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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and the Stockholders
WIPRO BPO PHILIPPINES LTD. INC.
(A 99.99% Owned Subsidiary of Wipro Cyprus Private Limited)
Cebu IT Tower 1, cor. Archbishop Reyes Avenue and Mindanao St.,
Cebu Business Park, Cebu City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Wipro BPO Philippines Ltd. Inc.** (the Company), which comprise the statement of financial position as at March 31, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the fiscal year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Wipro BPO Philippines Ltd. Inc.** as at March 31, 2018, and its financial performance and its cash flows for the fiscal year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Other Matter

The financial statements of the Company for the fiscal year ended March 31, 2017 were audited by another auditor who expressed an unqualified opinion on those statements on June 1, 2017.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 23 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.

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Partner
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effective until December 8, 2019
SEC Accreditation No. 1523-A (Individual), Group C, issued on November 16, 2015,
effective until November 15, 2018
SEC Accreditation No. 0007-FR-4 (Firm), Group A, issued on July 16, 2015,
effective until July 15, 2018

June 13, 2018
Bacolod City, Philippines

WIPRO BPO PHILIPPINES LTD. INC.

(A 99.99% Owned Subsidiary of Wipro Cyprus Private Limited)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

(With comparative figures for 2017)

	Notes		2018		2017
ASSETS					
Current Assets					
Cash and cash equivalents	4	P	3,272,431,981	P	1,663,159,720
Short-term investment	5		–		75,375,000
Trade and other receivables - net	6		523,898,263		588,330,269
Unbilled service fees	7		169,164,753		118,903,203
Prepayments			61,256,362		35,018,738
Total Current Assets			4,026,751,359		2,480,786,930
Noncurrent Assets					
Property and equipment - net	8		289,511,168		402,453,810
Rental deposits	18		33,332,297		32,637,504
Total Noncurrent Assets			322,843,465		435,091,314
TOTAL ASSETS		P	4,349,594,824	P	2,915,878,244
LIABILITIES AND EQUITY					
Liabilities					
Current Liabilities					
Trade and other payables	9	P	567,397,423	P	561,287,368
Income tax payable			22,273,501		9,988,725
Due to parent and affiliates	19		241		30,550
Other current liability	10		9,255,898		–
Total Current Liabilities			598,927,063		571,306,643
Noncurrent Liability					
Retirement benefits liability	15		2,561,254		1,739,276
Total Liabilities			601,488,317		573,045,919
Equity					
Share capital	17		188,914,700		188,914,700
Retained earnings	17		3,553,889,976		2,148,603,788
Cumulative remeasurements on defined benefit liability	15		5,301,831		5,313,837
Total Equity			3,748,106,507		2,342,832,325
TOTAL LIABILITIES AND EQUITY		P	4,349,594,824	P	2,915,878,244

See notes to the financial statements.

WIPRO BPO PHILIPPINES LTD. INC.

(A 99.99% Owned Subsidiary of Wipro Cyprus Private Limited)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

(With comparative figures for the fiscal year ended March 31, 2017)

	Notes		2018		2017
SERVICE FEES	11	P	4,196,129,283	P	3,705,823,416
OTHER FEES	12		91,942,489		85,617,502
TOTAL REVENUE			4,288,071,772		3,791,440,918
COST OF SERVICES	13		2,499,362,689		2,324,933,097
GROSS PROFIT			1,788,709,083		1,466,507,821
OPERATING EXPENSES	14		443,587,002		397,321,086
PROFIT FROM OPERATIONS			1,345,122,081		1,069,186,735
OTHER INCOME (EXPENSES)					
Foreign exchange gain - net	21		88,980,749		101,875,457
Finance income	21		20,160,974		4,112,853
Impairment loss on trade receivables	6		(170,808)		—
Losses on disposal of property and equipment	8		(1,042,856)		(1,448,251)
			107,928,059		104,540,059
PROFIT BEFORE TAX			1,453,050,140		1,173,726,794
INCOME TAX EXPENSES	16		47,763,952		40,732,671
PROFIT OR LOSS			1,405,286,188		1,132,994,123
OTHER COMPREHENSIVE INCOME					
Item that will not be reclassified to profit or loss					
Remeasurement gain (loss) on defined benefit plan	15		(12,006)		5,320,733
TOTAL COMPREHENSIVE INCOME		P	1,405,274,182	P	1,138,314,856
BASIC AND DILUTED EARNINGS PER SHARE		P	743.87	P	599.74

See notes to the financial statements.

WIPRO BPO PHILIPPINES LTD. INC.

(A 99.99% Owned Subsidiary of Wipro Cyprus Private Limited)

STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED MARCH 31, 2018

(With comparative figures for the fiscal year ended March 31, 2017)

	Share capital *(Note 17)*	Retained earnings *(Note 17)*	Retirement benefits reserve *(Note 15)*	Total
Balance at April 1,2016	₱ 188,914,700	₱ 1,015,609,665	(₱ 6,896)	₱ 1,204,517,469
Total comprehensive income				
Net profit for the year	–	1,132,994,123	–	1,132,994,123
Other comprehensive income	–	–	5,320,733	5,320,733
Balance at March 31, 2017	188,914,700	2,148,603,788	5,313,837	2,342,832,325
Total comprehensive income				
Net profit for the year	–	1,405,286,188	–	1,405,286,188
Other comprehensive income	–	–	(12,006)	(12,006)
Balance at March 31, 2018	₱ 188,914,700	₱ 3,553,889,976	₱ 5,301,831	₱ 3,748,106,507

See notes to the financial statements.

WIPRO BPO PHILIPPINES LTD. INC.

(A 99.99% Owned Subsidiary of Wipro Cyprus Private Limited)

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED MARCH 31, 2018
(With comparative figures for the fiscal year ended March 31, 2017)

	Notes		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		₱	1,453,050,140	₱	1,173,726,794
Adjustments for:					
Depreciation	8,13,14		188,731,136		200,834,102
Loss from disposal of property and equipment	8		1,042,856		10,776,487
Unrealized foreign exchange loss - net			18,231,048		3,583,472
Provision for retirement benefits	15		809,972		2,018,071
Finance income	21		(20,160,974)		(4,112,853)
Impairment loss on trade receivables	6		170,808		-
			1,641,874,986		1,386,826,073
Changes in:					
Trade and other receivables			68,899,310		(123,361,998)
Unbilled service fees			(49,845,554)		(18,153,071)
Prepayments			(26,237,624)		(12,891,768)
Due to parent and affiliates			(30,309)		(4,266)
Trade and other payables			5,990,372		104,489,816
			1,640,651,181		1,336,904,786
Income taxes paid			(35,479,176)		(35,318,667)
Benefits paid	15		-		(91,241)
Interest received	21		17,331,553		4,112,853
Net cash provided by operating activites			1,622,503,558		1,305,607,731
CASH FLOWS FROM INVESTING ACTIVITIES					
Short-term investment			75,375,000		(75,291,000)
Acquisitions of property and equipment	8		(76,831,350)		(152,083,581)
Change in rental deposits			2,134,628		(3,137,725)
Net cash provided by (used in) investing activities			678,278		(230,512,306)
NET INCREASE IN CASH AND CASH EQUIVALENTS			1,623,181,836		1,075,095,425
CASH AND CASH EQUIVALENTS AT APRIL 1			1,663,159,720		592,946,619
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH HELD			(13,909,575)		(4,882,324)
CASH AND CASH EQUIVALENTS AT MARCH 31		₱	3,272,431,981	₱	1,663,159,720

See notes to the financial statements.

WIPRO BPO PHILIPPINES LTD. INC.
(A 99.99% Owned Subsidiary of Wipro Cyprus Private Limited)

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE FISCAL YEAR ENDED MARCH 31, 2018
(With comparative figures for the fiscal year ended March 31, 2017)

NOTE 1 - REPORTING ENTITY

Corporate information

Wipro BPO Philippines Ltd, Inc. (the Company) is domiciled in the Philippines and was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 16, 2007. The Company was organized primarily to undertake and carry on the business of providing all kinds of information technology based and enabled services, electronic remote processing services, eService, including all types of internet-based/web enabled services, transaction processing, fulfillment services, business support services including but not limited to providing billing services, processing services, database services, data entry business- marketing services, business information and management services, training and consultancy services to the businesses, organizations, firms, corporations, trusts, local bodies, states, governments and other entities; to establish and operate service processing centers for providing services for back office and processing requirements, contacting and communicating to and on behalf of the customers by voice, data image, letters and to handle business process management, remote held desk management, remote management, remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/fax based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data; as well as to act as information technology consultants and to operate a high technology data processing center for providing information processing, analysis development accounting and business information and data to customers; to carry on the business of gathering, collating, compiling, processing, analyzing, distributing, selling, publishing data and information and including conduct of studies and research, and marketing of information and services and providing access to information regarding financial operations and management, financial services, investment services business and commercial operations, financial status, customer responses and management of businesses.

The Company is a 99.99% owned subsidiary of Wipro Cyprus Private Limited (the Parent Company), an entity incorporated and domiciled in Cyprus. The Parent Company is a wholly-owned subsidiary of Wipro Limited, an entity domiciled in Bangalore, India and is a publicly listed company in the Bombay Stock Exchange and National Stock Exchange in India and the New York Stock Exchange in the United States of America.

In 2007. the Company registered with the Philippine Economic Zone Authority (PEZA) as an enterprise engaged in call center and business process outsourcing services. In line with the PEZA registration. The Company is entitled to a four (4) year Income Tax Holiday (ITH) incentive from the start of the commercial operation for each qualified location with a two-year extension period, subject to PEZA approval. As at March 31, 2018, the Company has 5 operating offices registered with PEZA (see Note 16).

The Company's registered office address is at Cebu IT Tower 1, cor. Archbishop Reyes Avenue and Mindanao St., Cebu Business Park, Cebu City. Philippines.

Date of authorization for issue of the audited financial statements

The 2018 audited financial statements were approved for release and issue on behalf of the BOD by the Company's Chairperson, Mr. Roy Aseem on June 13, 2018.

NOTE 2 - BASIS OF PREPARATION

Basis of accounting

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Details of the Company's significant accounting policies are included in Note 22.

Basis of measurement

The financial statements have been prepared on a historical cost basis of accounting, except for retirement benefits liability and other current liabilities which is measured at present value of defined benefits obligation (DBO) and at fair value, respectively.

Functional and presentation currency

The financial statements are presented in Philippine Peso (PHP), which is the Company's functional currency. All amounts have been rounded to the nearest PHP, unless otherwise indicated.

NOTE 3 - USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements management has made judgments estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments in applying accounting policies that have the most significant effect in the amounts recognized in the financial statements is as follows:

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue operating for the foreseeable future.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future which is at least, but not limited to, 12 months form the reporting date. Management is satisfied that the Company has the resources to continue its business operations for the foreseeable future, is not aware of any material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, among others.

Determining functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the PHP. The PHP is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the sale of services and the costs of these services.

Classification of financial instruments

The Company classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 39 on the definitions of a financial asset, a financial liability or equity. In addition, the Company also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management's intention and ability to hold the financial instrument to maturity generally governs its classification in the statement of financial position.

The classification of financial assets and financial liabilities is presented in Note 21.

Operating lease commitments - Company as lessee

The Company leases office spaces from Loreta Realty and Development Corporation, GAGFA Estate Ventures, Inc. and Eton Properties Philippines, Inc. The lease agreements are between 7 months and 5 years and are renewable under new terms and conditions to be agreed upon with the lessors. Based on the economic substance and financial reality of the lease agreements, the leases have been determined to be operating leases (Note 18).

Retirement Benefits

The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by the actuaries in calculating such amounts. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expenses and recorded liability in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement cost and retirement benefits payable.

As at March 31,2018 and 2017, the retirement benefits payable amounted to P2.56 million and P1.74 million, respectively. Retirement benefits expense in 2018 and 2017 amounted to P0.81 million and P2.02 million, respectively (Note 15).

Estimation uncertainties

Information about estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Allowance for impairment losses on receivables

The Company maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the related accounts. These factors include, but are not limited to, the length of the Company's relationship with its customers or debtor, their payment behavior and known market factors. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates.

The Company recognized provision for impairment losses of P0.17 million in 2018 and nil in 2017. Total allowance for impairment losses on receivables amounted to P1.66 million and P1.49 million as at March 31, 2018 and 2017, respectively (Note 6).

Trade and other receivables, net of allowance for impairment losses, amounted to P523.90 million and P588.33 million as at March 31, 2018 and 2017, respectively (Note 6).

Estimating useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date 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 assets. In addition, 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 results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

The carrying values of property and equipment as at March 31, 2018 and 2017 amounted to P289.51 million and P402.45 million, respectively (Note 8).

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

As at March 31, 2018 and 2017, no impairment losses have been recognized with respect to the Company's property and equipment. The net book values of property and equipment are disclosed in Note 8.

Fair value of financial instruments

Certain financial assets and liabilities are required to be carried at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit and loss and equity.

The Company's other current liability is carried at fair value (Note 21).

NOTE 4 - CASH AND CASH EQUIVALENTS

This account consists of:

	2018	2017
Cash in banks	P179,520,720	P40,284,720
Cash equivalents	3,092,911,261	1,622,875,000
	P3,272,431,981	P1,663,159,720

Cash in banks earns interest at prevailing bank interest rates ranging from 0.01% to 0.31% per annum. Cash equivalents earn interest at rates ranging from 0.90% to 1.56% and have maturities ranging from 32 to 94 days.

Finance income earned from cash and cash equivalents amounted to P17.33 million and P3.96 million in 2018 and 2017, respectively. Bank charges from cash and equivalents amounted to P3.95 million and P4.81 million in 2018 and 2017, respectively. Net foreign exchange gain recognized from cash and cash equivalents amounted to P71.24 million and P72.72 million in 2018 and 2017, respectively (Note 21).

NOTE 5 - SHORT-TERM INVESTMENT

Short-term investment amounting to P75.38 million as at March 31, 2017 pertained to a certificate of fixed deposit with Australia and New Zealand Banking Group Limited - Manila Branch with maturity of less than one year and earned interest of 0.80% per annum.

Total interest income on short-term investment amounted to P0.15 million and is presented as part of finance income account in the statement of profit or loss and other comprehensive income (Note 21).

NOTE 6 - TRADE AND OTHER RECEIVABLES - NET

This account consists of:

	Note	2018	2017
Trade receivables		₱379,333,564	₱319,840,313
Due from Parent Company and affiliates	19	104,182,718	181,182,425
Advances to suppliers		25,681,234	87,877,400
Due from government agencies		2,210,321	-
Advances to offices and employees		14,147,890	916,787
		525,555,727	589,816,925
Less allowance for impairment losses		1,657,464	1,486,656
		₱523,898,263	₱588,330,269

Trade receivables represent noninterest-bearing receivables arising from the Company's main source of business.

Advances to suppliers are advanced payments made by the Company for purchases of supplies and equipment with usual credit terms of 30 days.

Advances to officers and employees represent salary advances and business travel advances subject to liquidation.

Movements in the allowance for impairment losses are as follows:

	Note	2018	2017
Balance at April 1		₱1,486,656	₱1,486,656
Impairment during the year	21	170,808	-
Balance at March 31		₱1,657,464	₱1,486,656

Net foreign exchange gain recognized from trade and other receivables amounted to P22.36 million and P10.64 million in 2018 and 2017, respectively (Note 21).

NOTE 7 - UNBILLED SERVICE FEES

Unbilled service fees of P169.16 million and P118.90 million in 2018 and 2017, respectively, represent revenues recognized to date which are not yet billable to the customers pursuant to the contractual terms of the project.

NOTE 8 - PROPERTY AND EQUIPMENT - NET

	IT equipment	Office fixtures	Transportation equipment	Leasehold improvements	Construction in progress	Total
March 31, 2018						
Cost						
Balance at April 1,2017	₱735,019,719	₱102,264,555	₱900,000	₱ 543,606,818	₱6,288,294	₱1,388,079,386
Additions	26,073,801	1,109,709	-	-	49,647,840	76,831,350
Disposals	(1,068,317)	-	-	-	-	(1,068,317)
Adjustments	4,709,741	1,228,776	-	716,189	-	6,654,706
Reclassification	30,283,074	11,586,890	-	11,449,465	(53,319,429)	-
Balance at March 31, 2018	795,018,018	116,189,930	900,000	555,772,472	2,616,705	1,470,497,125
Accumulated depreciation and amortization						
Balance at April 1, 2017	508,536,777	76,806,369	900,000	399,382,430	-	985,625,576
Depreciation	119,568,012	8,490,442	-	60,672,682	-	188,731,136
Disposals	(25,461)	-	-	-	-	(25,461)
Reclassification/adjustment	4,623,741	1,314,776	-	716,189	-	6,654,706
Balance at March 31, 2018	632,703,069	86,611,587	900,000	460,771,301	-	1,180,985,957
Carrying amount at March 31, 2018	**₱162,314,949**	**₱29,578,343**	**₱-**	**₱95,001,171**	**₱2,616,705**	**₱289,511,168**
March 31, 2017						
Cost						
Balance at April 1,2016	₱620,197,327	₱89,216,041	₱900,000	₱521,821,778	₱13,320,605	₱1,245,455,751
Additions	111,519,507	12,213,424	-	22,062,356	6,288,294	152,083,581
Disposals	(1,547,788)	-	-	-	-	(1,547,788)
Adjustment	390,544	-	-	(390,544)	(7,912,158)	(7,912,158)
Reclassification	4,460,129	835,090	-	113,228	(5,408,447)	-
Balance at March 31, 2017	735,019,719	102,264,555	900,000	543,606,818	6,288,294	1,388,079,386
Accumulated depreciation and amortization						
Balance at April 1, 2016	381,234,748	67,869,603	900,000	333,470,582	-	783,474,933
Depreciation	126,338,287	8,936,766	-	65,559,049	-	200,834,102
Disposals	(99,537)	-	-	-	-	(99,537)
Reclassification/adjustment	1,063,279	-	-	352,799	-	1,416,078
Balance at March 31, 2017	508,536,777	76,806,369	900,000	399,382,430	-	985,625,576
Carrying amount at March 31, 2017	₱226,482,942	₱25,458,186	₱-	₱144,224,388	₱6,288,294	₱402,453,810

The Company disposed property and equipment with aggregate carrying amounts of P1.04 million and P1.45 million in 2018 and 2017. There were no proceeds from the disposal of property and equipment.

Depreciation expenses is allocated as follows:

	Note	2018	2017
Cost of services	13	₱183,407,449	₱192,947,520
Operating expenses	14	5,323,687	7,886,582
		₱188,731,136	₱200,834,102

NOTE 9 - TRADE AND OTHER PAYABLES

This account consists of:

	2018	2017
Accrued expenses	₱441,516,143	₱465,523,857
Account payable	44,938,790	50,025,601
Withholding taxes	12,460,021	13,259,619
Due to government agencies	16,735,426	12,744,091
Payable to officers and employees	14,275,761	-
Advances from customers	1,331,659	19,146
Others	36,139,623	19,715,054
	₱567,397,423	₱561,287,368

Accrued expenses account consists of:

	2018	2017
General expenses	₱285,253,928	₱241,954,217
Salaries payable	110,337,945	159,461,361
Bonus payable	25,483,807	28,465,858
Leave encashment	20,440,463	20,233,156
Accrued rent	-	15,409,265
	₱441,516,143	₱465,523,857

General expenses are provisions provided for certain expenses such as electricity, rentals, repairs, communication and other operating expenses.

Advances from customers represent amounts received for services that are still to be rendered by the Company. These are noninterest-bearing and expected to be rendered within the next 12 months.

Significant portion of 'others' include unpaid salaries and/or benefits of resigned and terminated employees.

Net foreign exchange gain recognized from trade and other payables amounted to P4.23 million in 2018 and net foreign exchange loss of P0.44 million recognized in 2017 (Note 21).

NOTE 10 - OTHER CURRENT LIABILITY

	2018	2017
Foreign currency forward contracts payable	₱9,255,898	₱-

The Company monitors and manages the financial risk relating to its operation by analyzing its foreign exchange exposure due to its probable future sales in USD. As such, The Company entered into various non-deliverable forward contracts to mitigate the effects of foreign currency fluctuation because the Company's revenue is denominated in foreign currency in US dollars while substantial costs are in PHP.

As at March 31, 2018, the Company has 2 outstanding non-deliverable forward contract to sell US$ 20 million for P 1,041.1 million.

Unrealized foreign exchange loss from the forward transaction amounted to P9,255,898 as at March 31, 2018. Net foreign exchange loss recognized from other current liability amounted to P20.44 million in 2018 (Note 21).

NOTE 11 - SERVICE FEES

This account consists of:

	Note	2018	2017
Third parties		₱2,441,828,768	₱2,184,576,074
Related parties	19	1,754,300,515	1,521,247,342
		₱4,196,129,283	₱3,705,823,416

Service fees pertain to the sale of services to entities outside the domestic territory of the Philippines. These services include handling of inbound calls, outbound calls, and data entry among other business support services.

NOTE 12 - OTHER FEES

This account consists of the following charges which were reimbursed by the Company's clients:

	2018	2017
Communication links	₱60,434,603	₱49,280,481
Travel	10,462,591	20,755,055
Other reimbursements	5,482,117	-
Incentives and rewards	15,563,178	15,581,966
	₱91,942,489	₱85,617,502

Communication links include charges for the Company's internet service provider and telephone bills related to its operations.

Travel charges include travel and other reimbursements by the Company to its employees in the conduct of their services which are billable to clients.

NOTE 13 - COST OF SERVICES

This account consists of:

	Note	2018	2017
Direct labor		₱1,837,488,192	₱1,733,386,028
Service overheads:			
Depreciation	8	183,407,449	192,947,520
Rent	18	158,262,592	145,946,046
Communication		117,637,390	93,238,491
Technical support and maintenance		70,212,475	61,847,133
Power, light and water		64,226,187	54,264,328
Travel		27,296,426	31,401,023
Outside services		-	604,579
Other service overhead		40,831,978	11,297,949
		661,874,497	591,547,069
		₱2,499,362,689	₱2,324,933,097

Other service overhead includes recruitment expenses, printing and stationery, insurance expenses, legal and professional fees, business meeting expense, bad debts expense, exchange rate fluctuations and bank charges.

NOTE 14 - OPERATING EXPENSES

This account consists of:

	Note	2018	2017
Outside services		₱125,158,305	₱147,054,016
Salaries and wages		114,959,644	114,428,362
Employee benefits		76,290,469	49,788,489
Professional fee		35,906,855	15,613,548
Stationery and office supplies		16,993,906	17,049,704
Taxes and licenses		13,011,440	5,815,578
Rent	18	7,934,654	6,391,275
Travel and transportation		7,269,524	11,816,391
Depreciation	8	5,323,687	7,886,582
Insurance		5,219,036	4,692,245
Communication		4,609,896	3,831,264
Contribution to government agencies		4,199,936	2,184,576
Bank charges		3,874,101	4,530,124
Repairs and maintenance		1,853,216	2,439,563
Representation and entertainment		1,765,168	1,414,777
Power, light and water		1,516,262	1,036,835
Miscellaneous expenses		17,700,903	1,347,757
		₱443,587,002	₱397,321,086

Significant portion of miscellaneous expenses include prior years' tax accruals and payments.

NOTE 15 - RETIREMENT BENEFITS

The Company maintains an unfunded and noncontributory defined benefits retirement plan for all qualified employees which is based on the requirements of Republic Act (RA) No. 7641, Retirement Pay Law. Under the retirement plan, the total retirement benefits attributed to employees will be amortized based employee's remaining working lives. These amounts are calculated by an independent qualified actuary.

The following table shows a reconciliation from the opening balances to the closing balances for retirement benefits liability and its components.

	2018	2017
Balance at April 1	₱1,739,276	₱5,133,179
Included in profit or loss		
Current service cost	740,450	1,810,323
Net interest on the net defined benefit liability	69,522	207,748
	809,972	2,018,071
Included in other comprehensive income (OCI)		
Remeasurement loss (gain) arising from:		
Demographic assumptions	1,393,507	(4,970,081)
Financial assumptions	(1,133,607)	1,027,868
Experience adjustment	(247,894)	(1,378,520)
Net remeasurement loss (gain)	12,006	(5,320,733)
Benefits paid	-	(91,241)
Balance at March 31	₱2,561,254	₱1,739,276

Cumulative remeasurements on defined benefit liability follows:

	2018	2017
Balance at April 1	P5,313,837	(P6,896)
Net remeasurement gain (loss)	(12,006)	5,320,733
Balance at March 31	P5,301,831	P5,313,837

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2018	2017
Discount rate	5.49%	4.00%
Expected rate of salary increases	2.00%	6.00%

The weighted-average duration of the defined benefits obligation is 13 years and 14 years as at March 31,2018 and 2017, respectively.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant. would have affected the defined benefit obligation by the amounts shown below.

	March 31,2018		March 31,2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.05% movement)	(₱2,408,264)	₱2,726,854	(1,620,576)	1,869,160
Future salary growth (0.05% movement)	₱ 2,731,925	(₱2,402,457)	1,866,057	(1,622,118)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The plan is of a final salary defined benefit in nature which is sponsored by the Company, hence, it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience can result in an increase in cost of providing these benefits to employees in the future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

Retirement benefit expense is allocated as follows:

	Note	2018	2017
Cost of services (part of direct labor)	13	₱793,362	₱1,948,519
Operating expenses (part of employee benefits)	14	16,610	69,552
		₱809,972	₱2,018,071

NOTE 16 - INCOME TAXES

As disclosed in Note 1, the Company has ITH for four years from the start of the commercial operation for its qualified locations with a two-year extension period, subject to PEZA approval. Hence, the Company has no taxable income for the PEZA registered activities until the expiry of each location's ITH incentive. The Company, however, is still subject to regular corporate income tax (RCIT) on income from unregistered activities.

Location	Date of PEZA Approval	Start of Commercial operations	Date of ITH expiration*
Cebu IT Tower 1, Cebu City	Nov. 2007	Mar. 2008	Feb. 2014
Eton 1, Quezon City	Sep. 2009	Mar. 2010	Feb. 2016
GAGFA IT Center, Cebu City	Oct. 2013	Oct. 2013	Sep. 2019
Cebu IT Tower 2, Cebu City*	Sep. 2015	Aug. 2015	Jul. 2021
GAGFA 11 & 12 floor**	Jan. 2017	Nov. 2015	Oct. 2018

**including the two year extension of the ITH incentive, if any*

***two year extension of ITH incentive not applicable*

After the expiration of each location's ITH, the Company is subject to the preferential tax rate of 5%, except for income derived from unregistered activities which is subject to the RCIT of 30% or the minimum corporate income tax of 2% (whichever is higher). The 5% preferential income tax rate is applied on gross revenues net of certain deductions specifically provided under RA No. 7916, Special Economic Zone Act of 1995, in lieu of all national and local taxes.

As at March 31, 2018 and 2017, the Company incurred current tax expense of P47.76 million and P40.73 million, respectively.

The reconciliation of the income tax on pre-tax income computed using the 5% special rate to income tax expense recognized in profit or loss is as follows:

	2018	2017
Profit before tax	₱1,453,050,140	₱1,173,726,794
Tax using the Company's special tax rate of 5%	₱72,652,507	₱58,686,340
Tax effect on:		
Nondeductible expenses	26,437,345	19,370,632
Nontaxable income	(4,590,509)	-
Interest income already subjected to final tax	(866,578)	(205,643)
Income under ITH	(45,868,813)	(37,118,658)
	₱47,763,952	₱40,732,671

NOTE 17 - EQUITY AND EARNINGS PER SHARE

Share capital

Details of share capital as at March 31, 2018 and 2017 are as follows:

	2018		2017	
	Number of Shares	Amount	Number of Shares	Amount
Authorized, at par value of P100 per share	2,250,000	₱225,000,000	2,250,000	₱225,000,000
Issued and outstanding	1,889,147	₱188,914,700	1,889,147	₱188,914,700

Retained earnings

Under the Philippine Corporation Code (the Code), stock corporations are prohibited from retaining surplus profits in excess of 100% of paid-up capital, except when justified by any of the reasons mentioned in the Code. As at March 31, 2018 and March 31, 2017, the Company's retained earnings in excess of its paid-up capital amounting to P3,364.98 million and P1,959.69 million, respectively.

Earnings per share

	2018	2017
Income for the year attributable to ordinary equity holders of the Company	₱1,405,286,188	₱1,132,994,123
Weighted average number of shares outstanding	1,889,147	1,889,147
Basic and diluted earnings per share	₱743.87	₱599.74

There were no dilutive potential ordinary shares for the fiscal years ended March 31, 2018 and 2017. Therefore, the Company's weighted average number of share outstanding were equal for the years ended March 31, 2018 and 2017.

NOTE 18 - OPERATING LEASE AGREEMENTS

The Company leases its office spaces in Cebu IT Tower 1 from Loreta Realty and Development Corporation. On November 15. 2009. the Company expanded its operations in Quezon City and leased office spaces at Eton 1. Centris Building from Eton Properties Philippines, Inc. On November 14. 2013. the Company expanded its operations in Cebu and leased office spaces at GAGFA IT Center from GAGFA Estate Ventures, Inc. Lease payments are subject to escalation of 5% at different periods of the contracts. The lease agreements are between 7 months and 5 years and are renewable under new terms and conditions to be agreed upon by the Company and the lessors.

Total rent expense is allocated as follows:

	Note	2018	2017
Cost of services	13	₱158,262,592	₱145,946,046
Operating expenses	14	7,934,654	6,391,275
		₱166,197,246	₱152,337,321

Future minimum lease payments from the operating lease agreements are as follows:

	2018	2017
Less than one year	P156,404,036	P124,702,622
Between one and five years	410,324,799	334,065,448
	P566,728,836	P458,768,070

Present value of rental deposits, equivalent to 3 months' rent amounting to P33.33 million and P32.64 million in 2018 and 2017, were paid to the lessors and recorded as noncurrent assets in the statement of financial position. It shall be refunded, interest-free, 60 days after expiration or termination of the lease agreements.

Interest income recognized from the amortization of discount on rent deposits amounted to P2.83 million in 2018 and nil in 2017 (Note 21).

NOTE 19 - RELATED PARTY TRANSACTIONS

Identity of Related Parties

The Company's related parties include the BOD members, key management personnel (KMP) and the following entities:

Related Parties	Relationship
Wipro Limited	Ultimate Parent Company
Wipro Cyprus Private Limited	Parent Company
Wipro LLC	Affiliate
Wipro Insurance Solutions	Affiliate
Wipro Infocrossing Inc.	Affiliate
Wipro Travel Services Ltd	Affiliate

Balances and transactions with related parties

Balances and transactions with related parties are presented below:

					Outstanding Balances		
Related parties	Year	Net transactions during the year	Service fees	Other costs	Due from parent and affiliate	Due to parent and affiliate	Terms and conditions
Wipro Limited	2018	₱14,871,455	₱1,313,984,506	₱22,099,153	₱73,716,656	₱-	Unsecured and due on demand; No impairment
	2017	490,521,158	1,139,170,914	-	58,845,201	-	
Wipro LLC	2018	(91,871,162)	440,316,009	-	30,466,062	-	Unsecured and due on demand; No impairment
	2017	81,207,031	382,076,428	-	122,337,224	-	
Wipro Insurance Solutions	2018	-	-	-	-	-	Unsecured and due on demand; No impairment
	2017	(14,416,067)	-	-	-	-	
Wipro Cyprus Private Limited	2018	-	-	-	-	-	Unsecured and due on demand; No impairment
	2017	(1,855)	-	-	-	-	
Wipro Infocrossing INC	2018	(30,479)	-	-	-	-	Unsecured and due on demand; No impairment
	2017	(2,482)	-	-	-	30,479	
Wipro Travel Services Ltd	2018	170	-	-	-	241	Unsecured and due on demand; No impairment
	2017	71	-	-	-	71	
Key management personnel	2018	6,273,136	-	-	-	-	
	2017	5,592,275	-	-	-	-	
Total	2018		₱1,754,300,515	₱22,099,153	₱104,182,718	₱241	
Total	2017		₱1,521,247,342	₱-	₱181,182,425	₱30,550	

All outstanding related party balance will be settled in cash

Services and other costs

In the normal course of business, the Company performs services to its Ultimate Parent Company and affiliate. The amount of transactions with related parties are as follows:

	2018	2017
Balance at April 1	P181,182,425	P198,410,673
Service billings	1,754,300,515	1,521,247,342
Collections	(1,809,201,069)	(1,538,475,590)
Other costs	(22,099,153)	-
Balance at March 31	P104,182,718	P181,182,425

Net foreign exchange gain recognized from transactions with related parties amounted to P11.59 million and P18.96 million in 2018 and 2017, respectively (Note 21).

Compensation of key management personnel (KMP)

Short-term employee benefits given to KMP are as follows:

	2018	2017
Salaries and wages	P4,691,294	P4,842,286
Employees' benefits	1,581,842	749,989
	P6,273,136	P5,592,275

NOTE 20 - CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The BOD has overall responsibility for monitoring of capital in proportion to risk. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The capital structure of the Company comprises share capital and retained earnings.

No changes were made in the objectives, policies or processes in 2018 and 2017. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using a ratio of 'adjusted net debt' to total equity. For this purpose, adjusted net debt is defined as total liabilities, less cash and cash equivalents. Total equity comprises all components of equity.

The Company's policy is to keep the ratio below 1.00. The Company's adjusted net debt to equity ratio at March 31 are as follows:

	2018	2017
Total debt	P601,488,317	P573,045,919
Less cash and cash equivalents	3,272,431,981	1,663,159,720
Adjusted net debt	(2,670,943,664)	(1,090,113,801)
Divided by total equity	P3,748,106,507	P2,342,832,325
Adjusted net debt to equity ratio	-0.71	-0.47

NOTE 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

A. Financial instruments

The following table shows the carrying values and fair values of the Company's financial assets and financial liabilities held by category as of March 31:

	2018		2017	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
Loans and receivables				
Cash and cash equivalents	P3,272,431,981	P3,272,431,981	P1,663,159,720	P1,663,159,720
Short-term investment	-	-	75,375,000	75,375,000
Trade and other receivables - net	523,898,263	523,898,263	588,330,269	588,330,269
Unbilled service fees	169,164,753	169,164,753	118,903,203	118,903,203
Rental deposits	33,332,297	33,332,297	32,637,504	32,637,504
	P3,998,827,294	P3,998,827,294	P2,478,405,696	P2,478,405,696
Financial liabilities				
Financial liabilities at amortized cost				
Trade and other payables*	P538,201,976	P538,201,976	P535,283,658	P535,283,658
Due to parent and affiliates	241	241	30,550	30,550
Financial liabilities at FVPL				
Other current liability	9,255,898	9,255,898	-	-
	P547,458,115	P547,458,115	P535,314,208	P535,314,208

**excluding due to government agencies*

The carrying values of cash and cash equivalents, short-term investment, trade and other receivables, unbilled service fees, trade and other payables, and due to parent and affiliates approximate their fair values due to short-term maturity of these financial assets and liabilities.

The income and expense recognized from financial instruments follows:

	Note	2018	2017
Finance income			
Loans and receivables			
Cash and cash equivalents and short term investment	4,5	P17,331,553	P4,112,853
Rental deposits	18	2,829,421	-
		P20,160,974	P4,112,853
Impairment loss			
Loans and receivables			
Trade and other receivables - net	6	P170,808	P-
Bank charges			
Loans and receivables			
Cash and cash equivalents	4	P3,949,307	P 4,807,227

	Note	2018	2017
Foreign exchange gain (loss) - net			
Loans and receivables			
Cash and cash equivalents	4	**P71,240,316**	P72,718,246
Trade and other receivables	6	**22,358,597**	10,636,271
Financial liabilities at amortized cost			
Trade and other payables	9	**4,226,121**	(443,529)
Due to parent and affiliates	19	**11,594,527**	18,964,469
Financial liabilities at FVPL			
Other current liabilities	10	**(20,438,812)**	-
		P88,980,749	P101,875,457

B. Risk management objectives and policies

The Company's principal financial instruments comprise of cash and cash equivalents, short-term investment, trade and other receivables, unbilled service fees, rental deposits, trade and other payables (excluding due to government agencies), and due to parent and affiliates. The main purpose of these financial instruments is to raise finances for the Company's operations.

The main risks arising from the financial instruments of the Company are credit risk, liquidity risk and market risk. There has been no change to the Company's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Company's management reviews and approves policies for managing each of these risks and they are summarized as follows

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and nontrade receivables.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk from other financial assets of the Company, which mainly comprise of due from related parties, the exposure of the Company to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments

There is no other significant concentration of credit risk in the Company.

The aging analysis of the Company's financial assets as at March 31, 2018 and 2017 are as follows:

	Total	Neither past due nor impaired	Past due but not impaired: 2 months to 1 Year	Past due but not impaired: More than 1 Year	Impaired
			P-	P-	P-
Cash and cash equivalents	P3,272,431,981	P3,272,431,981		-	P1,657,464
Trade and other receivables	523,898,263	503,128,088	P19,112,711	-	-
Unbilled service fees	169,164,753	169,164,753	-	-	-
Rental deposits	33,332,297	33,332,297	-		
March 31,2018	P3,998,827,294	P3,978,057,119	P19,112,711	P-	P1,657,464

	Total	Neither past due nor impaired	Past due but not impaired: 2 months to 1 Year	Past due but not impaired: More than 1 Year	Impaired
			P-	P-	P-
Cash and cash equivalents	P1,663,159,720	P1,663,159,720		-	-
Short term investment	75,375,000	75,375,000	-		
Trade and other receivables	588,330,269	498,342,422	P83,190,769	P5,310,422	P1,486,656
Unbilled service fees	118,903,203	118,903,203	-	-	-
Rental deposits	32,637,504	32,637,504	-	-	-
March 31, 2017	P2,478,405,696	P2,388,417,849	P83,190,769	P5,310,422	P1,486,656

The credit quality of the Company's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Company's receivables that are impaired as of March 31, 2018 and 2017 and the movement of the allowance used to record the impairment losses are disclosed in Note 6 to the financial statements.

Analysis of the amounts of receivables by risk grade as at March 31 are set out below:

	2018	2017
High grade	P522,240,799	P581,533,191
Standard grade	-	5,310,422
Substandard grade	1,657,464	1,486,656
	P523,898,263	P588,330,269

The credit grades used by the Company in evaluating the credit quality of its receivables to customers and other parties are the following:

High Grade - these are receivables which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations

Standard Grade - these are receivables where collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

Substandard Grade - these are receivables where the counterparties are, most likely, not capable of honoring their financial obligations but can still be collected provided the Company makes persistent effort to collect them.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company seeks to manage its liquidity profile through cash planning to be able to finance its operating capital expenditures and debt servicing requirements. The Company uses historical forecasts from its collections and disbursements. The following table summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments:

	Total	On demand	Within 1 year	More than 1 year
March 31,2018				
Trade and other payables	**P538,201,976**	**P-**	**P538,201,976**	**P-**
Due to parent and affiliates	**241**	**241**	-	-
	P538,202,217	**P241**	**P538,201,976**	**P-**
March 31,2017				
Trade and other payables	P535,283,658	P-	P535,283,658	P-
Due to parent and affiliates	30,550	30,550	-	-
	P535,314,208	P30,550	P535,283,658	P-

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Company will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other risks.

Foreign currency risk

Foreign currency risks arise when transactions are denominated in foreign currencies.

Exposure to foreign currency risk arises from U.S. dollar (USD) cash holdings being maintained by the Company. To mitigate the Company's risk exposure, USD cash flows are being monitored on a regular basis.

International standard three letter codes follow:

Currency	International 3-letter code
US Dollar	USD
British Pound	GBP
Australian Dollar	AUD
Canadian Dollar	CAD
Euro	EUR
Malaysian Ringgit	MYR
United arab Emirates Dirham	AED
Indian Rupee	INR
Singapore Dollar	SGD

The Company's exposure to foreign currency risk follows:

March 31, 2018	USD	GBP	AUD	CAD	EUR	MYR	AED	INR	SGD	Total PHP Equivalent
Financial Assets										
Cash and cash equivalents	60,374,350	-	-	-	-	-	-	-	-	3,160,114,216
Short-term investment	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	7,509,546	878,866	747,610	2,072	-	-	-	-	406,650	504,721,301
Unbilled service fee	3,241,125	-	-	-	-	-	-	-	-	169,397,419
	71,125,021	878,866	747,610	2,072	-	-	-	-	406,650	3,834,232,936
Financial Liabilities										
Trade and other payables*	416,255	-	-	11,982	-	-	-	-	172,599	29,172,210
Due to parent and affiliates	301,097	-	-	8,144	-	-	-	47,700,269	(795,160)	22,582,396
	717,352	-	-	20,126	-	-	-	47,700,269	(622,561)	51,754,606
	70,407,669	878,866	747,610	(18,054)	-	-	-	(47,700,269)	1,029,211	3,782,478,330

March 31, 2017	USD	GBP	AUD	CAD	EUR	MYR	AED	INR	SGD	Total PHP Equivalent
Financial Asset										
Cash and cash equivalents	31,718,692	-	-	-	-	-	-	-	-	1,587,205,681
Short-term investment	1,500,000	-	-	-	-	-	-	-	-	75,375,000
Trade and other receivables	7,720,140	1,498,298	506,684	316,431	-	-	-	-	-	514,286,773
Unbilled service fee	2,246,503	2,414	14,473	140,948	-	-	-	-	-	118,903,205
	43,185,335	1,500,712	521,157	457,379	-	-	-	-	-	2,295,770,659
Financial Liabilities										
Trade and other payables*	582,471	-	-	7,294	-	-	300,639	56,925	168,694	39,684,334
Due to parent and affiliates	-	1,408	1,344	174,075	120	2,156	-	6,071,460	-	11,674,920
	582,471	1,408	1,344	181,369	120	2,156	300,639	6,128,385	168,694	51,359,254
	42,602,864	1,499,304	519,813	276,010	(120)	(2,156)	(300,639)	(6,128,385)	(168,694)	2,244,411,405

Excluding due to government agencies

A reasonably possible strengthening (weakening) of the PHP against all other currencies at March 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	Profit or loss	
	Strengthening 10%	Weakening (-10%)
March 31,2018		
USD	P370,103,492	(P370,103,492)
GBP	6,511,196	(6,511,196)
AUD	3,003,867	(3,003,867)
CAD	(73,401)	73,401
INR	(3,831,524)	3,831,524
SGD	4,117,416	(4,117,416)
	P379,831,046	(P379,831,046)

	Profit or loss	
	Strengthening 10%	Weakening (-10%)
March 31,2017		
USD	P213,840,816	(P213,840,816)
GBP	9,386,693	(9,386,693)
AUD	1,993,391	(1,993,391)
CAD	1,038,457	(1,038,457)
EUR	(431)	431
MYR	(2,449)	2,449
AED	(410,910)	410,910
INR	(474,337)	474,337
SGD	(605,682)	605,682
	P224,765,548	(P224,765,548)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Exposure on interest rate risk arises from the Company's deposits with banks.

Interest rate sensitivity

The following table illustrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant for 2018. These changes are considered to be reasonably possible based on observation of current market conditions:

	Increases/decrease in interest rate (basis points)	Effect on profit before Tax
Cash and cash equivalents	100	P1,694,063
	(100)	(P1,694,063)

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company. It has also the overall responsibility for the development of risk strategies principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

NOTE 22 - SUMMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards

The Company adopted the following amendments to standards starting April 1, 2017 and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

Amendments to PAS 7, *Disclosure Initiative*: The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company had no financing activity in 2018 and 2017.

Amendments to PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*: The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Company has applied these amendments for the first time in the current year. The application on these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Current versus noncurrent classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or consumed in normal operating cycle;
- Expected to be realized within 12 months after the end of the reporting period; or
- Cash on hand and in banks unless restricted from being exchanged or used to settle a liability for at least 12 months after the end of the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in normal operating cycle;
- Due to be settled within 12 months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

The Company classifies all other liabilities as noncurrent.

Financial Instruments

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss (FVPL), held-to-maturity (HTM) financial assets, loans and receivables, and available-for-sale (AFS) financial assets.

The Company classifies financial liabilities into the following categories: financial liabilities at FVPL and other financial liabilities.

As at March 31, 2018 and 2017, the Company does not have financial assets at FVPL, HTM financial assets and AFS financial assets. The Company's other current liability is classified as financial liability at FVPL as at March 31, 2018. The Company had no designated financial liability at FVPL as at March 31, 2017.

Financial Assets and Financial Liabilities - Recognition and Derecognition

The Company recognizes financial assets and liabilities on the trade date when the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial asset that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

The Company's loans and receivables comprised of cash and cash equivalents, trade and other receivables, short-term investment, unbilled service fees and rental deposits as at March 31, 2018 and 2017 (Notes 4, 5, 6, 7 and 18).

Other financial liabilities

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company's trade and other payables and due to parent and affiliates are classified under this category (Notes 9 and 19).

Financial liabilities at FVPL

Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Company elects to designate a financial liability under this category.

The Company's other current liabilities are classified under this category (Note 10).

Impairment of financial assets

Financial assets not classified as at FVPL are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes: default or quency by a debtor; restructuring of an amount due to the Company on terms that the Company would not consider otherwise; indications that a debtor or issuer will enter bankruptcy; adverse changes in the payment status of borrowers or issuers; the disappearance of an active market for a security because of financial difficulties; or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged in profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayment 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.

Property and equipment, net

Measurement at initial recognition
Upon initial recognition, items of property and equipment are measured at cost which comprises the purchase price and all directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement subsequent to initial recognition
Property and equipment, except construction-in-progress, are stated at cost less accumulated depreciation and amortization and any impairment losses, if any.

Construction-in-progress, included in property and equipment, represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Subsequent costs
Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation and amortization
Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful life of the asset or term of the lease, whichever is shorter.

The estimated useful lives are as follows:

Category	Estimated Useful Life
IT equipment	3-4 years
Office fixtures	4-6 years
Transportation equipment	4 years
Leasehold improvements	6 years or lease term, whichever is shorter

The estimated useful lives, as well as the depreciation and amortization methods are reviewed at each reporting date to ensure that the period and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use, no further charges for depreciation and amortization are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets
The carrying amount of the Company's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use (VIU). Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairments are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Foreign currency forward contracts payable

The Company uses foreign exchange forward contracts derivative instruments to hedge its exposure on account of movements in foreign exchange. These derivatives are generally entered with banks and not used for trading or speculation purposes.

Forward contracts which are entered into to hedge the foreign currency risk of the highly probable transactions are valued at fair value at each financial reporting date, the resulting gain/loss from these transactions is recognized in the profit and loss.

Provisions and contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the financial statements but are disclosed when the inflow of economic benefits is probable.

Equity

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's share capital is classified as equity. Share capital is determined using the nominal or par value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the profit or loss less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Earnings per share

Basic earnings per share (EPS) is determined by dividing profit or loss attributable to the ordinary equity holders of the Company for the year by the weighted average number of ordinary shares outstanding during the year, after considering the retroactive effect of any stock dividends declared during the year, if any.

For the purpose of calculating diluted EPS, profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of shares outstanding, is adjusted for the effects of all dilutive potential ordinary shares.

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 reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before revenue is recognized:

Service and other fees
The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

Time and material contracts
Revenues and costs relating to time and materials contracts are recognized as the related services are performed and revenue from the end of the last billing to the financial reporting date is recognized as unbilled revenues.

Fixed-price contracts
Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the percentage of completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and cost, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in profit or loss in the period in which such losses become probable based on the current contract estimates.

Unbilled services fees represent cost and earnings in excess of billings as at the end of the reporting period. Unearned service fees represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as "Advances from customers" in trade and other payables.

Maintenance contracts
Revenue from maintenance contracts is recognized over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognized with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilized by the customers is recognized as revenue on completion of the term.

Determination of whether the company is acting as a principal or an agent

The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has the primary responsibility for providing services
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it as a principal, the Company recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of the costs and expenses. If the Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Company assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Finance income
Finance income comprises interest income on deposits. Interest income is recognized using the effective interest rate method. Interest income from investments, deposits and placements is presented net of applicable tax withheld by banks.

Cost and expense recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to quality; for recognition in the statement of financial position as an asset.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and nonmonetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined benefit plan
The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognized immediately in OCI. The Company determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Foreign currency transactions and translation

Transactions denominated in foreign currencies are recorded in PHP based on the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to PHP using the rates of exchange prevailing at the reporting date.

The results and financial position of the foreign subsidiaries are translated into PHP using the following procedures:

a. Assets and liabilities are translated at the closing rate at reporting date
b. Income and expenses are translated at exchange rates at the date of the transaction; and
c. All resulting exchange differences are recognized as a separate component in equity.

Income taxes

Current tax

Current income 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 substantively enacted at the financial reporting date.

Deferred income tax

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in the rates are charged or credited to profit or loss.

Current tax assets and current tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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. The Company does not have any agreements under finance lease.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, expect when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Related parties

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

Events after the reporting date

The Company identifies post-yearend events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any post-yearend events that provide additional information about the Company's financial position or performance at the end of a reporting period (adjusting events) are recognized in the financial statements. Events that are not adjusting events are disclosed in the notes to the financial statements when material.

New or revised standards and amendments to standards not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after April 1, 2018. However, the Company has not applied the following new or amended standards in preparing these financial statements. The Company has not yet accounted for and is assessing the impact of these, if any, on its financial statements.

PFRS 9, *Financial Instruments*. In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. The final version reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

PFRS 9 is effective for annual periods beginning on or after February 1, 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory.

The actual impact of adopting PFRS 9 on the Company's financial statements is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Company holds and the economic conditions at that time, as well as judgments that the Company will make in the future. The new standard will require the Company to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete.

PFRS 15, *Revenue from Contracts with Customers*. PFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. PFRS 15 will supersede the current revenue recognition guidance including PAS 18, *Revenue*, PAS 11, *Construction Contracts*, and the related interpretations when it becomes effective. The core principle of PFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the PFRS 15 introduces a five-step model approach to revenue recognition:

a) Step 1: Identify the contract(s) with a customer
b) Step 2: identify the performance obligations in the contract
c) Step 3: Determine the transaction price
d) Step 4: Allocate the transaction price to the performance obligations in the contract
e) Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under PFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in PFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by PFRS 15.

In April 2016, the IASB issued clarifications to PFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The new standard allows for a full retrospective application, or prospective application with additional disclosure. PFRS 15 is effective for annual periods beginning on or after February 1, 2018, with early adoption permitted.

Apart from providing more extensive disclosures on the Company's revenue recognition and transactions, the Company does not anticipate a significant impact on the financial statements when PFRS 15 is applied.

PFRS 16, *Leases*. PFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard (finance or operating lease).

PFRS 16 replaces existing leases guidance including PAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentives and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply PFRS 15, Revenue from Contracts with Customers at or before the initial application of PFRS 16.

The Company's operating leases are low-value and short-term. The Company assesses that the adoption of PFRS 16 will not have a significant impact on the financial statements.

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*. The IASB issued amendments to PFRS 2, *Share-based Payment*, that address three main areas:

a) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;

b) the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and

c) accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after February 1, 2018, with early application permitted.

Amendments to PFRS 4, *Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts*. The amendments address concerns arising from implementing the new financial instruments standard, PFRS 9, before implementing PFRS 17, *Insurance Contracts*, which replaces PFRS 4.

The amendments introduce two options for entities issuing insurance contracts: i) a temporary exemption from applying IFRS 9, and ii) an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after February 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Join Venture*. The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Company does not anticipate that the application of these amendments may have an impact on the financial statements in future periods should such transactions arise.

Amendments to PAS 40, *Transfers of Investment Property*. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in PAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after January 1,2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The Company anticipate that the application of these amendments may have an impact on the financial statements in future periods should there be a change in use of any of its properties.

IFRIC 22, *Foreign Currency Transactions and Advance Consideration*. IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

IFRIC 22 is effective for annual periods beginning on or after February 1, 2018 with earlier application permitted. Entities can apply the interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The Company does not anticipate that the application of the amendments in the future will have an impact on the financial statements. This is because the Company already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

NOTE 23 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Supplementary information required under revenue regulations no. 15-2010 of the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS.

The following is the tax information required for the taxable year ended March 31, 2018:

A. Value-added tax (VAT)

Under Rule XIV of the Implementing Rules and Regulations of the Special Economic Zone Act of 1995, the Company is VAT zero-rated on revenues from its registered activities.

B. Withholding taxes

Tax on compensation and benefits	₱179,150,263
Creditable withholding taxes	11,403,545
Fringe benefit taxes	5,736,262
	₱196,290,070

C. All other taxes (local and national)

Other taxes paid during the year recognized as part of "Taxes and licenses" account under Operating Expenses	
License and permit fees	₱184,423
BIR annual registration	1,500
	₱185,923

D. Tax cases and assessments

As at March 31, 2018, the Company has no outstanding tax case and assessment.