THE INDEPENDENT AUDITOR'S REPORT

JR MORENO
ACCOUNTING

THE BOARD OF DIRECTORS AND STOCKHOLDERS
INTELLECT DESIGN ARENA PHILIPPINES, INC. (RDO 043A)
407 Servcorp, Prestige Tower, Emerald Ave.,
Ortigas, Pasig City

I have audited the accompanying financial statements of **INTELLECT DESIGN ARENA PHILIPPINES, INC.** , which comprise the balance sheet as at December 31, 2015 and 2014 the statement of changes in equity, the related statement of income, and statement of cash flows for the years then ended with its explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and changes therein, of **INTELLECT DESIGN ARENA PHILIPPINES, INC.** as of December 31, 2015 and 2014, and of its operating results for the years then ended in accordance with the Philippine Financial Reporting Standards for SMEs.

Report on the Supplementary Information Required by the Bureau of Internal Revenue

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in its Notes to the Financial Statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements.

Such information is the responsibility of management.

The information has been subjected to the auditing procedures applied in our audit of the basic financial statements.

In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

JACKQUI R. MORENO, CPA, MBA
CPA Cert. No. 098122, valid until December 31, 2018
BOA Accreditation No. 1531, valid until December 31, 2016
PTR. NO. 2112330, issued at Q.C. on January 4, 2016
CTC NO. 110202241, issued at Q.C. on January 6, 2016
TIN 907-558-205-000
BIR AN: 07-000816-1-2014, valid until July 25, 2017

Metro Manila
Philippines

April 1, 2016

JR MORENO
ACCOUNTING

SUPPLEMENTAL WRITTEN STATEMENT

TO THE STOCKHOLDERS AND THE BOARD OF DIRECTORS
INTELLECT DESIGN ARENA PHILIPPINES, INC.
407 Servcorp, Prestige Tower, Emerald Avenue
Ortigas, Pasig City

I have examined the financial statements of **INTELLECT DESIGN ARENA PHILIPPINES, INC.**, for the years then ended December 31, 2015 and 2014 on which I have rendered the attached report dated April 1, 2016.

In compliance with SRC Rule 68, I am stating that the said company has a total number of one (1) stockholder owning one hundred (100) or more shares.

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April 2016
Metro Manila, Philippines

INTELLECT DESIGN ARENA PHILIPPINES, INC.
BALANCE SHEET
As of December 31, 2015

		2015		2014
<u>**ASSETS**</u>				
Current Assets				
Cash on Hand and in Bank *(Notes 3 & 4)*	*P*	**8,300,863**	*P*	1,940,889
Account Receivable *(Note 5)*		**131,387,181**		26,833,939
Other Current Assets *(Note 6)*		**3,181,226**		1,407,791
		142,869,270		30,182,619
Non Current Assets				
Property and equipments - net *(Note 7)*		**135,934**		1,518
Other Assets				
Deferred tax assets *(Note 2)*		**6,662,839**		10,659,618
TOTAL ASSETS		**149,668,043**		40,843,756
<u>**LIABILITIES AND STOCKHOLDERS' EQUITY**</u>				
Current Liabilities				
Trade and Other Payables *(Note 8)*		**124,914,252**		29,195,590
Other Current Liabilities *(Note 9)*		**1,406,201**		214,162
		126,320,452		29,409,753
Non-current Liabilities				
Advances from Affiliates		**1,175,135**		2,624,015
Advances from Stockholders		**28,315,392**		27,207,678
		29,490,527		29,831,693
Total		**155,810,979**		59,241,445
STOCKHOLDER'S EQUITY				
Paid-Up Capital *(Note 9)*		**21,847,619**		8,514,286
Retained Earnings		**(27,990,555)**		(26,911,975)
		(6,142,936)		(18,397,689)
TOTAL LIABILITIES AND EQUITY	*P*	**149,668,043**	*P*	40,843,756

INTELLECT DESIGN ARENA PHILIPPINES, INC.
STATEMENT OF INCOME AND EXPENSE
For the year ended December 31, 2015

		2015		2014
Revenues on Contracts *(Note 3)*	P	**126,543,648**	P	35,244,505
Less: Sales Discount		**1,210,557**		
Net Revenues		**125,333,091**		35,244,505
Less: Cost of Services (Note 11)		**102,391,819**		24,253,160
Gross Profit		**22,941,272**		10,991,345
Operating Expenses				
HR Expenses *(Note 12)*		**5,187,684**		16,006,232
Marketing Expenses *(Note 13)*		**9,346,108**		1,924,431
Administrative Expenses *(Note 14)*		**5,717,641**		4,270,128
	P	**20,251,432**	P	22,200,790
Net Income (Loss) from Operations		**2,689,840**		(11,209,445)
Gain (Loss)on Foreign Currency Valuation		**226,083**		779,398
Net Income (Loss) after Other Income (Expense)		**2,915,923**		(10,430,048)
Interest Income		**2,276**		553
Net Income (Loss) Before Tax		**2,918,199**		(10,429,494)
Income Tax (Expense) Benefit		**(874,777)**		3,129,014
NET INCOME (LOSS) after Tax	P	**2,043,422**	P	(7,300,480)

INTELLECT DESIGN ARENA PHILIPPINES, INC.
STATEMENT OF CHANGES IN EQUITY
As of December 31, 2015

		2015		2014
CAPITAL STOCK				
(Authorized 100,000,000 shares @ P1.00 par value)				
(Subscribed & paid-up 8,514,286 shares)	*P*	**8,514,286**	*P*	8,514,286
Additional Subsrciption & paid-Up Of 13,333,333 shares		**13,333,333**		
Total		**21,847,619**		8,514,286
RETAINED EARNINGS				
Balance at beginning of year		**(26,911,975)**		(19,061,001)
Interest Income				
Net Income for the period		**2,043,422**		(7,300,480)
Adjustment on Deferrred Tax Credit (Expired)		**(3,122,002)**		(550,494)
Balance at end of year		**(27,990,555)**		(26,911,975)
	P	**(6,142,936)**	*P*	(18,397,689)

INTELLECT DESIGN ARENA PHILIPPINES, INC.
STATEMENT OF CASH FLOW
For the period ended December 31, 2015

		2015		2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income for the period	P	**2,043,422**	P	(7,300,480)
Adjustments to reconcile Net Income to Net				
Cash provided by operating activities;		**-**		-
Depreciation/Amortization		**45,488**		10,488
Changes in operating assets and liabilities:				
(Increase) Decrease in:				
Receivables		**(104,553,242)**		(26,833,939)
Deposit and Prepaid Expenses		**(1,773,435)**		(573,828)
Other Assets		**3,996,779**		(2,578,520)
Increase (Decrease) in:				
Current Liabilities		**96,910,700**		27,130,264
Net Cash provided by operating activities		**(3,330,288)**		(10,146,014)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Increase in properties and equipments		**(179,904)**		
Net Cash Used in Investing Activities		**(179,904)**		
CASH FLOWS FROM FINANCING ACTIVITIES				
Paid Up Capital		**13,333,333**		
Expired Deferred Tax Assets		**(3,122,002)**		(550,494)
Advances from Parent co.		**(341,166)**		8,749,047
Net Cash Used in Investing Activities		**9,870,165**		8,198,553
NET INCREASE (DECREASE) IN CASH		**6,359,974**		(1,947,461)
CASH AT BEGINNING OF THE PERIOD		**1,940,889**		3,888,350
CASH AS AT THE END OF THE PERIOD	P	**8,300,863**	P	1,940,889

INTELLECT DESIGN ARENA PHILIPPINES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

Note 1 – Corporate Information

1.1 In General

Intellect Design Arena Philippines Inc., referred hereto as "the Company" was incorporated and registered with Securities and Exchange Commission on June 15, 2011 under S.E.C. Registration No. CS201110259, to engage in providing computer software services and to carry on business of sytem study, analysis and designs, development and implementation of software systems for usage of computer sytems, communication systems. the company offers state of the art solutions for core Banking, corporate Banking, Wealth & Asset Management and Insurance. The company is owned by Intellect Design Arena Pte. Ltd. (formerly Polaris Financial Technology Limited), a public limited company domicile in India, was founded in 1993 and is headquartered in Chennai.

The Company's principal place of business is at Suite 407 Prestige Tower, Emerald Ave., Ortigas, Pasig City, Philippines.

1.2 Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2015 (including the December 31, 2014 for comparative purposes only) was approved and authorized for issue by the Board of Directors on April 1, 2016.

Note 2 – Summary of Significant Accounting Policies

2.1 Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

2.2 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis unless clearly stated at fair value measurement and are presented in Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

2.3 Accounting Policies Adopted

The following sections that have been published and issued by the International Accounting Standards Board (IASB) and adopted by the FRSC which became effective for accounting periods beginning on or after January 1, 2010 were adopted by the Company:

Section 3	-	Financial Statement Presentations
Section 4	-	Statement of Financial Position
Section 5	-	Statement of Comprehensive Income and Income Statement
Section 6	-	Statement of Changes in Equity and Statement of Income and Retained Earnings
Section 7	-	Statement of Cash Flows
Section 8	-	Notes to the Financial Statements
Section 10	-	Accounting Policies, Estimates and Errors
Section 11	-	Basic Financial Instruments
Section 12	-	Other Financial Instruments Issues
Section 17	-	Property, Plant and Equipment
Section 20	-	Leases
Section 21	-	Provisions and Contingencies
Section 22	-	Liabilities and Equity
Section 23	-	Revenue
Section 27	-	Impairment of Assets
Section 28	-	Employee Benefits
Section 29	-	Income Tax
Section 32	-	Events after the End of the Reporting Period
Section 33	-	Related Party Disclosures

The effects of these sections on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

Section 3, "Financial Statement Presentation", provides a framework within which an entity assesses how to present fairly the effects of transactions and other events. It requires that an entity shall make an explicit and unreserved statement of compliance with PFRS for SMEs in the notes, complete sets of financial statements must be presented at least annually and at least one year comparative statements and note data, and items should be consistently presented and classified from one period to the next.

Section 4, "Statement of Financial Position", provides specific requirements on the presentation, classification and related disclosures of entity's assets, liabilities and equity as of a specific date.

Section 5, "Statement of Comprehensive Income and Income Statement", provides specific requirements on the presentation, classification and related disclosures of entity's total comprehensive income, its financial performance for the period in one or two financial statements.

Section 6, "Statement of Changes in Equity and Statement of Income and Retained Earnings", sets out requirements for presenting the changes in an entity's equity for a period, either in a statement of changes in equity or, if specified conditions are met and an entity chooses, in a statement of income and retained earnings.

Section 7, "Statement of Cash Flows", requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

Section 8, "Notes to the Financial Statements", sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes contain information in addition to that presented in the statement of financial position, statement of comprehensive income, income statement (if presented), combined statement of income and retained earnings (if presented), statement of changes in equity, and statement of cash flows. Notes provide narrative descriptions or desegregations of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of this PFRS requires disclosures that are normally presented in the notes.

Section 10, "Accounting Policies, Estimates and Errors", eliminates the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. The section defines material omissions and misstatements and describes how to apply the concept of materiality when applying accounting policies and correcting errors.

Section 11, "Basic Financial Instruments", applies to basic financial instruments and is relevant to all entities. An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument. When a financial asset or financial liability is recognized initially, an entity shall measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction.

Section 12, "Other Financial Instruments Issues", applies to other, more complex financial instruments and transactions.

Section 17, "Property, Plant and Equipment", prescribes the accounting treatment and related disclosures for property plant and equipment, investment property, and non-current assets held for sale whose fair value cannot be measured reliably without undue cost and effort. It provides guidance on initial and subsequent recognition as well as measurement after recognition. It requires depreciation for each significant part of an item of property, plant and equipment. The standard also provides guidance on the determination of the carrying amount of the assets, residual value, depreciation period and derecognition principles to be observed.

Section 20, "Leases", applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets. This section does not apply to agreements that are contracts for services that do not transfer the right to use assets from one contracting party to the other.

Section 21, "Provisions and Contingencies", ensures that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to financial statements to enable users to understand their nature, timing and amount.

Section 22, "Liabilities and Equity", establishes principles for classifying financial instruments as either liabilities or equity and addresses accounting for equity instruments issued to individuals or other parties acting in their capacity as investors in equity instruments (i.e. in their capacity as owners).

Section 23, "Revenue", provides additional guidelines as to the timely recognition of revenue, which is measured at the fair value of the consideration received or receivable.

Section 27, "Impairment of Assets", prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss. The section also specifies when an entity should reverse an impairment loss previously recognized.

Section 28, "Employee Benefits", applies to all employee benefits offered by an employer to employees and their dependents and beneficiaries. This section applies to employee benefits under: (i) formal plans and agreements between an enterprise and its employees, (ii) national, local, industry or multi-employer plans; and informal practices giving rise to a constructive obligation. This section also identifies the following categories of employee benefits such as short-term employee benefits, post employment benefits, other long-term employee benefits and termination benefits.

Section 29, "Income Tax", covers accounting for income tax. It requires an entity to recognize the current and future tax consequences of transactions and other events that have been recognized in the financial statements.

Section 32, "Events after the End of the Reporting Period", defines events after the end of the reporting period and sets out principles for recognizing, measuring and disclosing such events.

Section 33, "Related Party Disclosures", provides additional guidance and clarity in the scope, definitions and the disclosures for related parties. It requires disclosure of the compensation of key management personnel.

Financial Assets
Financial assets include cash in banks and accounts receivable.

Cash and Cash Equivalents
Cash are stated at face value. Cash includes cash in banks which earn interest at the respective bank deposit rates and these are deposits held at call with banks. Cash equivalents, if any, may consist of short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Trade and Other Receivables
Accounts receivable is recognized initially at its transaction price. They are subsequently measured at amortized cost less provision for impairment. A provision for impairment of account 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. Other receivables, if any include advances to officers and employees. Other receivables are recognized initially at its transaction cost, and subsequently measured at amortized cost less provision for impairment.

Other Current Assets
Other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other current assets include input VAT, deferred input VAT, security deposit, advance rental and withholding tax refund that are initially recorded at transaction cost and subsequently measured at cost less impairment loss, if any.

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefits will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting period, which are then classified as non-current assets.

Property and Equipment
The Company shall recognize the cost of an item of property and equipment as an asset if and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and
b) the cost of the item can be measured reliably.

An item of property and equipment is initially recognized at cost. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Interests on borrowed funds are normally charged to operations. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income of such period.

Property and equipment are subsequently recognized at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any impairment in value.

Depreciation is calculated on a straight-line basis over the useful lives of the assets. The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, if there is an indication that there has been indication of significant change since the last annual reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Financial Liabilities

Financial liabilities include trade and other payables and advances from officers.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade and Other Payables
Trade and other payables represent accounts payables and are recognized initially at the transaction price and subsequently measured at amortized cost less subsequent payments. Accruals, if any, are liabilities incurred but not yet paid during the calendar year for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts if any due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

Advances from Officers
Advances from officers are non-interest bearing borrowings measured initially at transaction price and subsequently measured at cost less subsequent payments and impairment, if any.

Financial Instruments

Date of Recognition
The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition of Financial Instruments
All financial assets and liabilities are initially recognized at initially, an entity shall measure it at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes in effect, a financing transaction. A financing transaction may take place in connection with the sale of goods of services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Subsequent Recognition of Financial Instruments
At the end of each reporting period, an entity shall measure financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

a) Debt instruments that meet the conditions shall be measured at amortized cost using the effective interest method. Debt instruments that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the entity shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

b) Commitments to receive a loan that meet the conditions shall be measured at cost (which sometimes is nil) less impairment.

c) Investments in non-convertible preference shares and non-puttable ordinary or preference shares that meet the conditions shall be measured as follows:

i. If the shares are publicly traded or their fair value can otherwise be measured reliably, the investment shall be measured at fair value with changes in fair value recognized in profit or loss.

ii. All other such investments shall be measured at cost less impairment.
Impairment or uncollectibility must be assessed for financial instruments.

Determination of Fair Value
For all financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Impairment of Financial Assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets
A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognized when:

i. The rights to receive cash flows from the asset have expired;

ii. The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or

iii. The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Equity

Equity is the residual interest in the assets of the Company after deducting all its liabilities. This includes investments by the shareholders, plus additions to those investments earned through profitable operation and retained for use in the Company's operations, minus reductions to shareholders' investments as a result of unprofitable operations and distributions to shareholders.

The Company shall recognize the issue of shares or other equity instruments as equity when it issues those instruments and another party is obliged to provide cash or other resources to the Company in exchange for the instruments. If the equity instruments are issued before the entity receives the cash or other resources, the Company shall present the amount receivable as an offset to equity in its statement of changes in shareholders' equity. Accordingly, the Company shall measure the equity instruments at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Revenue and Expenses Recognition

The Company adopts the accrual method in recognizing its revenue and expenses transactions. Under this method, revenue is recognized when earned while expenses recognized when incurred.

The Company shall measure revenue at the fair value of the consideration received or receivable. The fair value of the consideration received or receivable takes into account the amount of any trade discounts, prompt settlement discounts and volume rebates allowed by the Company.

Sale of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, the Company shall recognize revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period.

Interest Income

The Company shall recognize revenue arising from the use by others of Company's assets yielding interest and commission when (a) it is probable that the economic benefits associated with the transactions will flow to the Company; and (b) the amount of the revenue can be measured reliably. The Company shall recognize revenue on the following bases:

(a) *Interest* – interest income on bank deposits is recognized as the interest accrues.

The Company shall recognize all borrowing costs as an expense in profit or loss in the period in which they are incurred.

Employee Benefits

Employee benefits are all forms of consideration given by the Company in exchange for service rendered by employees, including directors and management.

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. Short-term benefits given by the Company to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Retirement Benefits
Republic Act (R.A.) No. 7641 (New Retirement Law) took effect on January 7, 1993 which states that the Company is required to provide minimum retirement benefits to qualified retiring employees. The minimum retirement pay due for covered employees shall be equivalent to one-half month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. One-half month salary include: (a) 15 days salary based on the latest salary rate; (b) cash equivalent of 5 days of service incentive leave (or vacation leave); (c) one-twelfth (1/12) of the 13^{th} month pay; provided that retiree has at least 5 years of continuous service and at least sixty (60) years of age, but not beyond sixty five (65) years which is declared the compulsory retirement age.

Leases
The Company shall classify lease as to finance lease or operating lease. Lease classification is made at the inception of the lease and is not changed during the term of the lease unless the lessee and the lessor agree to change the provisions of the lease (other than simply by renewing the lease), in which case the lease classification shall be re-evaluated.

A lease is classified as finance lease if it transfers substantially all the risk and rewards incidental to ownership. On the other hand, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease - Company as Lessee
Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Accordingly, lease payments (excluding cost for services such as insurance and maintenance) shall be recognized as expense on a straight-line basis over the lease term.

Income Taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as during the reporting period.

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carry forward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax asset and liabilities are measured at the tax rates expected in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Provisions

Provisions for any restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions may comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the End of the Reporting Period

Post year-end events up to the date of the auditor's report that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Related Parties

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

Note 3 – Management's Significant Accounting Judgments and Estimates

3.1 Judgments

The preparation of the Company's financial statements in conformity with PFRS for SMEs requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements.

Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.2 Estimates

In the application of the Company's accounting policies, 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.

Estimated Useful Lives of Property and Equipment
The Company estimates the useful lives of property and equipment based on the period over which the property and equipment are expected to be available for use. The estimated useful lives of the property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. In addition, the estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in the 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 the property and equipment would increase the recorded expenses and decrease the noncurrent assets. Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	Estimated Useful Life
Leasehold improvement	3 years
Computer equipment	3 years
Office equipment	3 years
Furniture and fixtures	3 years

The foregoing estimated useful lives and depreciation method are reviewed from time to time to ensure that these are consistent with the expected economic benefits of the property and equipment.

Impairment of Non-financial Assets

The Company assesses the value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's 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 these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

Note 4 – Cash

The account consists of the following:

	2015	2014
Cash in bank – Citibank-Peso Acct	7,358,459	782,687
Cash in bank – Citibank-US$ Acct	942,404	1,158,203
Total	8,300,863	1,940,889

Cash in banks represent unrestricted deposits with local banks which earn interest at the prevailing bank deposit rates. Total interest earned during the year amounted to P26,233.66 and P14,073.56 for the years ended 2014 and 2013, respectively.

Note 5 – Trade and Other Receivables

The account consists of the following:

	2015	2014
Account receivable	65,349,665	26,833,939
Revenue accrued but not billed	56,222,519	
EMD Receivables	9,814,99	-
Total	131,387,181	26,833,939

Accounts receivable represent valid claims from various customers resulted from projects or other business activities already rendered by the Company.

As of December 31, 2015, the Management believed that the receivables above were fully collectible, thus, no allowance for probable losses has been set up and none of these were used as collateral to secure any liabilities of the Company.

These carrying amounts of receivables are unsecured, non-interest bearing claims and advances which are expected to be collected or liquidated within one (1) year after reporting date.

Note 6 – Other Current Assets

The account consists of the following:

	2 0 1 5	2 0 1 4
Advances for Expenses	267,364	213,643
Advances to suppliers	775,387	517,867
Exch Fluctuation Res - Asset	297,388	
Salary Advances	28,335	93,334
Creditable Input Tax		114,479
Creditable Withholding Tax	1,574,752	288,469
Security Deposit	238,000	180,000
Total	3,181,226	1,407,791

Security deposit is intended to secure faithful compliance by the Company with the terms and conditions on its lease agreement with CEO Philippine Branch and such amount does not bear any interest and returnable to the Company upon termination of the lease, less any costs incurred by the lessor in repairing the damages to the building arising from, relating to or connected with the renovation by the Company of leased premises, if any.

Note 7 – Property and Equipment

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2015 and 2014 are shown below:

Cost	2 0 1 4	Additions	2 0 1 5
Office machines & equipments	31,450	179,904	211,354
Accumulated depreciation	2 0 1 3	Depreciation	2 0 1 4
Office machines & equipments	29,932	45,488	75,420
Carrying Value	1,518		135,934

As of reporting date, there was no evidence to warrant the recognition of impairment. Furthermore, these assets were not used to secure any liability of the Company.

Note 8 – Trade and Other Payables

The account consists of the following:

	2 0 1 5	2 0 1 4
Accounts payable	112,161,782	24,888,088
Payroll Payable	2,619.853	3,228,633
Billing in Excess of Revenue	6,098,947	88,445
Deferred Out put Tax	4,033,670	990,424
Total	124,914,252	29,195.590

Trade payables are non-interest bearing liabilities which consist of unpaid invoices from media suppliers. Other accounts payable are liabilities which consist of amount owed from utilities, communication and other office expenses.

These payables are unsecured, non interest bearing and are normally payable within 1 year after the reporting date.

Accounts payable – others represent unliquidated advances and accrued expenses of the Company during the year.

Note 9 – Other Current Liabilities

The account consists of the following:

	2 0 1 5	2 0 1 4
SSS Premiums Payable	14,320	10,740
SSS Employee Loans Payable		1,284
PhilHealth Premiums Payable	7,000	4,900
HDMF Premiums Payable	1,600	1,200
Witholding Tax Payable-Comp.	1,238,082	186,328
Witholding Tax Payable-Exp.	8,988	9,710
VAT Payable	135,210	
Total	1,406,201	214,162

Note 10 – Related party transactions

In the ordinary course of business, the Company has transactions with its stockholders and officers principally consisting of advances which may or may not be interest bearing. Such transactions have been entered into at terms no less favorable than could have been obtained if the transactions were entered with unrelated parties.

Advances represent amount owed to affiliates and stockholders which were used to working capital requirements of the Company.

These payables are unsecured and non interest bearing and are normally payable within 1 year.

Note 11 – Service Income

The account consists of the following:

	2014	2013
Commission income	32,525,741.61	37,436,870.21
Consultancy fee	5,999,313.00	7,622,905.20
Commission Income - Opcost	269,812.00	104,856.62
Total	38,794,866.61	45,164,632.03

Commission income-opcost represents amount received from clients which is intended to be used in production and other projects of the Company and such amount was recognized as income upon receipt.

Note 11 – Cost of Services

The account consists of the following:

	2015	2014
Salaries and wages	19,713,483	
Consulting/Outsourcing Expense	57,124,995	
Software License	18,534,117	
S/W Dev Chgs-Others Ctrl A/C	7,019,223	
Total	102,391,819	24,253,160

Note 12 – H R Expenses

The account consists of the following:

	2015	2014
Salaries and Wages	5,032,972	15,912,553
SSS, Philhealth & pag-ibig Premiums	154,711	93,679
Total	5,187,685	16,006,232

Note 13 – Marketing Expenses

The account consists of the following:

	2015	2014
Commision Expense	8,683,466	1,463,825
Business Promotion	662,642	460,606
Total	9,346,108	1,924,431

Note 14 – Operating Expenses

The account consists of the following:

	2015	2014
Rental Expense	1,297,000	1,180,000
Professional fees	1,055,650	481,882
Transportation Expense	1,054,907	1,296,434
Insurance Expenses	813,334	448,097
Taxes, Licenses and Permits	486,275	24,863
Repairs and Maintenance	445,330	289,093
Communications and Postages	352,532	30,974
Interest and Bank Charges	94,608	95,848
Office supplies	72,516	10,488
Depreciation Expense	45,488	403,000
Outside services		
Total	5,717,641	4,270,128

Note 14 – Income Taxation

Regular Corporate Income Tax (RCIT) - 30%

Income before income tax	2,918,199
Less: Income already subjected to final tax	
Interest income on deposits	2,276
Taxable income	2,915,923
RCIT rate	30%
Provision for income tax	874,777

Minimum Corporate Income Tax

As provided in the Tax Code, the Company will be subjected to Minimum Corporate Income Tax (MCIT) of two percent (2%) of gross income beginning on the fourth (4^{th}) taxable year immediately following the taxable year in which the Company commenced its business operations. As of 2015 taxable year the company is already subject to MCIT, computed as follows:

Gross Profit	22,941,272
Other Taxable Income	226,083
Total Income Subject to MCIT	23,167355
MCIT rate	2%
Minimum Corporate Income Tax	463,347

Ne-Operating Loss Carry Over

As provided in the Tax Code, the Company is allowed to carry over losses from operation for a period of three years. An analysis of the company's accumulated losses, resulted to the following:

Year Incurred	Amount of Losses	NOLCO Applied this year	Expired	NOLCO Unapplied
2014	10,430,048			9,791,844
2013	11,779,418			11,779,418
2012	13,322,596	2,915,925		10,406,671

Note 15 – Supplementary Information Required by Bureau of Internal Revenue (BIR)

Presented below is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS for SMEs.

15.1 Requirements under Revenue Regulations 15 – 2010

In compliance with BIR Revenue Regulations No.15-2010 (amending certain provision of Sec. 2 of RR No. 21-2002), which requires addition to the disclosures mandated under the Philippine Financial Reporting Standards for SME, and such other standards and convention, the Notes to the Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year particularly on the following which is applicable to the Company:

(a) Value Added Tax

The Company is a VAT-registered company with output tax declaration computed as follows:

Collected Service income		64,314,187
Output VAT, beginning	-	
Add: Output VAT during the year	7,717,702	7,717,702
Input VAT, beginning	199,382	
Add: Input VAT on domestic purchase of services	259,717	
Input VAT on purchase of goods	17.411	
Input Vat on Service from Outside sources	4,440,389	4,916,899
VAT Payments		2,800,803

(b) Documentary Stamp Tax

The Company had an additional subscription and paid-up capital of 13,333,333 for 2015, subsequently documentary stamp tax were paid amounting to P66,666.67.

(c) Taxes and Licenses

The details of taxes and licenses account are as follows:

	2015	2014
Business permits	485,775	24,363
BIR annual registration	500	500
Total	486,275	24,863

(d) Withholding Taxes

The Company paid withholding taxes as follows:

	Amount
Withholding Tax on Compensation	6,737,784
Withholding Tax at Source	470,580
Withholding Tax-Final	14,195,032

(e) Deficiency Tax Assessments and Tax Cases

As of December 31, 2015, the company does not have any final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

Note 16 – Lease Agreements

The contract was executed between Jaideep Billa, in behalf of the Company (lessee), and CEO Suite Philippine Branch on June 4, 2015. No future minimum lease payments arising from the contract. Lease agreements are for the period one (1) year beginning June 16, 2015 to June 15, 2016 and cancellable as agreed by both parties.

Note 17 – Capital Stocks

The Company's authorized capital stock amounted to One Hundred Million Pesos (P100,000,000.00) divided by One Hundred Million Shares (100,000,000) at P1.00 par value.

Of the total authorized, Twenty One Million Eight Hundred Forty Seven Thousand Six Hundred Nineteen Pesos (P21,847,619.00) was already subscribed and paid.

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