SEDPI

Social Enterprise Development Partnerships, Inc.

Audited Financial Statements
December 31, 2011

ADDRESS Unit 303 Dela Rosa St., Loyola Heights, Quezon City 1108 Philippines
TELEFAX +63 (2) 433 7895 | E-MAIL info@sedpi.com

MELICOR BRIONES VILLAREAL & Co.
Certified Public Accountants
No. 52 Masikap St., Brgy. Pinyahan, Diliman, Quezon City / Telefax: (632) 441-1810 Tel: (632) 435-5376 / Email: mbv_cpas@yahoo.com.ph

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
Social Enterprise Development Partnerships, Inc. (SEDPI)
450 J. Marzan Street, Sampaloc,
Manila

Report on the Financial Statements

We have audited the accompanying financial statements of **Social Enterprise Development Partnership, Inc. (SEDPI)**, which comprise the statements of financial position as at December 31, 2011 and 2010, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatements.

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 risks of material misstatements 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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Social Enterprise Development Partnership, Inc.** as of December 31, 2011 and 2010, and its financial performances and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Report on Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties, and license fees in Note 9 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not 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 our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MELICOR BRIONES VILLAREAL & CO.

F. A. BRIONES
CPA Certificate No. 78901
Tax Identification No. 128-261-118
PTR No. 6122547, Jan. 12, 2012
Quezon City, Philippines
BOA Accreditation No. 0540
BIR AN# 07-003261-0-2009

April 11, 2012

Social Enterprise Development Partnership, Inc.

STATEMENTS OF FINANCIAL POSITION

(in Philippine Peso)

	December 31	
	2011	**2010**
ASSETS		
Current Assets		
Cash	**577,332**	621,824
Advances and Other Receivables	**3,043,515**	2,110,153
Other Current Assets	**32,921**	131,714
Total Current Assets	**3,653,768**	2,863,690
Non-Current Assets		
Properties and Equipment, *Note 4*	**2,629,129**	1,057,696
Other Assets	**4,345,294**	4,154,278
Total Non-Current Assets	**6,974,423**	5,211,974
TOTAL ASSETS	**10,628,191**	8,075,664
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Accrued Expenses and Other Current Liabilities	**8,076,033**	2,757,930
Income Tax Payable, *Note 7*	**27,568**	35,745
Total Current Liabilities	**8,103,600**	2,793,675
Long Term Liabilities		
Loans Payable	**2,335,794**	4,461,884
TOTAL LIABILITIES	**10,439,394**	7,255,559
Stockholders' Equity		
Capital Stock	**20,000**	20,000
Retained Earnings	**168,797**	800,104
TOTAL STOCKHOLDERS' EQUITY	**188,797**	820,104
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**10,628,191**	8,075,664

See accompanying notes to financial statements

Social Enterprise Development Partnership, Inc.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine Peso)

	Years ended December 31	
	2011	2010
REVENUE		
Management Services	**6,725,220**	5,791,198
Research	**-**	979,018
Training Fee	**1,919,479**	749,587
	8,644,699	7,519,803
COST OF SERVICES, *Note 5*	**4,448,292**	3,943,165
	4,448,292	3,943,165
GROSS PROFIT	**4,196,406**	3,576,637
OPERATING EXPENSES, *Note 6*	**4,370,086**	2,885,273
	4,370,086	2,885,273
INCOME FROM OPERATIONS	**(173,679)**	691,364
OTHER INCOME / (EXPENSES)		
Interest and other income	**378,320**	106,776
Penalties and Charges		(1,000)
Interest Expense	**(26,849)**	(71,120)
INCOME BEFORE TAX	**177,791**	726,020
PROVISION FOR INCOME TAX, *Note 7*	**90,958**	218,106
NET INCOME	**86,834**	507,914

See accompanying notes to financial statements

Social Enterprise Development Partnership, Inc.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in Philippine Peso)

	Capital Stock	Retained Earnings	TOTAL EQUITY
Balances at December 31, 2009	**20,000**	**335,894**	**355,894**
Net Income for the year	-	507,914	507,914
Prior Period Adjustment	-	(43,703)	(43,703)
Balances at December 31, 2010	**20,000**	**800,104**	**820,104**
Net Income for the year	-	86,834	86,834
Prior Period Adjustment	-	(718,141)	(718,141)
Balances at December 31, 2011	**20,000**	**168,797**	**188,797**

See accompanying notes to financial statements

Social Enterprise Development Partnership, Inc.

STATEMENTS OF CASH FLOWS

(in Philippine Peso)

	Years Ended December 31	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Income Before Tax	**177,791**	726,020
Adjustments for:		
Depreciation	**262,498**	270,383
Income Taxes Paid	**(99,135)**	(94,871)
Prior Period Adjustment	**(718,141)**	(43,703)
(Increase)/Decrease in		
Advances and receivables	**(933,362)**	3,776,002
Other current assets	**98,793**	(296,521)
Accounts payable	**5,318,103**	1,625,719
Net cash used in operating activities	**4,106,547**	5,963,028
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to furniture, fixtures and equipment	**(1,833,931)**	(118,684)
(Increase)/Decrease in Other Assets	**(191,016)**	(225,079)
Net cash used in investing activities	**(2,024,947)**	(343,763)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Stockholders' Equity		
Increase (Decrease) in Loans Payable	**(2,126,091)**	(5,469,449)
Net cash used in financing activities	**(2,126,091)**	(5,469,449)
INCREASE (DECREASE) IN CASH	**(44,491)**	149,816
CASH AT BEGINNING OF THE YEAR	**621,824**	472,008
CASH AT END OF THE YEAR	**577,332**	621,824

See accompanying notes to financial statements

SOCIAL ENTERPRISE DEVELOPMENT PARTNERSHIPS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. The Company.

The **Social Enterprise Development Partnerships, Inc. (SEDPI)** is a domestic stock corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission on July 30, 2004 under SEC Registration No. CS200411733, and its principal office address is at 450 J. Marzan Street, Sampaloc, Manila.

Its primary purpose is to provide consulting services to cooperative and non-government organizations.

The financial statements were approved and authorized for issuance on September 9, 2011.

2. Significant Accounting Policies.

2.1 Basis of Preparation

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) for SME's. They have been prepared under the historical cost basis, and presented in Philippine peso, which is the Company's functional currency.

2.2 Accounting Policies

The following accounting 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, 2009 were adopted by the Company:

Section 1	-	Small and Medium – Sized Entities
Section 2	-	Concepts and Pervasive Principles
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 Financial Statements
Section 10	-	Accounting Policies, Estimates and Errors

Section 17	-	Property, Plant and Equipment
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
Section 35	-	Transition to the PFRS for SME's

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

Section 1. **Small and Medium-Sized Entities", PFRS for SME's** is intended for Non Publicly Accountable Entities that publish general purpose financial statements for external users.

Section 2. **Concepts and Pervasive Principles** describes the objective of financial statements of SMEs and the qualities that make the information in the financial statements of SMEs useful. It also sets out the concepts and basic principles underlying the financial statements of SMEs.

Section 3. **Financial Statement Presentations** 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 the cost of inventories is no longer acceptable.

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 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, 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 17. **Property, Plant and Equipment** prescribes the accounting treatment and related disclosures for property 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, the residual value, and depreciation period and derecognition principles to be observed.

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.

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.

Section 35. **Transition to the PFRS for SME's** applies to a first-time adopter of the *PFRS for SMEs*, regardless of whether its previous accounting framework was full PFRSs or another set of generally accepted accounting principles (GAAP) such as its national accounting standards, or another framework such as the local income tax basis.

The significant sections and practices of the Company are set forth to facilitate the understanding the financial statements.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisitions and that are subject to an insignificant risk of change in value.

Trade and Other Receivables

Trade Receivables
Trade receivables represent accounts receivables and are measured at invoice price and subsequently measured at face value as reduced by any appropriate allowances for doubtful accounts.

Other Receivables
Other receivables are stated at their face values. These are receivables other than those which arise from the ordinary course of business of the Company. Other receivables consist of advances to employees.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation, and any impairment in value.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income 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 an additional cost of property and equipment.

When property and equipment are sold or retired, their cost, accumulated depreciation and any impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income and expenses.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Total Equity

Total equity comprises of contributed capital and cumulative fund.

Share Capital

Share capital is determined using the nominal value of shares that have been issued and fully paid.

The costs of acquiring Company's own shares, if any, are shown as a deduction from equity attributable to the company's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, and are included in equity attributable to the company's equity holders.

Share Premium

Share premium, if any includes any premiums received on the initial issuing of capital stock. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

The Company has no share premium as of December 31, 2010.

Revenue and Expense Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of the revenue can be measured reliably.

Administrative expenses are recognized in the statement of income upon utilization of the service or in the dates they are incurred.

Employee Benefits

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 salaries and wages, social security contributions, short-term compensated absences, bonuses, and other non-monetary benefits.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

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 balance sheet date 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.

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 judgements, 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 they 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 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 in Years
Office equipment	1-5
Furniture and fixtures	3-10
Vehicle	15

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 PPE.

- **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.

- **Allowance for Doubtful Accounts**
  The company assesses whether objective evidence of impairment exists for receivables and due from related parties that are individually significant and collectively for receivables that are not individually significant. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables.

- **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.

4. Property and equipment.

December 31, 2011

	Office Equipment	Furniture and Fixtures	Vehicle	Total
Cost				
Balances at beginning of year	908,341	55,452	1,131,646	2,095,439
Additions	86,141	51,830	1,695,960	1,833,931
Balances at end of year	**994,481**	**107,282**	**2,827,606**	**3,929,370**
Accumulated Depreciation				
Balances at beginning of year	622,167	25,786	389,789	1,037,742
Depreciation	174,214	12,841	75,443	262,498
Balances at end of year	**796,381**	**38,627**	**465,232**	**1,300,240**
Net Carrying Values	**198,101**	**68,655**	**2,362,374**	**2,629,129**

December 31, 2010

	Office Equipment	Furniture and Fixtures	Vehicle	Total
Cost				
Balances at beginning of year	796,652	48,457	1,131,646	1,976,755
Additions	111,689	6,995	-	118,684
Balances at end of year	908,341	55,452	1,131,646	2,095,439
Accumulated Depreciation				
Balances at beginning of year	435,244	17,769	314,346	767,359
Depreciation	186,923	8,017	75,443	270,383
Balances at end of year	622,167	25,786	389,789	1,037,742
Net Carrying Values	286,174	29,665	741,857	1,057,696

5. Cost of services.

This account consists of:

	Years ended December 31	
	2011	2010
Board and Lodging	**49,842**	189,831
Meetings and Consultations	**1,128,747**	618,629
Supplies and Materials	**200,602**	177,291
Transportation and Travel	**1,225,325**	1,022,868
Communication	**26,030**	56,987
Trainings and Seminar Expenses	**1,817,746**	1,877,560
Fees and Charges		
TOTAL	**4,448,292**	3,943,165

6. Operating expense.

This account consists of:

	2011	2010
Salaries	**308,271**	319,159
Supplies and Reproduction	**672,629**	160,567
Donation	**45,058**	222,000
Transportation	**561,934**	263,074
Repairs and Maintenance	**104,855**	125,656
Insurance	**259,692**	174,126
Bank Charges and Other Fees	**38,732**	22,739
Utilities	**158,549**	70,190
Depreciation Expense	**262,498**	270,383
Professional Fee	**1,310,802**	662,690
Meetings and Representation	**94,210**	59,249
Communication	**208,877**	57,463
Taxes and Licenses	**6,516**	52,203
Staff Development	**318,964**	286,846
Marketing and Advertising	**18,500**	138,929
Miscellaneous		
TOTAL	**4,370,086**	2,885,273

7. Computation of income tax payable.

COMPUTATION OF TAXABLE INCOME:

	2011	2010
Gross Income	4,547,877	3,576,637
MCIT Rate	2%	2%
MCIT	**90,958**	**71,533**
INCOME FROM OPERATIONS	(173,679)	691,364
ADD: Interest Income		
Other income	378,320	106,776
LESS: Interest Expense	(26,849)	(71,120)
Disallowed Interest Expense	-	-
TAXABLE INCOME	**177,791**	**727,020**
BASIC INCOME TAX	*53,337*	*218,106*
PROVISION FOR INCOME TAX	**90,958**	**218,106**
Less: Tax paid 1st-3rd Quarters	63,390	17,553
Tax Due - 4th Quarter	27,568	200,553
Creditable w/tax-4th Quarter		164,808
Income tax payable	**27,568**	**35,745**

8. Reconciliation of Net Income per Books Against Taxable Income.

	2011	2010
Net Income/(Loss) per books	**177,791**	726,020
Add: Non-deductible Expenses/Taxable Other Income		
Disallowed Interest Expense	-	-
Penalties and Charges		1,000
Net Taxable Income/(Net Loss)	**177,791**	727,020

9. Information required by Bureau of Internal Revenue's Revenue Regulation (RR) 15-2010.

On November 25, 2010, the Bureau of Internal Revenue issued Revenue Regulation (RR) No. 15-2010, which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose in the Notes to the Financial Statements, in addition to the disclosures mandated under PFRS and such other standards and/or conversions that may be adopted, information on taxes, duties and license fees paid or accrued during the taxable year.

A. Withholding taxes

	2011	2010
Tax on compensation and benefits	**77,165**	87,875
Expanded withholding tax	**118,831**	58,832
Total	**195,996**	146,707

B. All Other taxes

Other taxes paid during the year

	2011	2010
Licenses	**3,166**	2,503
BIR renewal of Registration	**500**	500
Community Tax Certificate	**954**	900
Barangay Clearance	**150**	150
Others	**1712**	48,151
Total	**6,482**	52,204

C. Tax Cases.

As of December 31, 2011 the company has no pending tax court cases nor has it received any tax assessment notices from the BIR.