

(Convenience translation into English from the original  
previously issued in Portuguese)

**WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.**

**Independent auditor's report**

**Financial statements  
As at December 31, 2018**

**WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.**

**Financial statements  
As at December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the  
Shareholders, Board Members and Management of  
**Wipro do Brasil Serviços de Tecnologia S.A.**  
Osasco - SP

### Opinion on the financial statements

We have audited the financial statements of **Wipro do Brasil Serviços de Tecnologia S.A.** ("Company"), which comprise the statement of financial position as at December 31, 2018 and the respective statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, as well as the corresponding 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 do Brasil Serviços de Tecnologia S.A.** as at December 31, 2018, its financial performance and its cash flows for the year then ended in accordance with the Brazilian accounting practices applicable to small and medium-sized companies.

### Basis for opinion on the financial statements

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). 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 relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis

#### High level of dependence

Without modifying our opinion, we draw attention to Note 1 to the financial statements considering that the Company has a high level of dependence on a single client. Thus, the result of its operations should be analyzed considering this situation.

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Brazilian accounting practices, 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 and its controlled companies 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 Brazilian and International Standards on Auditing (ISAs) 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 Brazilian standards and ISAs, 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 controls 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 and its controlled companies' internal controls;
- 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 and its controlled companies' 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 and its controlled companies to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;



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

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 20, 2019.



BDO RCS Auditores Independentes SS  
CRC 2 SP 013846/O-1

Sd/  
Henrique Herbel de Melo Campos  
Accountant CRC 1 SP 181015/O-3

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

Statements of financial position  
As at December 31, 2018 and 2017

(In Brazilian Reais)

Assets				Liabilities and equity			
	Note	12/31/2018	12/31/2017		Note	12/31/2018	12/31/2017
<b>Current</b>				<b>Current</b>			
Cash and cash equivalents	4	2,079,746	1,538,060	Trade accounts payable	11	3,700,541	3,103,465
Trade accounts receivable	5	27,925,040	12,196,502	Loans and financing	10	228,948	500,968
Recoverable taxes	6	299,640	1,050,875	Social charges	12	7,146,675	3,521,697
Other receivables		624,155	425,348	Tax liabilities	13	449,969	336,896
Prepaid expenses		-	3,920	Other accounts payable		41,315	-
		<u>30,928,581</u>	<u>15,214,705</u>			<u>11,567,448</u>	<u>7,463,026</u>
<b>Non-current</b>				<b>Non-current</b>			
Court deposits	14	113,148	13,183	Loans and financing	10	-	230,275
Fixed assets	8	4,182,136	373,407	Related-party transactions	20	8,249,857	3,762,019
Intangible assets	9	196,105	163,797	Provision for legal claims	14	979,030	866,434
		<u>4,491,390</u>	<u>550,388</u>	Other liabilities	15	2,127,952	1,450,627
						<u>11,356,839</u>	<u>6,309,355</u>
<b>Total assets</b>				<b>Equity</b>			
		<u><u>35,419,971</u></u>	<u><u>15,765,093</u></u>	Capital stock	16	14,762,828	10,586,528
				Accumulated losses		(2,267,144)	(8,593,817)
						<u>12,495,685</u>	<u>1,992,712</u>
				<b>Total liabilities and equity</b>			
						<u><u>35,419,971</u></u>	<u><u>15,765,093</u></u>

The accompanying notes are an integral part of these financial statements.

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

## Statements of operations

For the years ended December 31, 2018 and 2017

(In Brazilian Reals)

	Note	12/31/2018	12/31/2017
Net operating revenue	17	81,812,758	36,572,892
Cost of services rendered	18	(64,265,380)	(32,132,323)
Gross profit		<u>17,547,378</u>	<u>4,440,568</u>
Operating expenses			
General, selling and administrative expenses	18	(7,880,659)	(8,618,574)
Other expenses		(226,990)	(905,464)
Operating income (loss) before financial income (loss)		<u>9,439,729</u>	<u>(5,083,469)</u>
Net financial income (loss)	19	(761,814)	(490,207)
Income (loss) from operating activities		<u>8,677,914</u>	<u>(5,573,677)</u>
Result of discontinued operations	7	-	72,351
Income (loss) before Income and Social Contribution Taxes		<u>8,677,914</u>	<u>(5,501,325)</u>
Current Income and Social Contribution taxes	13 (a)	(2,311,241)	-
Income/(loss) for the year		<u>6,366,673</u>	<u>(5,501,325)</u>
Income/(loss) per share - In Brazilian Reals		<u>0.25</u>	<u>(0.25)</u>
Number of outstanding shares at year end		25,920,653	21,784,353

The accompanying notes are an integral part of these financial statements.

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

## Statements of comprehensive income (loss) For the years ended December 31, 2018 and 2017 (In Brazilian Reais)

	<u>12/31/2018</u>	<u>12/31/2017</u>
Net income/(loss) for the year	6,366,673	(5,501,325)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<u>6,366,673</u>	<u>(5,501,325)</u>

The accompanying notes are an integral part of these financial statements.



# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

## Statements of changes in equity (In Brazilian Reais)

	Capital stock	Treasury Shares	Other comprehensive income (loss)	Accumulated losses	Total
Balances as at December 31, 2016	10,591,411	(4,882)	78,298	(3,092,492)	7,572,335
Loss for the year	-	-	-	(5,501,326)	(5,501,326)
Cumulative translation adjustment	-	-	(5,076)	-	(5,076)
Write-off of comprehensive income (loss)	-	-	(73,222)	-	(73,222)
Balances as at December 31, 2017	10,591,411	(4,882)	-	(8,593,817)	1,992,711
Capital contribution	4,136,300	-	-	-	4,136,300
Write-off (merger) of treasury shares	35,118	4,882	-	(40,000)	-
Net income for the year	-	-	-	6,366,673	6,366,673
Balances as at December 31, 2018	14,762,828	-	-	(2,267,144)	12,495,685

The accompanying notes are an integral part of these financial statements.

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

## Statements of cash flows

For the years ended December 31, 2018 and 2017

(In Brazilian Reais)

	<u>12/31/2018</u>	<u>12/31/2017</u>
<b>Cash flows from operating activities</b>		
Net income/(loss) for the year	6,366,673	(5,501,325)
<b>Adjustments to reconcile income (loss) for the year to funds from operating activities</b>		
Depreciation and amortization	226,989	93,100
Write-off of fixed and intangible assets	-	88,118
Provision for legal claims	112,596	40,331
Allowance for doubtful accounts	(31,905)	32,415
	<u>6,674,353</u>	<u>(5,247,361)</u>
<b>Decrease/(increase) in assets</b>		
Trade accounts receivable	(15,696,632)	(2,560,565)
Recoverable taxes	751,235	(205,081)
Other accounts	(194,887)	606,638
Court deposits	(99,965)	29,361
	<u>(15,240,250)</u>	<u>(2,129,647)</u>
<b>Increase (decrease) in liabilities</b>		
Trade accounts payable	597,076	802,169
Social charges and tax obligations	3,738,051	745,804
Other noncurrent liabilities	718,640	1,450,627
	<u>5,053,767</u>	<u>2,998,600</u>
<b>Net cash from operating activities</b>	<u>(3,512,130)</u>	<u>(4,378,408)</u>
<b>Cash flows from investing activities</b>		
Additions to fixed assets and intangible assets	(4,068,027)	(268,453)
Write-off of investments	-	518,716
<b>Net cash from investing activities</b>	<u>(4,068,027)</u>	<u>250,262</u>
<b>Cash flows from financing activities</b>		
Capital increase	4,136,300	-
Related companies, net	4,487,838	4,377,804
Loans and financing	(502,296)	571,264
<b>Net cash from financing activities</b>	<u>8,121,843</u>	<u>4,949,068</u>
<b>Net increase in cash and cash equivalents</b>	<u>541,686</u>	<u>820,922</u>
Cash and cash equivalents at beginning of year	1,538,060	717,137
Cash and cash equivalents at end of year	2,079,746	1,538,060
<b>Net increase in cash and cash equivalents</b>	<u>541,686</u>	<u>820,922</u>

The accompanying notes are an integral part of these financial statements.

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

Notes to the financial statements  
As at December 31, 2018 and 2017  
(In Brazilian Reais)

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### 1. Operations

Wipro do Brasil Serviços de Tecnologia S.A. ("Company") was originally set up on May 10, 1995, located in the city of Osasco, engaged in the following activities: information technology consulting, technical support, maintenance and other services in information technology, license of non-customizable computer programs, sales of equipment and computer supplies, lease of goods; commercial representation, and training in IT area.

Currently, Banco Bradesco S.A. represents approximately 79% of the Company's revenues; thus, we work hard in the diversification of the customer base by developing new product lines, and increasing recurring revenues by means of allocations.

### 2. Basis of preparation

#### a. Statement of compliance

The financial statements were prepared in accordance with Brazilian accounting practices applicable to small and mid-sized companies (NBC TG 1000) - CPC PME R1, issued by the Brazilian Federal Association of Accountants (CFC).

The issue of the financial statements was authorized by Management on March 20, 2019.

#### b. Functional and reporting currency

The Company's functional currency is the Brazilian real. The Company's financial statements are presented in compliance with section 30 of CPC PMEs (Effects of the changes in exchange rates and conversion of financial statements).

#### c. Use of estimates and judgment

The financial statements have been prepared in accordance with several valuation bases used for accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors and management's judgment to determine the proper fair value to be recorded in the financial statements.

## **WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.**

### **Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)**

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Significant items subject to these estimates and assumptions include determining the useful lives of fixed assets and their recoverability from operations, valuing financial assets at fair value and discounting them to present value, analyzing the client's credit standing to determine the allowance for doubtful accounts, and assessing other risks to determine other provisions, including for contingencies.

Transaction settlement involving those estimates may result in amounts significantly different from those recorded in the financial statements, due to the inherent inaccuracy of the estimates. The Company reviews its estimates and assumptions periodically, in not more than a year. The Company has adopted all standards issued by the Committee of Accounting Pronouncements for Small and Mid-sized Companies in effect as at December 31, 2018.

The changes in the existing standards will be mandatory for subsequent accounting periods as from January 01, 2019. However, there was no type of declaration from CPC PME to adopt the respective standards; accordingly, the Company did not adopt these standards.

The financial statements have been prepared taking into consideration the historical cost as base value.

### **3. Main accounting policies**

#### **a. Cash and cash equivalents**

Cash and cash equivalents include balances of cash and financial investments with original maturity of three months or less as from hire date, which are subject to an insignificant risk of change in value and are used to manage short-term obligations. Financial investments are stated at cost, plus income earned through the balance sheet dates.

#### **b. Trade accounts receivable and Allowance for Doubtful Accounts (PECLD)**

Trade accounts receivable are recorded in the balance sheet at their nominal value, less an allowance for doubtful accounts set up according to an analysis of all notes overdue for more than 180 days regarding the following: i) client's reason for the delay; ii) renegotiation and/or installment payment of the note; iii) actual possibility of receipt; and iv) client's history. The loss is set up for notes of possible or remote collection.

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

### Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

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These amounts are not discounted to present value because they mature in the short term and do not have a material effect on financial statements.

In addition to the revenue reversal policy adopted by the new management in which the reversal of unbilled projects is recognized according to the type: fixed price projects with reversal after 180 days from recognition, service to production projects after 90 days and allocation projects after 60 days.

#### c. Fixed assets

Fixed assets are recorded at acquisition, formation or construction cost, less accumulated depreciation and impairment losses (value in use), if applicable. Depreciation or amortization is calculated under the straight-line method at rates which take into account the estimated useful lives of assets.

#### d. Intangible assets

Intangible assets are stated at acquisition cost, less accumulated amortization and impairment charges, when applicable. Intangible assets consist of software use licenses and rights and expenses on the registration of trademarks and patents. Amortization is computed under the straight line method.

#### e. Other current and noncurrent assets

Other current and non-current assets are carried at the lower of cost or realizable value, including, when applicable, earnings and monetary variations.

#### f. Other current and non-current liabilities

Current and noncurrent liabilities are stated at known or estimated amounts, plus the related charges, exchange rate gains (losses) and/or monetary changes incurred through the balance sheet date, when applicable. Where applicable, current and non-current liabilities are stated at present value, transaction by transaction, according to interest rates which reflect each transaction's term, currency and risk.

#### g. Provisions

A provision is recognized, as a result of past events, if the Company has a legal or constructive obligation which can be reliably estimated and it is probable that an economic resource is required to settle the obligation. The provisions are recorded based on the best estimates of the risks involved.

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

### Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

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The provisions for legal claims are recognized in amount considered sufficient to cover losses on legal suits, as stated in Note 14.

#### **h. Financial revenues and expenses**

Financial revenues mainly comprise interest gain from financial investments. Revenues from interest are recognized in the statement of operations under the effective interest rate method.

Financial expenses mainly comprise bank fees.

#### **i. Income and Social Contribution taxes**

The provision for income tax was calculated at the rate of 15% on taxable income, plus a surtax of 10%, according to prevailing legislation. The provision for social contribution tax was calculated at the rate of 9% on income before income tax, both calculated based on the year's results.

#### **j. Revenue recognition**

Revenue is the fair value of the consideration received or receivable for trading products over the Company's normal course of activities. Revenue is stated net of taxes, returns, rebates and discounts. The Company recognizes income when:

- The amount of the revenue can be reliably measured;
- It is probable that future economic benefits will flow to the Company.

#### **k. Distribution of dividends**

The distribution of dividends to the Company's shareholders is recognized as a liability in the Company's financial statements at each year end, based on its bylaws. Any amount above the minimum mandatory payout is only provided for at the date in which the said payout is approved by the shareholders in the General Meeting.

#### **l. Financial instruments**

Non-derivative financial instruments include financial investments, contributions receivable and other receivables, cash and banks, as well as trade accounts payable, accounts payable and other debts.

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

### Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

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#### Non-derivative financial assets

The Company initially recognizes amortized cost on the date it is originated. All other financial assets are initially recorded on the negotiation date in which the Company becomes a party to the contractual provisions of the instrument.

The Company no longer recognizes a financial asset when the contractual rights on the cash flows of the asset expire, or when the Company transfers the rights for receiving contractual cash flows on a financial asset in a transaction, in which virtually all risks and benefits of ownership of the financial asset are transferred. An occasional participation created or withheld in financial assets is recognized as an individual asset or liability.

#### Non-derivative financial liabilities

Financial liabilities are initially recognized on the date when they are originated. After the initial recognition, those financial liabilities are measured at the amortized cost using the effective interest rate method.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when and only when the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability.

#### Derivative financial assets and liabilities

As at December 31, 2018 and 2017 the Company did not hold derivatives.

#### 4. Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
Bank accounts	667,253	8,647
Financial investments (I)	1,412,493	1,529,413
	<u>2,079,746</u>	<u>1,538,060</u>

The balances of cash and cash equivalents are basically represented by bank accounts held at top-tier Brazilian financial institutions.

- (i) The financial investments are engaged with top-tier Brazilian financial institutions and reflect the usual market conditions. These are classified as cash equivalents for being financial assets with the possibility of immediate redemption, without penalty regarding the redeemable amounts.

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

### Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

#### 5. Accounts receivable

##### a. Composition

	2018	2017
Trade accounts receivable	9,461,931	3,489,061
Trade accounts receivable to bill (*)	18,463,619	8,739,857
(-) Allowance for doubtful accounts	(510)	(32,415)
	<u>27,925,040</u>	<u>12,196,502</u>

(\*) Recognition of revenue from services rendered, with certain stages already approved by clients, but not yet billed. The unbilled services may refer to the development of programs and systems, direct labor allocation and technical support, being development the most representative service in the provision due to its particularities of performance time and stages. This type of service depends on a project which is usually divided into stages. By the end of each stage, the project is delivered to client for analysis, test and approval. After this phase, the project goes through the bureaucratic process of billing authorization.

##### b. Aging of the balance of trade accounts receivable

	2018	2017
Falling due	7,607,284	3,289,705
Overdue up to 90 days	1,853,498	166,491
Overdue for more than 90 days	1,150	32,865
	<u>9,461,932</u>	<u>3,489,061</u>

The allowance for doubtful accounts is recognized based on the number of days overdue, over 365 days - 100%, and until 181 days - 35%, totaling a decrease of R\$ (510) as per recoveries.

#### 6. Recoverable taxes

	2018	2017
Tax on sales (PIS)	11,627	-
Tax on sales (COFINS)	53,663	-
Corporate Income Tax	-	605,317
Social Contribution Tax	220,146	411,762
Other taxes	14,204	33,796
	<u>299,640</u>	<u>1,050,875</u>

#### 7. Result of discontinued operations

On March 21, 2017, the sale of controlled companies (Infoserver Treinamento Ltda. and Infoeuro Sociedade Unipessoal Ltda.) was made, and the result of the discontinued operations is summarized below:



# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

## Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

	<u>2017</u>
Net operating revenue	239,989
Cost of services rendered	<u>(237,955)</u>
Gross profit	2,034
Operating expenses	
General, selling and administrative expenses	(6,984)
Other revenues	11,832
Net financial income	<u>81,924</u>
	<u>86,772</u>
Income before Income and Social Contribution Taxes	88,806
Income and Social Contribution taxes	<u>(16,455)</u>
Net income for the year	<u><u>72,351</u></u>

### 8. Fixed assets

#### a. Breakdown

	Depreciation rates (%) p.a.	2018			2017
		Historical cost	Accumulated depreciation	Net	Net
Furniture and fixtures	10	717,337	(393,458)	323,880	45,278
Vehicles	20	93,990	(93,990)	-	10,966
Machinery and equipment	10	317,795	(44,043)	273,751	89,870
IT equipment	20	3,350,863	(1,493,535)	1,857,328	227,293
Leasehold improvements	16	1,758,721	(31,544)	1,727,177	-
		<u>6,238,706</u>	<u>(2,056,570)</u>	<u>4,182,136</u>	<u>373,407</u>

#### b. Changes in fixed assets

Below, the changes in fixed assets in 2018:

	Depreciation rates (%) p.a.	2017		2018	
		Net	Additions	Depreciation	Net balance
Furniture and fixtures	10	45,278	292,669	(14,068)	323,880
Vehicles	20	10,966	-	(10,966)	-
Machinery and equipment	10	89,870	197,617	(13,735)	273,751
IT equipment	20	227,293	1,772,652	(142,617)	1,857,328
Leasehold improvements	16	-	1,750,788	(23,611)	1,727,177
		<u>373,407</u>	<u>4,013,725</u>	<u>(204,996)</u>	<u>4,182,136</u>

WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

Notes to the financial statements  
As at December 31, 2018 and 2017  
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9. Intangible assets

a. Breakdown

	Amortization rates (%) p.a.	2018		2017	
		Historical cost	Accumulated amortization	Net	Net
Trademarks and patents	10	53,676	-	53,676	53,676
Software	20	565,800	(423,371)	142,429	110,121
		<u>619,476</u>	<u>(423,371)</u>	<u>196,105</u>	<u>163,797</u>

b. Changes in intangible assets

Below, the changes in intangible assets in 2018:

	Amortization rates (%) p.a.	2017	2018		Net balance
		Net	Additions	Amortization	
Trademarks and patents	10%	53,676	-	-	53,676
Software	20%	110,121	54,302	(21,994)	142,429
		<u>163,797</u>	<u>54,302</u>	<u>(21,994)</u>	<u>196,105</u>

10. Loans and financing

	Finance Charges	2018	2017
		1.17% p.m.	<u>228,948</u>
Current		<u>228,948</u>	<u>731,243</u>
Non-current		-	500,968
			<u>230,275</u>

11. Trade accounts payable

These are represented by rendering of services contracted:

	2018	2017
Trade accounts payable	<u>3,700,541</u>	<u>3,103,465</u>
	<u>3,700,541</u>	<u>3,103,465</u>

The amounts accounted for in this caption are nearly all related to trade accounts payable (partners) which carried out work and are in line with the progress and approval of unbilled trade accounts receivable. Work already performed and approved by client.

WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

Notes to the financial statements  
As at December 31, 2018 and 2017  
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12. Social charges

	2018	2017
Provision for vacation pay and charges	3,897,389	2,144,112
Social security tax (INSS) payable	1,119,270	543,467
Severance Pay Fund (FGTS) payable	430,422	206,181
Withholding Income Tax (IRRF) payable	941,978	430,688
Other social charges	757,617	197,250
	<u>7,146,675</u>	<u>3,521,697</u>

13. Tax liabilities

	2018	2017
Tax on Services (ISS) payable	268,343	48,309
PIS payable	2	86
COFINS payable	1	399
INSS in installments (a)	-	209,999
Other tax liabilities	181,622	78,103
	<u>449,969</u>	<u>336,896</u>

(a) INSS referring to assessments of tax deficiency received on June 30, 2010. On November 05, 2013, we filed with RFB the request for paying the tax in installments pursuant to Law No. 11.941 of 2009, whereby we requested adhesion to the installment payment of this tax in 60 months, the first maturing on November 30, 2013 in the amount of R\$ 13,236.06. It refers to the payment of social security contributions on the portion of fringe benefits paid to employees.

(a) Reconciliation of Income and Social Contribution taxes

	2018	2017
Book income (loss) before taxation	8,677,914	(5,501,325)
Expected Income and Social Contribution tax expenses - combined statutory rate of 34%	2,950,491	-
Add-backs, substantially equity in earnings (losses) of controlled companies and deductions	1,134,023	3,162,685
Tax basis for Income and Social Contribution Taxes	9,811,937	(2,338,641)
(-) Tax loss carryforwards 30%	(2,943,581)	-
Expense on current Income and Social Contribution taxes	(2,311,241)	-
(X) Effective rate (%)	<u>27</u>	<u>-</u>

14. Provision for legal claims

In the ordinary course of conducting its business, the Company is involved in labor, civil, tax and criminal actions. Management, relying on the opinion of its legal counselors or that of other specialists given on the same date, when applicable, evaluates the possible outcome of ongoing lawsuits, and the need for setting up provisions for contingencies arising from them.

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

### Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

As at December 31, 2018, the Company has the amount of R\$ 979,030 recorded to cover risks considered probable, as follows:

Description	2018	Changes	2017
Labor	201,604	65,622	135,982
Tax	777,426	46,973	730,452
	<u>979,030</u>	<u>112,596</u>	<u>866,434</u>

As at December 31, 2018, the Company had other ongoing labor proceedings amounting to approximately R\$ 2,212,693, whose likelihood of loss, according to legal counselors, is considered possible, and for which the Company's management understands that recognition of provision for possible loss is not necessary.

#### Court deposits

Description	2018	Changes	2017
Labor - deposit	11,592	(1,591)	13,183
Other deposits	101,556	101,556	-
	<u>113,148</u>	<u>99,965</u>	<u>13,183</u>

#### 15. Other liabilities

The amount of R\$ 2,127,952 refers to the provision for a bonus denominated MIP (Management Incentive Program). This program is part of the sale and purchase agreement of Infoserwer for employees of the commercial department and strategic positions. The program is valid for a period of 3 years, from 2017 to 2019, being measured through retention of these employees and financial indicators.

#### 16. Equity

##### Capital stock

On July 26, 2018, a capital increase was approved in the amount of R\$ 4,136,300 through the subscription of 4,136,300 new common shares with no par value.

As at December 31, 2018, capital stock was R\$14,762,828 consisting of 25,920,653 shares divided into 17,906,309 common and 8,014,344 preferred, class A, without par value.

##### Statutory reserve

This is set up at the rate of 5% on net income for the year up to 20% of capital stock according to Brazilian Corporate Law.

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

### Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

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#### Allocation of retained earnings

Net income for the year will be allocated as follows, according to the Company's bylaws:

- 5% of the year's net income will be allocated, before any other appropriation, to set up the statutory reserve, which shall not exceed 20% of capital stock;
- After recognition of the statutory reserve and before any other appropriation, a special reserve fund will be recognized and shall receive 40% of adjusted net income, which will be used according to the standards established by shareholders' agreement of the Company;
- Minimum mandatory dividends, after recognition of the statutory reserve and special reserve fund, corresponding to 30% most of adjusted net income;
- The remaining balance will be allocated as decided in the General Meeting with approval from the Board of Directors, respecting the legal provisions.

#### Share purchase and sale agreement

On April 10, 2017, the shareholders and INTEL CAPITAL CORPORATION., former parent company of INFOSERVER S.A., entered into a purchase and sale agreement for the sale of all its direct and indirect ownership interest in the Company to WIPRO INFORMATION TECHNOLOGY NETHERLANDS BV., at the total amount of the Company, to be adjusted according to working capital and net debt, under the agreement terms ("Operation"). Currently, the Company's shareholding structure consists of 100% of ownership interest of WIPRO INFORMATION TECHNOLOGY NETHERLANDS BV, the Company's single shareholder, remaining as parent company of the Company. The mentioned operation with the sales of the totality of the Company's shares to INFOSERVER S.A., under the terms of the mentioned purchase and sale agreement, was concluded on April 10, 2017.

#### 17. Sales revenue

	2018	2017
Revenue from rendering of services	90,683,875	40,101,611
(-) Taxes on sales and other deductions	(8,871,117)	(3,528,719)
	<u>81,812,758</u>	<u>36,572,892</u>

WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

Notes to the financial statements  
As at December 31, 2018 and 2017  
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18. Expenses by nature and function

	2018	2017
Payroll	29,397,004	16,452,774
Social charges	5,296,939	3,172,566
Vacation pay	3,984,620	2,216,616
Year-end bonus	2,775,203	1,499,180
Benefits	2,954,817	1,349,158
Electricity	81,177	57,451
Maintenance	27,679	74,270
Services rendered	19,774,957	10,111,829
Other expenses	7,853,644	5,817,055
	<u>72,146,040</u>	<u>40,750,898</u>
Costs of services rendered	64,265,380	32,132,323
General, administrative and selling expenses, net	7,880,659	8,618,574
	<u>72,146,040</u>	<u>40,750,898</u>

19. Net financial income (loss)

	2018	2017
Financial revenues		
Return on financial investments	8,221	5,738
Discounts obtained	5	-
Interest gains	36,991	12,149
Exchange rate gains	(70)	97,918
Others	-	-
	<u>45,147</u>	<u>115,806</u>
Financial expenses		
Exchange rate losses	(7,650)	(66,549)
Interest losses	(610,368)	(233,998)
Tax on Financial Transactions (IOF)	(151,003)	(85,753)
Other expenses	(37,941)	(219,713)
	<u>(806,962)</u>	<u>(606,013)</u>
Financial revenues (expenses), net	<u>(761,814)</u>	<u>(490,207)</u>

20. Related-party transactions

	2018	2017
Noncurrent assets	-	-
Noncurrent liabilities	-	-
Wipro do Brasil Tecnologia Ltda.	8,249,857	3,762,019
	<u>8,249,857</u>	<u>3,762,019</u>

## WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

### Notes to the financial statements As at December 31, 2018 and 2017 (In Brazilian Reais)

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#### 21. Financial instruments

##### 21.1 Classification

Financial assets:	<u>12/31/2018</u>	<u>12/31/2017</u>
Amortized cost		
Cash and cash equivalents	2,079,746	1,538,060
Accounts receivable	27,925,040	12,196,502
	<u>30,004,786</u>	<u>13,734,762</u>
Financial liabilities:	<u>12/31/2018</u>	<u>12/31/2017</u>
Amortized cost		
Trade accounts payable	3,700,541	3,103,465
Loans and financing	228,948	731,243
Related-party transactions	8,249,857	3,762,019
	<u>12,179,346</u>	<u>7,596,727</u>

#### 22. Insurance coverage (unaudited)

The Company takes out insurance for risk-prone assets in amounts considered sufficient by management to cover possible losses.

The amounts of the insurance coverage as at December 31, 2018 are as follows:

<u>Item</u>	<u>Type of coverage</u>	<u>Amount insured</u>
Operational structure	Material damages to buildings, facilities, machinery and equipment, including robbery	4,000,000

Given the nature of the risk assumptions adopted, they are not part of the scope of an audit of financial statements and therefore were not audited by our independent auditors.