
4 Total Other Taxable Income not Subjected to Final Tax (Sum of Items 1 to 3) (To Schedule 1 Item 4)		0	0	0
<b>Schedule 5 - Ordinary Allowable Itemized Deductions</b> (Attach additional sheet/s, if necessary)		A. Total Exempt	B. Total Special	C. Total Regular
1 Advertising and Promotions		0	0	0
Amortizations (Specify on Items 2, 3 & 4)				
2 COMPUTER SOFTWARE		0	0	16,583
3		0	0	0
4		0	0	0
5 Bad Debts		0	0	0
6 Charitable Contributions		0	0	0
7 Commissions		0	0	1,838,414
8 Communication, Light and Water		0	0	0
9 Depletion		0	0	0
10 Depreciation		0	0	0
11 Director's Fees		0	0	0
12 Fringe Benefits		0	0	0
13 Fuel and Oil		0	0	0
14 Insurance		0	0	64,671
15 Interest		0	0	12,921,732
16 Janitorial and Messengerial Services		0	0	0
17 Losses		0	0	0
18 Management and Consultancy Fee		0	0	0
19 Miscellaneous		0	0	786,760
20 Office Supplies		0	0	1,250,951
21 Other Services		0	0	0
22 Professional Fees		0	0	3,003,726
23 Rental		0	0	0
24 Repairs and Maintenance (Labor or Labor & Materials)		0	0	183,172
25 Repairs and Maintenance (Materials/Supplies)		0	0	0
26 Representation and Entertainment		0	0	657,267
27 Research and Development		0	0	0
28 Royalties		0	0	0
29 Salaries and Allowances		0	0	21,255,570
30 Security Services		0	0	1,725,342
31 SSS, GSIS, Philhealth, HDMF and Other Contributions		0	0	565,132
32 Taxes and Licenses		0	0	160,378
33 Tolling Fees		0	0	0
34 Training and Seminars		0	0	277,569
35 Transportation and Travel		0	0	877,737



<b>Annual Income Tax Return</b>		BIR Form No. <b>1702-MX</b> June 2013		 1702-MX06/13P6	
Page 6 - Schedules 5 to 8					
TIN 0 0 8 2 5 7 5 9 8 0 0 0 0		Registered Name RJ GLOBUS SOLUTIONS INC.			
<b>Schedule 5 – Ordinary Allowable Itemized Deductions</b> (Continued from Previous Page)					
Others [Specify below; Attach additional sheet(s), if necessary]		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
36 MEDICAL		0	0	900,496	900,496
37 VISA PROCESSING		0	0	670,960	670,960
38 FOREIGN EXCHANGE LOSS		0	0	159,424	159,424
39 BANK CHARGES		0	0	402,703	402,703
40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Schedule 1 Item 6)		0	0	47,718,587	47,718,587
<b>Schedule 6 - Special Allowable Itemized Deductions</b> (Attach additional sheet/s, if necessary)		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
Description	Legal Basis				
1		0	0	0	0
2		0	0	0	0
3		0	0	0	0
4		0	0	0	0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Schedule 1 Item 7)		0	0	0	0
<b>Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO)</b> [only for those taxable under Sec. 27(AtoC); Sec. 28(A), (A)(1) & (A)(6)(b)]					
1 Gross Income				0	
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law				0	
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule 7A)				0	
<b>Schedule 7A - Computation of Available Net Operating Loss Carry Over (NOLCO)</b>					
Net Operating Loss				B) NOLCO Applied Previous Year	
Year Incurred		A) Amount			
4	2 0 1 8	0		0	
5	2 0 1 7	1,536,848		0	
6	2 0 1 6	162,285		0	
7	2 0 1 5	54,100		0	
Continuation of <b>Schedule 7A</b> (Item numbers continue from table above)					
C) NOLCO Expired		D) NOLCO Applied Current Year		E) Net Operating Loss (Unapplied)	
4	0	0		0	
5	0	1,536,848		0	
6	0	162,285		0	
7	0	54,100		0	
8	Total NOLCO (Sum of Items 4D to 7D) (To Schedule 1 Item 8)	1,753,233			
<b>Schedule 8 - Tax Credits/Payments-</b> Attach proof		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Prior Year's Excess Credits Other Than MCIT		0	0	0	0
2 Income Tax Payments under MCIT from Previous Quarter/s		0	0	0	0
3 Income Tax Payments under Regular/Normal Rate from Previous Quarter/s		0	0	347,067	347,067
4 Excess MCIT Applied this Current Taxable Year (From Schedule 9 Item 4F)		0	0	900,939	900,939
5 Creditable Tax Withheld from Previous Quarter/s		0	0	0	0
6 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		0	0	0	0

<b>Annual Income Tax Return</b> Page 7—Schedules 8 to 10		BIR Form No. <b>1702-MX</b> June 2013	 1702-MX06/13P7	
TIN		Registered Name		
0 0 8 2 5 7 5 9 8 0 0 0 0		RJ GLOBUS SOLUTIONS INC.		

Schedule 8 – Tax Credits/Payments (Continued from Previous Page)				
Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
7 Foreign Tax Credits, if applicable	0	0	0	0
8 Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
9 Income Tax Payments under Special Rate from Previous Quarter/s	0	0	0	0
10 Special Tax Credits (To Schedule 2 Item 6)	0	0	0	0
Other Credits/Payments (Specify below):				
11	0	0	0	0
12	0	0	0	0
13 Total Tax Credits/Payments <small>(Sum of Items 1 to 12) (To Part V Item 38)</small>	0	0	1,248,006	1,248,006


Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT) <small>[Applicable only to those taxable under Sec 27 (A to C) &amp; Sec. 28(A)(2)]</small>			
Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2 0 1 7	0	7 1 9 , 6 4 0	7 1 9 , 6 4 0
2 2 0 1 6	0	1 8 1 , 2 9 9	1 8 1 , 2 9 9
3	0	0	0

Continuation of Schedule 9 (Item numbers continue from table above)			
D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s
1 0	0	7 1 9 , 6 4 0	0
2 0	0	1 8 1 , 2 9 9	0
3 0	0	0	0
4 Total Excess MCIT <small>(Sum of Column for Items 1F to 3F) (To Schedule 8 Item 4)</small>		9 0 0 , 9 3 9	

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income <small>(Attach additional sheet/s, if necessary)</small>				
Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Income (Loss) per books	0	9,066,929	(3,797,797)	5,269,132
Add: Non-deductible Expenses/Taxable Other Income				
2 PENALTIES	0	0	1,402,525	1,402,525
3 OTHERS	0	1,442,922	10,677,346	12,120,268
4 Total <small>(Sum of Items 1 to 3)</small>	0	10,509,851	8,282,074	18,791,925
Less: A) Non-taxable Income and Income Subjected to Final Tax				
5 FINANCE INCOME	0	0	4,092	4,092
6 UNREALIZED FOREIGN EXCHANGE GAI	0	0	1,649,986	1,649,986
B) Special Deductions				
7 NOLCO	0	0	1,753,233	1,753,233
8	0	0	0	0
9 Total <small>(Sum of Items 5 to 8)</small>	0	0	3,407,311	3,407,311
10 Net Taxable Income (Loss) <small>(Item 4 Less Item 9)</small>	0	10,509,851	4,874,763	15,384,614


<b>Annual Income Tax Return</b> Page 8 - Schedules 11 & 12		BIR Form No. <b>1702-MX</b> June 2013	 1702-MX06/13P8
TIN 0 0 8 2 5 7 5 9 8 0 0 0 0 0		Registered Name RJ GLOBUS SOLUTIONS INC.	

Schedule 11- Balance Sheet	
Assets	
1 Current Assets	5 6 , 7 2 7 , 3 1 4
2 Long-Term Investment	0
3 Property, Plant and Equipment – Net	4 7 , 8 2 7 , 0 1 6
4 Long-Term Receivables	0
5 Intangible Assets	3 3 , 5 3 7
6 Other Assets	1 4 , 0 2 1 , 0 7 9
<b>7 Total Assets</b> (Sum of Items 1 to 6)	<b>1 1 8 , 6 0 8 , 9 4 6</b>
Liabilities and Equity	
8 Current Liabilities	1 1 1 , 7 8 9 , 4 5 1
9 Long-Term Liabilities	5 , 6 7 6 , 9 6 8
10 Deferred Credits	0
11 Other Liabilities	0
<b>12 Total Liabilities</b> (Sum of Items 8 to 11)	<b>1 1 7 , 4 6 6 , 4 1 9</b>
13 Capital Stock	2 5 0 , 0 0 0
14 Additional Paid-in Capital	0
15 Retained Earnings	8 9 2 , 5 2 7
<b>16 Total Equity</b> (Sum of Items 13 to 15)	<b>1 , 1 4 2 , 5 2 7</b>
<b>17 Total Liabilities and Equity</b> (Sum of Items 12& 16)	<b>1 1 8 , 6 0 8 , 9 4 6</b>

Schedule 12 – <input checked="" type="checkbox"/> Stockholders <input type="checkbox"/> Partners <input type="checkbox"/> Members Information (Top 20 stockholders, partners or members) (On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership.)						
REGISTERED NAME	TIN				Capital Contribution	% to Total
PEPITO G. PO	154	859	528	000	100	.04
REYNATO M. DIRECTO	185	217	029	000	100	.04
CHRISTOPHER A. PRESTO	220	491	418	000	100	.04
PRADEEP A. KUMAR	241	927	728	000	62,500	25
NAVIN A. GUPTA	498	583	714	000	100	.04
DATAMATICS GLOBAL SERVI	009	560	911	000	187,100	74.84
ANN SHERROL DELOS SANTO	272	134	431	000	100	.04
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0

<b>Annual Income Tax Return</b> Page 9 - Schedules 13 & 14		BIR Form No. <b>1702-MX</b> June 2013	 1702-MX06/13P9
TIN 0 0 8 2 5 7 5 9 8 0 0 0 0		Registered Name RJ GLOBUS SOLUTIONS INC.	
<b>Schedule 13 - Supplemental Information</b> (Attach additional sheet/s, if necessary)			
I) Gross Income/ Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	5 , 1 1 5	1 , 0 2 3
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0
<b>II) Sale/Exchange of Real Properties</b>		A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property (e.g., land, improvement, etc.)			
6 OCT/TCT/CCT/Tax Declaration No.			
7 Certificate Authorizing Registration (CAR) No.			
8 Actual Amount/Fair Market Value/Net Capital Gains		0	0
9 Final Tax Withheld/Paid		0	0
<b>III) Sale/Exchange of Shares of Stock</b>		A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind (PS/CS) / Stock Certificate Series No.		P S /	P S /
11 Certificate Authorizing Registration (CAR) No.			
12 Number of Shares		0	0
13 Date of Issue (MM/DD/YYYY)		□□/□□/□□□□	□□/□□/□□□□
14 Actual Amount/Fair Market Value/Net Capital Gains		0	0
15 Final Tax Withheld/Paid		0	0
<b>IV) Other Income (Specify)</b>		A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57(A)/127/others of the Tax Code, as amended (Specify)			
17 Actual Amount/Fair Market Value/Net Capital Gains		0	0
18 Final Tax Withheld/Paid		0	0
<b>19 Total Final Tax Withheld/Paid</b> (Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)			1 , 0 2 3
<b>Schedule 14- Gross Income/Receipts Exempt from Income Tax</b>			
1 Return of Premium (Actual Amount/Fair Market Value)		0	
<b>I) Personal/Real Properties Received thru Gifts, Bequests, and Devises</b>		A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property (e.g., land, improvement, etc.)			
3 Mode of Transfer (e.g. Donation)			
4 Certificate Authorizing Registration (CAR) No.			
5 Actual Amount/Fair Market Value		0	0
<b>II) Other Exempt Income/Receipts</b>		A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended (Specify)			
7 Actual Amount/Fair Market Value/Net Capital Gains		0	0
<b>8 Total Income/Receipts Exempt from Income Tax</b> (Sum of Items 1,5A, 5B, 7A & 7B)			0

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income						
Add: Non-deductible Expenses/Taxable Other Income		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns	
3.1	FINANCE COST	0	0	6,676,138	6,676,138	Remove
3.2	WRITE OFF	0	0	736,614	736,614	Remove
3.3	UNEARNED REVENUE	0	0	3,263,870	3,263,870	Remove
3.4	UNREALIZED FOREIGN	0	0	724	724	Remove
3.5	NONDEDUCTIBLE EXPE	0	1,442,922	0	1,442,922	Remove
Subtotal		0	1,442,922	10,677,346	12,120,268	
Add Row		Save	Cancel	Save & Close	Close	
Print						

## INCOME TAX COMPUTATION

For the year ended December 31, 2018

REGULAR CORPORATE INCOME TAX (RCIT) - ITEMIZED DEDUCTION		Amount	Vis a vis
Profit before tax		(3,797,797.07)	(1,139,339.12)
Less Permanent differences			-
Penalties		1,402,524.52	420,757.36
Finance income		(4,092.43)	(1,227.73)
Nondeductible finance costs (related party)		6,674,447.65	2,002,334.30
Nondeductible finance costs arbitrage limit		1,688.13	506.44
Impairment loss		736,614.42	220,984.33
Accounting income		5,013,385.22	1,504,015.57
Retirement		-	-
Unearned revenue		3,263,870.18	979,161.05
Unrealized forex loss on cash		724.00	217.20
Unrealized forex gain - loan		(1,649,983.00)	(494,994.90)
Taxable income before NOLCO		6,627,996.40	1,988,398.92
NOLCO application	2017	(1,536,848.00)	(461,054.40)
	2016	(162,285.00)	(48,685.50)
	2015	(54,100.00)	(16,230.00)
Taxable income after NOLCO		4,874,763.40	1,462,429.02
Multiply by RCIT Rate		30%	
<b>Regular Corporate Income Tax</b>		<b>1,462,429.02</b>	<b>1,462,429.02</b>
Application of MCIT	2017	(719,639.56)	(719,639.56)
	2016	(181,298.68)	(181,298.68)
<b>Regular Corporate Income Tax</b>		<b>561,490.78</b>	<b>561,490.78</b>

The Company was incorporated in 2012, hence, liable to MCIT.

MINIMUM CORPORATE INCOME TAX (MCIT)	Amount
Gross profit	51,082,715.15
Unearned revenue	3,263,870.18
Total gross income	54,346,585.33
Multiply MCIT Rate	2%
<b>Minimum Corporate Income Tax</b>	<b>1,086,931.71</b>

The Company was registered with PEZA as Ecozone IT Enterprise in Rockwell Business Tower on Feb 14, 2018.

GROSS INCOME TAX (5% GIT)	Amount
Revenue	73,465,813.48
Cost of services	62,955,965.24
Total gross income	10,509,848.24
Multiply by	5%
<b>Gross income tax</b>	<b>525,492.41</b>

	LGU	National	Total
PEZA	210,196.96	315,295.45	525,492.41
RCIT		561,490.78	561,490.78
	210,196.96	876,786.23	1,086,983.19
Payments for the 1st three quarters	-	347,067.26	347,067.26
<b>Income tax payable</b>	<b>210,196.96</b>	<b>529,718.97</b>	<b>739,915.93</b>

Reference			
<b>Income Tax (higher of MCIT or RCIT)</b>			1,462,429.02
<b>Income Tax (GIT)</b>			525,492.41
Less:			
Prior year's excess tax credit - taxes withheld		-	
Payments for the previous quarters			
1st Quarter	<u>1900.200</u>	-	
2nd Quarter	<u>1900.201</u>	141,534.26	
3rd Quarter	<u>1900.202</u>	205,533.00	
Creditable tax for the 1st to 3rd Quarter			
1st Quarter	<u>1900.200</u>	-	
2nd Quarter	<u>1900.201</u>	-	
3rd Quarter	<u>1900.202</u>	-	
4th Quarter		-	-
<b>Total Payments / credits</b>			<b>347,067.26</b>
<b>Income tax payable after tax credits</b>			<b>1,640,854.17</b>

#### ADDITIONAL ADJUSTMENTS

Current provision per audit	1,987,921.43
Provision set up per books	1,964,105.94
<b>Adjustment on provision</b>	<b>23,815.49</b>
Income tax payable per audit	1,640,854.17
Income tax payable per books	1,617,038.68
	<b>23,815.49</b>

JOURNAL ENTRIES	ACCOUNT NUMBER	DEBIT	CREDIT
Income Tax Expense	5.2.6.3	23,815.49	
Income Tax Payable	2.1.1.2.6		23,815.49
To adjust current tax expense			
Income Tax Payable	2.1.1.2.6	900,938.24	
Income Tax Expense	5.2.6.3		900,938.24
To apply excess MCIT			
Deferred tax asset	2.4.1.2.1	979,161.05	
Provision for income tax deferred	5.2.6.4.11		979,161.05
To recognize DTA on unearned revenue			
Provision for income tax deferred	5.2.6.4.11	900,938.24	
Prepaid tax MCIT	1.1.1.3.3		900,938.24
To derecognize DTA from MCIT			
Provision for income tax deferred	5.2.6.4.11	494,777.70	
Deferred tax liability	4.21.21.1		494,777.70
To record DTL on forex gain			