

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and the Stockholders
WIPRO PHILIPPINES INC.
(Formerly 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 Philippines Inc.** (the Company), which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the fiscal years 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 Philippines Inc.** as at March 31, 2019 and 2018, and its financial performance and its cash flows for the fiscal years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits 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 audits.

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.

sd/-

ALJUVER R. GAMAO

Partner

CPA Certificate No. 0126931

Tax Identification No. 944-910-315

PTR No. 1692716, issued on January 17, 2019, Cebu City BOA

Accreditation No. 0005, issued on December 13, 2018,

effective until July 29, 2021

PRC Accreditation No. 0126931, issued on December 8, 2008,

effective until June 8, 2021

BIR Accreditation No. 08-001682-015-2019, issued on February 8, 2019,

effective until February 7, 2022

SEC Accreditation No. 007-FR-5 (Firm), Group A, issued on July 5,

2018, effective until July 4, 2021

June 14, 2019

Cebu City, Philippines

WIPRO PHILIPPINES INC.
(Formerly Wipro BPO Philippines Ltd. Inc.)
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STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018

	<i>Notes</i>	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents	4	P711,148,585	P3,272,431,981
Trade and other current receivables - net	5	1,036,728,536	523,898,263
Short-term investments	6	4,818,500,000	—
Unbilled service fees	7	269,069,465	169,164,753
Prepayments		22,415,710	61,256,362
Total Current Assets		6,857,862,296	4,026,751,359
Noncurrent Assets			
Property and equipment - net	8	604,214,061	289,511,168
Rental deposits	18	43,859,712	33,332,297
Total Noncurrent Assets		648,073,773	322,843,465
		P7,505,936,069	P4,349,594,824
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	P805,105,086	P567,397,423
Unearned income		6,581,453	—
Due to parent and affiliates	19	2,783,853	241
Income tax payable		16,927,205	22,273,501
Other current liability	10	13,934,543	9,255,898
Total Current Liabilities		845,332,140	598,927,063
Noncurrent Liabilities			
Retirement benefits liability	15	3,924,899	2,561,254
Total Liabilities		849,257,039	601,488,317
Equity			
Share capital	17	188,914,700	188,914,700
Retained earnings	17	6,462,890,621	3,553,889,976
Cumulative remeasurements on defined benefit liability	15	4,873,709	5,301,831
Total Equity		6,656,679,030	3,748,106,507
		P7,505,936,069	P4,349,594,824

See Notes to the Financial Statements.

WIPRO PHILIPPINES INC.
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**STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE FISCAL YEARS ENDED MARCH 31 2019 AND 2018**

	<i>Notes</i>	2019	2018
SERVICE FEES	11	P6,553,613,762	P4,196,129,283
OTHER FEES	12	88,604,341	91,942,489
TOTAL REVENUE		6,642,218,103	4,288,071,772
COST OF SERVICES	13	3,260,279,465	2,499,362,689
GROSS PROFIT		3,381,938,638	1,788,709,083
OPERATING EXPENSES	14	427,727,812	443,587,002
PROFIT FROM OPERATIONS		2,954,210,826	1,345,122,081
OTHER INCOME (EXPENSES)			
Foreign exchange gain - net	21	(40,477,236)	88,980,749
Finance income	21	74,774,561	20,160,974
Impairment loss on trade receivables	5	(7,866,068)	(170,808)
Loss on disposal of property and equipment	8	—	(1,042,856)
		26,431,257	107,928,059
PROFIT BEFORE TAX		2,980,642,083	1,453,050,140
INCOME TAX EXPENSES	16	71,641,438	47,763,952
PROFIT OR LOSS		P2,909,000,645	P1,405,286,188
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plan	15	(428,122)	(12,006)
TOTAL COMPREHENSIVE INCOME		P2,908,572,523	P1,405,274,182
BASIC AND DILUTED EARNINGS PER SHARE	17	P1,539.85	P743.87

See Notes to the Financial Statements.

WIPRO PHILIPPINES INC.
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FISCAL YEARS ENDED MARCH 31, 2019 AND 2018

	Share capital (Note 17)	Retained earnings (Note 17)	Retirement benefits reserve (Note 15)	Total
Balances, April 1, 2017	P188,914,700	P2,148,603,788	P5,313,837	P2,342,832,325
Total comprehensive income for the year				
Net income for the year	—	1,405,286,188	—	1,405,286,188
Other comprehensive income	—	—	(12,006)	(12,006)
Balances, March 31, 2018	188,914,700	3,553,889,976	5,301,831	3,748,106,507
Total comprehensive income for the year				
Net income for the year	—	2,909,000,645	—	2,909,000,645
Other comprehensive income	—	—	(428,122)	(428,122)
Balances, March 31, 2019	P188,914,700	P6,462,890,621	P4,873,709	P6,656,679,030

See Notes to the Financial Statements.

WIPRO PHILIPPINES INC.
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STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2019 AND 2018

	<i>Notes</i>	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P2,980,642,083	P1,453,050,140
Adjustments for:			
Depreciation	8,13,14	218,757,239	188,731,136
Loss from disposal of property and equipment	8	—	1,042,856
Unrealized foreign exchange loss - net		22,480,330	18,231,048
Provision for retirement benefits	15	935,523	809,972
Finance income	21	(74,774,561)	(20,160,974)
Impairment loss on trade receivables	5	7,866,068	170,808
Operating income before working capital changes		3,155,906,682	1,641,874,986
Decrease (increase) in assets:			
Trade and other receivables		(524,064,333)	68,899,310
Unbilled service fees		(101,306,167)	(49,845,554)
Prepayments		38,840,652	(26,237,624)
Increase (decrease) in liabilities:			
Trade and other payables		237,979,604	5,990,372
Unearned income		6,581,453	—
Due to parent and affiliates		2,783,612	(30,309)
		2,816,721,503	1,640,651,181
Income taxes paid		(76,987,731)	(35,479,176)
Interest received		72,153,089	17,331,553
Net cash provided by operating activities		2,811,886,861	1,622,503,558
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investment	6	(4,818,500,000)	75,375,000
Acquisitions of property and equipment	8	(533,540,865)	(76,831,350)
Proceeds from disposal of property and equipment		80,733	—
Change in rental deposits		(7,905,943)	2,134,628
Net cash provided by (used in) investing activities		(5,359,866,075)	678,278
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		(2,547,979,214)	1,623,181,836
CASH AND CASH EQUIVALENTS, BEGINNING		3,272,431,981	1,663,159,720
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH HELD		(13,304,182)	(13,909,575)
CASH AND CASH EQUIVALENTS, ENDING		P711,148,585	P3,272,431,981

See Notes to the Financial Statements.

WIPRO PHILIPPINES INC.
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NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE FISCAL YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 1 - REPORTING ENTITY

Corporate information

Wipro Philippines 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, 2019, the Company has 7 operating offices registered with PEZA (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.

On May 7, 2018, the Company's name was changed from Wipro BPO Philippines Ltd. Inc. to Wipro Philippines Inc. through a board resolution approved by the majority vote of the board of directors. It was approved by SEC on June 29, 2018.

Date of authorization for issue of the audited financial statements

The 2019 audited financial statements were approved for release and issue on behalf of the BOD by the Company's Chairperson, Mr. Roy Aseem on June 14, 2019.

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 from 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 exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability.

The substance of a financial instrument, rather than its legal form, governs its classification in the statements 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., Eton Properties Philippines, Inc., and Cebu Holdings, Inc. The lease agreements are between 6 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, 2019 and 2018, the retirement benefits payable amounted to P3.92 million and P2.56 million, respectively. Retirement benefits expense in 2019 and 2018 amounted to P0.94 million and P0.81 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 and other forward looking information available. 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 P7.87 million in 2019 and P0.17 million in 2018. Total allowance for impairment losses on receivables amounted to P9.52 million and P1.66 million as at March 31, 2019 and 2018, respectively (Note 5).

Trade and other receivables, net of allowance for impairment losses, amounted to P1,036.73 million and P523.90 million as at March 31, 2019 and 2018, respectively (Note 5).

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, 2019 and 2018 amounted to P604.21 million and P289.51 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, 2019 and 2018, 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 liability is 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).

Fair Value Measurements

The Company measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

NOTE 4 - CASH AND CASH EQUIVALENTS

This account consists of:

	2019	2018
Cash in banks	P324,567,794	P179,520,720
Cash equivalents	386,580,791	3,092,911,261
	P711,148,585	P3,272,431,981

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 1.92% to 2.40% and have maturities ranging from 70 to 90 days.

Finance income earned from cash and cash equivalents & short term investments amounted to P72.15 million and P17.33 million in 2019 and 2018, respectively. Bank charges from cash and cash equivalents amounted to P4.68 million and P3.95 million in 2019 and 2018, respectively. Net foreign exchange gain/(loss) recognized from cash and cash equivalents amounted to (P15.27) million and P71.24 million in 2019 and 2018, respectively (Note 21).

NOTE 5 - TRADE AND OTHER RECEIVABLES - NET

This account consists of:

	Note	2019	2018
Trade receivables		P526,040,681	P379,333,564
Due from Parent Company and affiliates	19	476,708,345	104,182,718
Interest receivable		17,193,572	—
Advances to suppliers		13,448,389	25,681,234
Advances to offices and employees		8,354,304	14,147,890
Due from government agencies		4,506,777	2,210,321
		1,046,252,068	525,555,727
Less allowance for impairment losses		9,523,532	1,657,464
		P1,036,728,536	P523,898,263

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:

	<i>Note</i>	2019	2018
Balance at April 1		P1,657,464	P1,486,656
Impairment during the year	21	7,866,068	170,808
Balance at March 31		P9,523,532	P1,657,464

Net foreign exchange gain / (loss) recognized from trade and other receivables amounted to (P16.11) million and P22.36 million in 2019 and 2018, respectively (Note 21).

NOTE 6 - SHORT-TERM INVESTMENTS

Short-term investments amounting to P4,818.5 million as at March 31, 2019 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 earns interest ranging from 2.4% p.a. to 3.27% p.a.

Interest income on short-term investments are included in the finance income of PHP 72.15 million which is presented as part of finance income in the statement of profit or loss and other comprehensive income (Note 21).

NOTE 7 - UNBILLED SERVICE FEES

Unbilled service fees of P269.07 million and P169.16 million in 2019 and 2018, 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

March 31, 2019	IT equipment	Office fixtures	Transportation equipment	Leasehold improvements	Construction in progress	Total
<i>Cost</i>						
Balance at April 1, 2018	P795,018,018	P116,189,930	P900,000	P555,772,472	P2,616,705	P1,470,497,125
Additions	201,652,200	200,087,165	—	132,687,949	—	534,427,314
Disposals	(547,999)	—	—	—	—	(547,999)
Adjustments	—	—	—	—	(886,449)	(886,449)
Reclassification	671,575	—	—	1,058,681	(1,730,256)	—
Balance at March 31, 2019	996,793,794	316,277,095	900,000	689,519,102	—	2,003,489,991
<i>Accumulated depreciation and amortization</i>						
Balance at April 1, 2018	632,703,069	86,611,587	900,000	460,771,301	—	1,180,985,957
Depreciation	126,362,913	25,397,754	—	66,996,572	—	218,757,239
Disposals	(467,266)	—	—	—	—	(467,266)
Reclassification/adjustment	—	—	—	—	—	—
Balance at March 31, 2019	758,598,716	112,009,341	900,000	527,767,873	—	1,399,275,930
Carrying amount at March 31, 2019	P238,195,078	P204,267,754	P—	P161,751,229	P—	P604,214,061
<i>March 31, 2018</i>						
<i>Cost</i>						
Balance at April 1, 2017	P735,019,719	P102,264,555	P900,000	P543,606,818	P6,288,294	P1,388,079,386
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
<i>Accumulated depreciation and amortization</i>						
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	P162,314,949	P29,578,343	P—	P95,001,171	P2,616,705	P289,511,168

The Company disposed property and equipment with aggregate carrying amounts of P0.08 million and P1.04 million in 2019 and 2018.

Depreciation expenses is allocated as follows:

	Note	2019	2018
Cost of services	13	P213,581,741	P183,407,449
Operating expenses	14	5,175,498	5,323,687
		P218,757,239	P188,731,136

NOTE 9 - TRADE AND OTHER PAYABLES

This account consists of:

	2019	2018
Accrued expenses	P663,096,476	P441,516,143
Account payable	39,309,457	44,938,790
Due to government agencies	23,689,327	16,735,426
Withholding taxes	10,910,563	12,460,021
Payable to officers and employees	8,341,145	14,275,761
Advances from customers	1,481,541	1,331,659
Others	58,276,577	36,139,623
	P805,105,086	P567,397,423

Accrued expenses account consists of:

	2019	2018
General expenses	P440,208,526	P285,253,928
Salaries payable	161,362,522	110,337,945
Bonus payable	20,118,126	25,483,807
Leave encashment	41,407,302	20,440,463
	P663,096,476	P441,516,143

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

Accounts payable includes vendor payable towards contractual staff cost, communications, housekeeping and maintenance, security, etc.

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 P0.09 million in 2019 and net foreign exchange loss of P4.23 million recognized in 2018 (Note 21).

NOTE 10 - OTHER CURRENT LIABILITY

	2019	2018
Foreign currency forward contracts payable	₱22,256,279	₱9,255,898
Foreign currency forward contracts receivable	(8,321,736)	—
	₱13,934,543	₱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, 2019, the Company has 7 outstanding non-deliverable forward contract to sell US\$77 million for P4,049.6 million. Unrealized foreign exchange loss from this forward transaction amounted to P22,256,279.

On the same date, the Company has 3 outstanding non-deliverable forward contract to sell US\$40 million for P2,128.65 million. Unrealized foreign exchange gain from the forward transaction amounted to P8,321,736.

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 this forward transaction amounted to 9,255,898.

Net foreign exchange loss recognized from other current liability amounted to P5.99 million in 2019 and P20.44 million in 2018 (Note 21).

NOTE 11 - SERVICE FEES

This account consists of:

	Note	2019	2018
Third parties		₱4,425,192,561	₱2,441,828,768
Related parties	19	2,128,421,201	1,754,300,515
		₱6,553,613,762	₱4,196,129,283

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:

	2019	2018
Communication links	₱37,841,866	₱60,434,603
Incentives and rewards	27,474,648	15,563,178
Travel	20,741,237	10,462,591
Other reimbursements	2,546,590	5,482,117
	₱88,604,341	₱91,942,489

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

Incentives and rewards are fees billed to the customers per contractual arrangement.

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:

	<i>Note</i>	2019	2018
Direct labor		P2,365,234,310	P1,737,986,600
Service overheads:			
Depreciation	8	213,581,741	183,407,449
Rent	18	194,316,732	158,262,592
Contractual staff		150,616,360	99,501,592
Communication		117,301,790	117,637,390
Power, light and water		76,273,952	64,226,187
Technical support and maintenance		70,881,743	70,212,475
Travel		21,307,392	27,296,426
Other service overhead		50,765,445	40,831,978
		895,045,155	761,376,089
		P3,260,279,465	P2,499,362,689

Other service overhead includes recruitment expenses, printing and stationery, legal and professional fees, business meeting expense, bank charges and other miscellaneous expenses.

NOTE 14 - OPERATING EXPENSES

This account consists of:

	<i>Note</i>	2019	2018
Outside services		P133,578,391	P125,158,305
Salaries and wages		119,293,579	79,503,319
Professional fee		31,441,757	35,906,855
Repairs and maintenance		26,895,081	1,853,216
Employee benefits		23,248,444	76,290,469
Stationery and office supplies		17,180,426	16,993,906
Contractual staff		15,729,013	35,456,325
Taxes and licenses		12,750,039	13,011,440
Travel and transportation		9,079,876	7,269,524
Insurance		6,754,936	5,219,036
Communication		5,910,599	4,609,896
Rent	18	5,639,569	7,934,654
Depreciation	8	5,175,498	5,323,687
Bank charges		4,666,172	3,874,101
Contribution to government agencies		2,402,955	4,199,936
Power, light and water		2,006,450	1,516,262
Representation and entertainment		184,297	1,765,168
Miscellaneous expenses		5,790,730	17,700,903
		P427,727,812	P443,587,002

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 on April 3, 2019.

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

	2019	2018
Balance at April 1	₱2,561,254	₱1,739,276
Included in profit or loss		
Current service cost	795,086	740,450
Net interest on the net defined benefit liability	140,437	69,522
	935,523	809,972
Included in OCI		
Remeasurement loss (gain) arising from:		
Demographic assumptions	626,848	1,393,507
Financial assumptions	(271,868)	(1,133,607)
Experience adjustment	73,142	(247,894)
Net remeasurement loss	428,122	12,006
Benefits paid	—	—
Balance at March 31	₱3,924,899	₱2,561,254

Cumulative remeasurements on defined benefit liability follows:

	2019	2018
Balance at April 1	₱5,301,831	₱5,313,837
Net remeasurement loss	(428,122)	(12,006)
Balance at March 31	₱4,873,709	₱5,301,831

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

	2019	2018
Discount rate	6.14%	5.49%
Expected rate of salary increases	2.00%	2.00%

The weighted-average duration of the defined benefits obligation is 11 years and 13 years as at March 31, 2019 and 2018, 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, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.05% movement)	(P3,727,302)	P4,137,245	(P2,408,264)	P2,726,854
Future salary growth (0.05% movement)	P4,145,144	(P3,718,537)	P2,731,925	(P2,402,457)

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:

	2018	2018
Cost of services (part of direct labor)	P914,921	P793,362
Operating expenses (part of employee benefits)	20,602	16,610
	P935,523	P809,972

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
GAGFA 15 Floor, Cebu City***	Apr. 2018	May 2018	Apr. 2021
CBP - IT Park, Cebu City	Aug. 2018	Aug. 2018	Jul. 2024

*The above is including the two year extension of the ITH incentive, if any.

**Application filed with PEZA for reclassification as additional activity of GAGFA IT Center, Cebu

***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, 2019 and 2018, the Company incurred current tax expense of P71.64 million and P47.76 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:

	2019	2018
Profit before tax	P2,980,642,083	P1,453,050,140
Tax using the Company's special tax rate of 5%	P149,032,104	P72,652,507
Tax effect on:		
Nondeductible expenses	26,616,584	26,437,345
Nontaxable (income) loss	1,892,788	(4,590,509)
Interest income already subjected to final tax	(3,607,654)	(866,578)
Income under ITH	(102,292,384)	(45,868,813)
	P71,641,438	P47,763,952

NOTE 17 - EQUITY AND EARNINGS PER SHARE

Share capital

Details of share capital as at March 31, 2019 and 2018 are as follows:

	2019		2018	
	Number of Shares	Amount	Number of Shares	Amount
Authorized, at par value of P100 per share	2,250,000	P225,000,000	2,250,000	P225,000,000
Issued and outstanding	1,889,147	P188,914,700	1,889,147	P188,914,700

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, 2019 and March 31, 2018, the Company's retained earnings in excess of its paid-up capital amounting to P6,273.98 million and P3,364.98 million, respectively.

Earnings per share

	2019	2018
Income for the year attributable to ordinary equity holders of the Company	P2,909,000,645	P1,405,286,188
Weighted average number of shares outstanding	1,889,147	1,889,147
Basic and diluted earnings per share	P1,539.85	P743.87

There were no dilutive potential ordinary shares for the fiscal years ended March 31, 2019 and 2018. Therefore, the Company's weighted average number of share outstanding were equal for the years ended March 31, 2019 and 2018.

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. The company expanded its operations in Cebu and leased offices spaces from Cebu Holdings Inc. during FY 18-19. Lease payments are subject to escalation of 5% at different periods of the contracts. The lease agreements are between 6 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	2019	2018
Cost of services	13	₱194,316,732	₱158,262,592
Operating expenses	14	5,639,569	7,934,654
		₱199,956,301	₱166,197,246

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

	2019	2018
Less than one year	₱203,356,747	₱156,404,036
Between one and five years	429,873,752	410,324,799
	₱633,230,499	₱566,728,836

Present value of rental deposits, equivalent to 3 months' rent amounting to P43.86 million and P33.33 million in 2019 and 2018, were paid to the lessors and presented 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 P2.62 million in 2019 and P2.83 million in 2018 (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 Dalian Ltd.	Affiliate
Wipro Insurance Solutions	Affiliate
Wipro Infocrossing Inc.	Affiliate
Wipro Travel Services Ltd	Affiliate

The Company considers any company as an affiliate if they are the subsidiaries of the ultimate parent company.

Balances and transactions with related parties

Balances and transactions with related parties are presented below:

Related parties	Year	Net transactions during the year	Outstanding Balances					Terms and conditions
			Service fees	Other costs	Due from parent and affiliate	Due to parent and affiliate	Unsecured and due on demand;	
Wipro Limited	2019	P376,620,636	P1,769,798,670	P12,144,858	P450,337,292	P-	Unsecured and due on demand;	
	2018	14,871,455	1,313,984,506	22,099,153	73,716,656	-	No impairment	
Wipro LLC	2019	(4,095,009)	358,622,531	-	26,371,053	-	Unsecured and due on demand;	
	2018	(91,871,162)	440,316,009	-	30,466,062	-	No impairment	
Wipro Daltian Ltd.	2019	2,756,090	-	(2,756,090)	-	2,756,090	Unsecured and due on demand;	
	2018	-	-	-	-	-	No impairment	
Wipro Infocrossing INC	2019	-	-	-	-	-	Unsecured and due on demand;	
	2018	(30,479)	-	-	-	-	No impairment	
Wipro Travel Services Ltd	2019	27,522	-	(27,763)	-	27,763	Unsecured and due on demand;	
	2018	170	-	-	-	241	No impairment	
Key management personnel	2019	6,778,757	-	-	-	-	-	
	2018	6,273,136	-	-	-	-	-	
Total	2019		P2,128,421,201	P9,361,005	P476,708,345	P2,783,853		
Total	2018		P1,754,300,515	P22,099,153	P104,182,718	P241		

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:

	2019	2018
Balance at April 1	P104,182,718	P181,182,425
Service billings	2,128,421,201	1,754,300,515
Collections	(1,768,040,432)	(1,809,201,069)
Others	9,361,005	(22,099,153)
Balance at March 31	P473,924,492	P104,182,718

Net foreign exchange gain/ (loss) recognized from transactions with related parties amounted to (P3.2) million and P11.59 million in 2019 and 2018, respectively (Note 21).

Compensation of key management personnel (KMP)

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

	2019	2018
Salaries and wages	P5,024,252	P4,691,294
Employees' benefits	1,754,505	1,581,842
	P6,778,757	P6,273,136

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 2019 and 2018. 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:

	2019	2018
Total debt	P849,257,039	P601,488,317
Less cash and cash equivalents	711,148,585	3,272,431,981
Adjusted net debt	138,108,454	(2,670,943,664)
Divided by total equity	P6,656,679,030	P3,748,106,507
Adjusted net debt to equity ratio	0.02	(0.71)

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:

	2019		2018	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents	P711,148,585	P711,148,585	P3,272,431,981	P3,272,431,981
Trade and other receivables - net	1,036,728,536	1,036,728,536	523,898,263	523,898,263
Short-term investment	4,818,500,000	4,818,500,000	-	-
Unbilled service fees	269,069,465	269,069,465	169,164,753	169,164,753
Rental deposits	43,859,712	43,859,712	33,332,297	33,332,297
	P6,879,306,298	P6,879,306,298	P3,998,827,294	P3,998,827,294
Financial liabilities				
<i>Financial liabilities at amortized cost</i>				
Trade and other payables*	P770,505,196	P770,505,196	P538,201,976	P538,201,976
Due to parent and affiliates	2,783,853	2,783,853	241	241
<i>Financial liabilities at FVPL</i>				
Other current liability	13,934,543	13,934,543	9,255,898	9,255,898
	P787,223,592	P787,223,592	P547,458,115	P547,458,115

*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 fair value of other current liability is determined based on observable market inputs including currency spot and forward rate, currency volatility, etc.

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The Company has valued the financial instruments based on level 1, 2 & 3, wherever applicable (Note 3). The Company's other current liability is based on level 2 fair value hierarchy.

The income and expense recognized from financial instruments follows:

	Note	2019	2018
Finance income			
<i>Financial assets at amortized cost</i>			
Cash and cash equivalents and short term investment	4	P72,153,089	P17,331,553
Rental deposits	18	2,621,472	2,829,421
		P74,774,561	P20,160,974

	Note	2019	2018
Impairment loss			
<i>Financial assets at amortized cost</i>			
Trade and other receivables - net	5	P7,866,068	P170,808
Bank charges			
<i>Financial assets at amortized cost</i>			
Cash and cash equivalents	4	P4,682,885	P3,949,307
Foreign exchange gain (loss) - net			
<i>Financial assets at amortized cost</i>			
Cash and cash equivalents and short term investments	4	(P15,267,199)	P71,240,316
Trade and other receivables	5	(16,107,737)	22,358,597
<i>Financial liabilities at amortized cost</i>			
Trade and other payables	9	89,512	4,226,121
Due to parent and affiliates	19	(3,204,066)	11,594,527
<i>Financial liabilities at FVPL</i>			
Other current liabilities	10	(5,987,746)	(20,438,812)
		(P40,477,236)	P88,980,749

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, 2019 and 2018 are as follows:

	Past due but not impaired				
	Total	Neither past due nor impaired	2 months to 1 Year	More than 1 Year	Impaired
Cash and cash equivalents	P711,148,585	P711,148,585	P-	P-	P-
Trade and other receivables	1,046,252,068	866,615,295	170,061,480	51,761	9,523,532
Short-term investments	4,818,500,000	4,818,500,000	-	-	-
Unbilled service fees	269,069,465	269,069,465	-	-	-
Rental deposits	43,859,712	43,859,712	-	-	-
March 31, 2019	P6,888,829,830	P6,709,193,057	P170,061,480	P51,761	P9,523,532
Cash and cash equivalents	P3,272,431,981	P3,272,431,981	P-	P-	P-
Trade and other receivables	525,555,727	504,785,552	19,112,711	-	P1,657,464
Unbilled service fees	169,164,753	169,164,753	-	-	-
Rental deposits	33,332,297	33,332,297	-	-	-
March 31, 2018	P4,000,484,758	P3,979,714,583	P19,112,711	P-	P1,657,464

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, 2019 and 2018 and the movement of the allowance used to record the impairment losses are disclosed in Note 5 to the financial statements.

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

	2019	2018
High grade	P1,036,676,775	P523,898,263
Standard grade	51,761	-
Substandard grade	9,523,532	1,657,464
	P1,046,252,068	P525,555,727

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, 2019				
Trade and other payables	P770,505,196	P-	P770,505,196	P-
Due to parent and affiliates	2,783,853	2,783,853	-	-
	P773,289,049	P2,783,853	P770,505,196	P-
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-

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, 2019	USD	GBP	AUD	CAD	EUR	MYR	AED	INR	SGD	Total PHP Equivalent
Financial Assets										
Cash and cash equivalents	12,262,697	-	-	-	-	-	-	-	-	696,980,635
Short-term investments	92,000,000	-	-	-	-	-	-	-	-	4,818,500,000
Trade and other receivables	8,163,131	1,408,373	610,712	79,355	-	-	-	-	(58,938)	550,151,350
Due from parent and affiliates	8,563,447	-	-	-	-	-	-	(26,624,792)	1,240,339	477,837,987
Unbilled service fee	5,404,131	-	-	-	-	-	-	-	-	269,069,465
	126,393,406	1,408,373	610,712	79,355	-	-	-	(26,624,792)	1,181,401	6,812,539,437
Financial Liabilities										
Trade and other payables*	821,810	-	-	2,072	-	-	-	7,813	-	43,570,630
Due to parent and affiliates	49,951	-	-	-	-	-	-	36,551	-	2,652,438
Unearned income	-	94,238	-	-	-	-	-	-	-	6,581,453
	871,761	94,238	-	2,072	-	-	-	44,364	-	52,804,521
	125,521,645	1,314,135	610,712	77,283	-	-	-	(26,669,156)	1,181,401	6,759,734,916
March 31, 2018										
Financial Asset										
Cash and cash equivalents	60,374,350	-	-	-	-	-	-	-	-	3,160,114,216
Short-term investments	-	-	-	-	-	-	-	-	-	-
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

*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, 2019		
USD	P659,551,831	(P659,551,831)
GBP	9,040,080	(9,040,080)
AUD	2,275,877	(2,275,877)
CAD	302,638	(302,638)
INR	(2,027,389)	2,027,389
SGD	4,580,871	(4,580,871)
	P673,723,908	(P673,723,908)
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)

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 2019. 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 (100)	P6,790,675 (P6,790,675)

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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous fiscal year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after April 1, 2018:

- PFRS 9, *Financial Instruments* - This standard replaces PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.
 - PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.
 - For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
 - For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.
 - For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
 - The derecognition provisions are carried over almost unchanged from PAS 39.

Based on the Company’s analysis of its business model and the contractual cash flow characteristics of its financial assets and liabilities as at March 31, 2019, the Company has concluded that all of its financial assets and liabilities shall continue to be measured on the same basis as under PAS 39.

The following table shows the original classification categories under PAS 39 and the new classification categories under PFRS 9 for each class of the Company’s financial assets as at April 1, 2018:

	Classification under PAS 39	Classification under PFRS 9	Carrying Amount under PAS 39	Carrying Amount under PFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost	P3,272,431,981	P3,272,431,981
Trade and other receivables	Loans and receivables	Financial assets at amortized cost	523,898,263	523,898,263
Unbilled service fees	Loans and receivables	Financial assets at amortized cost	169,164,753	169,164,753
Rental deposits	Loans and receivables	Financial assets at amortized cost	33,332,297	33,332,297

The Company assessed that the adoption of PFRS 9, specifically on determining impairment loss using simplified approach (or general approach, as applicable), has no impact on the carrying amounts of the Company's financial assets carried at amortized cost (and/or other comprehensive income).

There is no material impact on the basic and diluted earnings per share as a result of the Company's adoption of PFRS 9.

- Amendments to PFRS 4, *Insurance Contracts - Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts* - The amendments give all insurers the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9, *Financial Instruments* is applied before implementing PFRS 17, *Insurance Contracts* ('the overlay approach'). Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption (until 2021) from applying PFRS 9. Thus, continuing to apply PAS 39, *Financial Instruments: Recognition and Measurement* instead ('the deferral approach').
- PFRS 15, *Revenue from Contracts with Customers* - The new standard replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and their related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.).

Based on the Company's assessment, all of the Company's contracts with customers generally undertake to provide single performance obligation at a fixed price which is mainly the delivery of goods. Thus, the allocation of transaction price to the single performance obligation is not applicable. The Company recognizes revenue as the goods are transferred to the customer at the point of delivery (or as the services are rendered over time). Accordingly, the adoption of PFRS 15 has no impact in the timing of the Company's revenue recognition.

- Amendments to PFRS 15, *Revenue from Contract with Customers - Clarification to PFRS 15* - The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.
- Amendments to PAS 28, *Investments in Associates and Joint Ventures - Measuring an Associate or Joint Venture at Fair Value* - The amendments are part of the Annual Improvements to PFRS 2014-2016 Cycle and clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, mutual fund, unit trust or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration* - The interpretation provides guidance clarifying that the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency is the one at the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended March 31, 2019 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after April 1, 2019:

- PFRS 16, *Leases* - This standard will replace PAS 17, *Leases* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

For the Company's non-cancellable operating lease commitments as at March 31, 2019, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under PFRS 16. Thus, the Company will have to recognize a right-of-use asset and a corresponding liability in respect of all these leases - unless these qualify for low value or short-term leases upon the application of PFRS 16. The company is currently assessing the impact on adoption of PFRS 16 on the financial statements.

- Philippine Interpretation IFRIC 23, *Uncertainty Over Income Tax Treatments* - The interpretation provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under PAS 12, *Income Taxes*, in particular (i) whether uncertain tax treatments should be considered separately, (ii) assumptions for taxation authorities' examinations, (iii) determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) effect of changes in facts and circumstances.
- Amendments to PAS 19, *Employee Benefits - Plan Amendment, Curtailment or Settlement* - The amendments specify how companies remeasure a defined benefit plan when a change - an amendment, curtailment or settlement - to a plan takes place during a reporting period. It requires entities to use the updated assumptions from this remeasurement to determine current service cost and net interest cost for the remainder of the reporting period after the change to the plan.
- Amendments to PAS 12, *Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity* - The amendments are part of the Annual Improvements to PFRS 2015-2017 Cycle and clarify that income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and thus, should be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Though early adoption is permitted, the company will adopt the amendments prospectively.

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 assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Assets and Financial Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from

measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at March 31, 2019 and 2018, the Company does not have financial assets at FVPL. The Company's other current liability is classified as financial liability at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2019 and 2018, the Company's cash and cash equivalents, trade and other receivables, short-term investments, unbilled services and rental deposits are included under this category (Notes 4, 5, 6, 7 and 18).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at March 31, 2019 and 2018, the Company does not have financial assets and liabilities at under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at March 31, 2019 and 2018, the Company's liabilities arising from its trade and other payables and other payables, excluding statutory liabilities and due to parent and affiliates are included under this category (see Notes 9 and 19).

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI

The Company records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the simplified approach and has calculated

ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

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

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Derivative Financial Instruments and Hedging

Freestanding Derivatives

For the purpose of hedge accounting, hedges are classified as either:

- (a) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk);
- (b) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- (c) hedges of a net investment in foreign operations.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair Value Hedge. Derivatives classified as fair value hedges are carried at fair value with corresponding change in fair value recognized in the statements of income. The carrying amount of the hedged asset or liability is also adjusted for changes in fair value attributable to the hedged item and the gain or loss associated with that remeasurement is also recognized in the statements of income.

When the hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged financial instrument is amortized immediately.

The Company discontinues fair value hedge accounting if:

- (a) the hedging instrument expires, is sold, is terminated or is exercised;
- (b) the hedge no longer meets the criteria for hedge accounting; or

- (c) the Company revokes the designation.

The Company's other current liability is accounted for as a fair value hedge as at March 31, 2019 and 2018 (Note 10).

Cash Flow Hedge. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in other comprehensive income and presented in the statements of changes in equity. The ineffective portion is immediately recognized in the statements of income.

If the hedged cash flow results in the recognition of an asset or a liability, all gains or losses previously recognized directly in the statements of changes in equity are transferred and included in the initial measurement of the cost or carrying amount of the asset or liability. Otherwise, for all other cash flow hedges, gains or losses initially recognized in the statements of changes in equity are transferred to the statements of income in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affects the statements of income.

When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been reported directly in the statements of changes in equity is retained until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, any net cumulative gain or loss previously reported in the statements of changes in equity is recognized in the statements of income.

The Company has no outstanding derivatives accounted for as a cash flow hedge as at March 31, 2019 and 2018.

Net Investment Hedge. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gain or loss relating to the ineffective portion is recognized in the statements of income. On disposal of a foreign operation, the cumulative value of any such gains and losses recorded in the statements of changes in equity is transferred to and recognized in the statements of income.

The Company has no hedge of a net investment in a foreign operation as at March 31, 2019 and 2018.

Changes in fair values of derivatives that do not qualify for hedge accounting are recognized directly in the statements of income.

Embedded Derivatives

The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid or combined instrument is not recognized as at FVPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Company has not bifurcated any embedded derivatives as at March 31, 2019 and 2018.

Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

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	4-7 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 non-financial 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

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, business process services, sale of IT and other products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone

selling price the Company uses third-party prices for similar deliverables or the company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the services rendered:

Time and materials contracts

Revenues and costs relating to time and materials are recognized as the related services are rendered.

Fixed-price contracts

i. Fixed-price development contracts

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, 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 is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred, for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated statement of income in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Unbilled revenues on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time

ii. Maintenance contracts

Revenues related to fixed-price maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period, 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 customer is recognized as revenue on completion of the term.

iii. Volume based contracts

Revenues and costs are recognized as the related services are rendered.

Products

Revenue on product sales are recognized when the customer obtains control of the specified asset.

Others

- Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.
- The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.
- Revenues are shown net of allowances/ returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.
- The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.
- Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognized as an asset when the Company expects to recover these costs and amortized over the contract term.
- The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognized is amortized on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.
- The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.
- The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If Company controls the good or service before it is transferred to the customer, Company is the principal; if not, the Company is the agent.

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 qualify; 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.

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.

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, except 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-year-end events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any post-year-end 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.

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, 2019:

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	P85,045,958
Creditable withholding taxes	19,861,032
Fringe benefit taxes	10,255,755
	<hr/> P115,162,745 <hr/>

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

₱797,382

BIR annual registration

₱1,500*

₱798,882

*This amount has been paid in May 2019

D. Tax cases and assessments

As at March 31, 2019, the Company has ongoing tax assessment with BIR for FY 2014-15 and FY 2015-16.