



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Wipro BPO Philippines Ltd. Inc.
Cebu IT Tower 1, cor. Archbishop Reyes Avenue and Mindanao St.
Cebu Business Park, Cebu City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wipro BPO Philippines Ltd. Inc. (a wholly-owned subsidiary of Wipro Cyprus Private Limited) (the Company), which comprise the statements of financial position as at March 31, 2017 and 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

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

R.G. MANABAT & CO.

Sd/-

TIRESO RANDY P. LÁPIDEZ

Partner

CPA License No. 0092183

SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

Issued October 15, 2014; valid until October 14, 2017

PTR No. 5904929MD

Issued January 3, 2017 at Makati City

June 1, 2017

Makati City, Metro Manila

WIPRO BPO PHILIPPINES LTD. INC.
(A Wholly-owned Subsidiary of Wipro Cyprus Private Limited)

FINANCIAL STATEMENTS
March 31, 2017 and 2016

WIPRO BPO PHILIPPINES LTD. INC.
(A Wholly-owned Subsidiary of Wipro Cyprus Private Limited)
STATEMENTS OF FINANCIAL POSITION

		March 31	
		2017	2016
		Note	
ASSETS			
Current Assets			
Cash and cash equivalents	4	P1,663,159,720	P592,946,619
Short-term investment	5	75,375,000	-
Trade and other receivables - net	6	588,330,269	463,583,722
Unbilled service fees	7	118,903,203	100,883,218
Prepayments		35,018,738	22,126,970
Total Current Assets		2,480,786,930	1,179,540,529
Noncurrent Assets			
Property and equipment - net	8	402,453,810	461,980,818
Rental deposits	18	32,637,504	29,499,779
Total Noncurrent Assets		435,091,314	491,480,597
		P2,915,878,244	P1,671,021,126
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Trade and other payables	9	P561,287,368	P456,760,942
Income tax payable		9,988,725	4,574,720
Due to parent and affiliates	19	30,550	34,816
Total Current Liabilities		571,306,643	461,370,478
Noncurrent Liability			
Retirement benefits liability	14	1,739,276	5,133,179
Total Liabilities		573,045,919	466,503,657
Equity			
Share capital	16	188,914,700	188,914,700
Retained earnings		2,148,603,788	1,015,609,665
Retirement benefits reserve	14	5,313,837	(6,896)
Total Equity		2,342,832,325	1,204,517,469
		P2,915,878,244	P1,671,021,126

See Notes to the Financial Statements.

WIPRO BPO PHILIPPINES LTD. INC.
(A Wholly-owned Subsidiary of Wipro Cyprus Private Limited)
STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

	Note	Years Ended March 31	
		2017	2016
SERVICE FEES	10	P3,705,823,416	P2,631,617,466
OTHER FEES	11	85,617,502	62,223,893
TOTAL REVENUES		3,791,440,918	2,693,841,359
COST OF SERVICES	12	2,324,933,097	1,720,932,007
GROSS PROFIT		1,466,507,821	972,909,352
OPERATING EXPENSES	13	397,321,086	265,236,012
PROFIT FROM OPERATIONS		1,069,186,735	707,673,340
OTHER INCOME (EXPENSES)			
Foreign exchange gain - net	4, 5	101,875,457	16,740,016
Finance income		4,112,853	372,708
Reversal of impairment loss on trade receivables	6	-	1,388,572
(Loss) gain from disposal of property and equipment		(1,448,251)	508,050
		104,540,059	19,009,346
PROFIT BEFORE TAX		1,173,726,794	726,682,686
INCOME TAX EXPENSE	15	40,732,671	21,983,556
NET PROFIT		1,132,994,123	704,699,130
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss			
Remeasurement gain on defined benefit plan	14	5,320,733	126,900
TOTAL COMPREHENSIVE INCOME		P1,138,314,856	P704,826,030

See Notes to the Financial Statements.

WIPRO BPO PHILIPPINES LTD. INC.
(A Wholly-owned Subsidiary of Wipro Cyprus Private Limited)
STATEMENTS OF CHANGES IN EQUITY

	Years Ended March 31			
	Share Capital (Note 16)	Retained Earnings (Note 16)	Retirement Benefits Reserve	Total
Balance at April 1, 2016	P188,914,700	P1,015,609,665	(P6,896)	P1,204,517,469
Total comprehensive income	-	1,132,994,123	-	1,132,994,123
Net profit for the year	-	-	5,320,733	5,320,733
Other comprehensive income	-	1,132,994,123	5,320,733	1,138,314,856
Balance at March 31, 2017	P188,914,700	P2,148,603,788	P5,313,837	P2,342,832,325
Balance at April 1, 2015	P188,914,700	P1,087,113,677	(P133,796)	P1,275,894,581
Cash dividends	-	(776,203,142)	-	(776,203,142)
Total comprehensive income	-	704,699,130	-	704,699,130
Net profit for the year	-	-	126,900	126,900
Other comprehensive income	-	704,699,130	126,900	704,826,030
Balance at March 31, 2016	P188,914,700	P1,015,609,665	(P6,896)	P1,204,517,469

See Notes to the Financial Statements.

WIPRO BPO PHILIPPINES LTD. INC.
(A Wholly-owned Subsidiary of Wipro Cyprus Private Limited)
STATEMENTS OF CASH FLOWS

		Years Ended March 31	
	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P1,173,726,794	P726,682,686
Adjustments for:			
Depreciation and amortization	8, 12, 13	200,834,102	149,034,329
Loss (gain) from disposal of property and equipment		10,776,487	(508,050)
Unrealized foreign exchange gain - net		3,583,472	5,485,364
Provision for retirement benefits	14	2,018,071	1,239,841
Finance income	4, 5	(4,112,853)	(372,708)
Reversal of impairment loss on trade receivables	6	-	(1,388,572)
		1,386,826,073	880,172,890
Changes in:			
Trade and other receivables		(123,361,998)	358,942,342
Unbilled service fees		(18,153,071)	29,879,053
Prepayments		(12,891,768)	(9,244,166)
Trade and other payables		104,489,816	157,441,047
		1,336,909,052	1,417,191,166
Income taxes paid		(35,318,667)	(20,454,704)
Benefits paid	14	(91,241)	-
Interest received		4,112,853	372,708
Net cash provided by operating activities		1,305,611,997	1,397,109,170
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investment		(75,291,000)	-
Acquisitions of property and equipment	8	(152,083,581)	(327,266,820)
Proceeds from disposal of property and equipment		-	2,000,000
Change in rental deposits		(3,137,725)	(9,944,907)
Net cash used in investing activities		(230,512,306)	(335,211,727)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in due to parent and affiliates		(4,266)	(20,899,051)
Dividends paid	16	-	(776,203,142)
Net cash provided by (used in) financing activities		(4,266)	(797,102,193)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,075,095,425	264,795,250
CASH AND CASH EQUIVALENTS AT APRIL 1		592,946,619	327,625,227
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH HELD		(4,882,324)	526,142
CASH AND CASH EQUIVALENTS AT MARCH 31	4	P1,663,159,720	P592,946,619

See Notes to the Financial Statements.

WIPRO BPO PHILIPPINES LTD. INC.
(A Wholly-Owned Subsidiary of Wipro Cyprus Private Limited)
NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

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

The Company is a wholly-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 (see Note 15).

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.

2. Basis of Preparation

Basis of Accounting

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). They were authorized for issue by the Company's Board of Directors (BOD) on June 1, 2017.

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 which is measured at present value of defined benefits obligation (DBO).

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.

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:

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.

Operating Lease Commitments - Company as Lessee

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

Estimation Uncertainties

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

Allowance for Impairment Losses on Receivables

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

The Company recognized a reversal of allowance for impairment losses of P1.39 million in 2016 (see Note 6).

Trade and other receivables, net of allowance for impairment losses, amounted to P588.33 million and P463.58 million as at March 31, 2017 and 2016, respectively (see Note 6).

Estimating Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

The carrying values of property and equipment as at March 31, 2017 and 2016 amounted to P402.45 million and P461.98 million, respectively (see Note 8).

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, 2017 and 2016, the retirement benefits payable amounted to P1.74 million and P5.13 million, respectively. Retirement benefits expense in 2017 and 2016 amounted to P2.02 million and P1.24 million, respectively (see Note 14).

Impairment of Nonfinancial 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.

Fair Value of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

4. Cash and Cash Equivalents

This account consists of:

	2017	2016
Cash in bank	P40,284,720	P216,210,419
Cash equivalents	1,622,875,000	376,736,200
	P1,663,159,720	P592,946,619

Cash in bank earns interest at prevailing bank interest rates ranging from 0.01% - 0.31% per annum. Cash equivalents earn interest at rates ranging from 0.37% - 0.72% and have maturities ranging from 14 to 91 days.

Finance income earned from bank deposits amounted to P3.96 million and P0.37 million in 2017 and 2016, respectively.

5. Short-term Investment

Short-term investment amounting to P75.38 million represents certificate of fixed deposit with Australia and New Zealand Banking Group Limited - Manila Branch with maturity of less than one (1) year and earns interest of 0.80% per annum.

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

6. Trade and Other Receivables

This account consists of:

	Note	2017	2016
Trade receivables		P319,840,313	P252,712,840
Due from Parent Company and affiliates	19	181,182,425	198,410,673
Advances to suppliers		87,877,400	11,870,332
Advances to officers and employees		916,787	2,076,533
		589,816,925	465,070,378
Less allowance for impairment losses		1,486,656	1,486,656
		P588,330,269	P463,583,722

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

Advances to suppliers are advance 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:

	2017	2016
Balance at April 1	P1,486,656	P2,696,579
Reversal of previously recognized effect of currency translation	-	178,649
Reversal of provision	-	(1,388,572)
Balance at March 31	P1,486,656	P1,486,656

7. Unbilled Service Fees

Unbilled service fees of P118.90 million and P100.88 million in 2017 and 2016, respectively, represent revenues recognized to date which are not yet billable to the customers pursuant to the contractual terms of the project.

8. Property and Equipment

Movements in this account are as follows:

2017	IT Equipment	Office Fixtures	Transportation Equipment	Leasehold Improvements	Construction-In-Progress	Total
Cost						
Balance at April 1, 2016	P620,197,327	P89,216,041	P800,000	P521,821,778	P13,320,605	P1,245,456,751
Additions	111,519,607	12,213,424	-	22,062,356	6,288,294	162,083,581
Disposals	(1,547,788)	-	-	(390,544)	(7,912,168)	(7,912,168)
Adjustments	390,544	-	-	113,228	(5,408,447)	-
Reclassification	4,460,129	835,090	900,000	543,606,818	6,288,294	1,388,079,366
Balance at March 31, 2017	735,019,719	102,264,555	900,000	543,606,818	6,288,294	1,388,079,366
Accumulated Depreciation and Amortization						
Balance at April 1, 2016	381,234,748	67,869,603	900,000	333,470,582	-	783,474,933
Depreciation	126,338,287	8,936,766	-	65,559,049	-	200,834,102
Disposals	(99,537)	-	-	352,799	-	(99,537)
Reclassification/Adjustments	1,063,279	-	-	-	-	1,063,279
Balance at March 31, 2017	508,536,777	76,806,369	900,000	399,382,430	-	985,625,576
Carrying Amount						
Balance at March 31, 2017	P226,482,942	P25,458,186	P -	P144,224,388	P6,288,294	P402,453,810

2016	IT Equipment	Office Fixtures	Transportation Equipment	Leasehold Improvements	Construction- in-Progress	Total
Cost						
Balance at April 1, 2015	P446,481,246	P83,470,720	P900,000	P393,791,973	P -	P924,643,939
Additions	173,716,081	12,200,329	-	128,029,805	13,320,605	327,266,820
Disposals	-	(6,455,008)	-	-	-	(6,455,008)
Balance at March 31, 2016	620,197,327	89,216,041	900,000	521,821,778	13,320,605	1,245,455,751
Accumulated Depreciation and Amortization						
Balance at April 1, 2015	283,815,108	85,434,636	900,000	289,253,918	-	639,403,662
Depreciation	97,419,640	7,398,025	-	44,216,664	-	149,034,329
Disposals	-	(4,963,058)	-	-	-	(4,963,058)
Balance at March 31, 2016	381,234,748	67,869,603	900,000	333,470,582	-	783,474,933
Carrying Amount						
Balance at March 31, 2016	P238,962,579	P21,346,438	P -	P188,351,196	P13,320,605	P461,980,818

Depreciation expense is allocated as follows:

	Note	2017	2016
Cost of services	12	P192,947,520	P139,503,683
Operating expenses	13	7,886,582	9,530,646
		P200,834,102	P149,034,329

9. Trade and Other Payables

This account consists of:

	2017	2016
Accrued expenses	P465,523,857	P301,919,926
Accounts payable	50,025,601	25,481,392
Withholding taxes	13,259,619	91,628,502
Due to government agencies	12,744,091	9,939,176
Advances from customers	19,146	12,149,742
Others	19,715,054	15,642,204
	P561,287,368	P456,760,942

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 twelve (12) months.

Others include unpaid salaries and/or benefits of resigned and terminated employees.

Accrued expenses account consists of:

	2017	2016
General expenses	P241,954,217	P145,978,558
Salaries payable	159,461,361	104,877,125
Bonus payable	28,465,858	13,845,005
Leave encashment	20,233,156	21,809,973
Accrued rent	15,409,265	15,409,265
	P465,523,857	P301,919,926

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

10. Service Fees

This account consists of:

	Note	2017	2016
Third parties		P2,184,576,074	P2,025,856,729
Related parties	19	1,521,247,342	605,760,737
		P3,705,823,416	P2,631,617,466

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.

11. Other Fees

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

	2017	2016
Communication links	P49,280,481	P32,173,859
Travel	20,755,055	25,898,675
Incentives and rewards	15,581,966	4,151,359
	P85,617,502	P62,223,893

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

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

12. Cost of Services

This account consists of:

	Note	2017	2016
Direct labor	14	P1,733,386,028	P1,222,366,523
Service overhead:			
Depreciation	8	192,947,520	139,503,683
Rent	18	145,946,046	118,154,157
Communication		93,238,491	61,534,272
Technical support and maintenance		61,847,133	77,710,119
Power, light and water		54,264,328	38,738,735
Travel		31,401,023	28,009,512
Outside services		604,579	395,606
Other service overhead		11,297,949	34,519,400
		591,547,069	498,565,484
		P2,324,933,097	P1,720,932,007

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

13. Operating Expenses

This account consists of:

	Note	2017	2016
Outside services		P147,054,016	P61,550,525
Salaries and wages		114,428,362	75,612,587
Employee benefits	14	49,788,489	25,425,884
Stationery and office supplies		17,049,704	1,218,445
Professional fee		15,613,548	14,618,211
Travel and transportation		11,816,391	12,138,973
Depreciation	8	7,886,582	9,530,646
Rent	18	6,391,275	8,035,969
Taxes and licenses		5,815,578	10,867,236
Insurance		4,692,245	160,400
Bank charges		4,530,124	4,701,134
Communication		3,831,264	29,723,849
Repairs and maintenance		2,439,563	5,807,595
Contributions to government agencies		2,184,576	2,886,133
Representation and entertainment		1,414,777	179,686
Power, light and water		1,036,835	2,578,664
Miscellaneous expenses		1,347,757	200,075
		P397,321,086	P265,236,012

14. Retirement Benefits

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

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

	Retirement Benefits Liability	
	2017	2016
Balance at April 1	P5,133,179	P4,020,238
Included in Profit or Loss		
Current service cost	1,810,323	1,085,866
Interest income	207,748	153,975
	2,018,071	1,239,841
Included in Other Comprehensive Income (OCI)		
Remeasurements gain:		
Actuarial (gain) loss arising from:		
▪ demographic assumptions	(4,970,081)	(226,890)
▪ financial assumptions	1,027,868	(175,083)
▪ experience adjustment	(1,378,520)	275,073
	(5,320,733)	(126,900)
Benefits paid	(91,241)	-
Balance at March 31	P1,739,276	P5,133,179

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

	2017	2016
Discount rate	4.00%	4.05%
Expected rate of salary increases	6.00%	5.00%

The weighted-average duration of the defined benefits obligation is 14 years and 15.17 years as at March 31, 2017 and 2016, 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, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.05% movement)	(P1,620,576)	P1,869,160	(P4,762,050)	P5,542,293
Future salary growth (0.05% movement)	1,866,057	(1,622,118)	5,536,134	(4,763,590)

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

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

Retirement benefit expense is allocated as follows:

	Note	2017	2016
Cost of services	12	P1,948,519	P1,170,947
Operating expenses	13	69,552	68,894
		P2,018,071	P1,239,841

15. 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	11/29/2007	March 2008	February 2014
Eton 1, Quezon City	09/17/09	March 2010	February 2016
GAGFA IT Center, Cebu City	10/01/13	October 2013	September 2019

*Including the two-year extension of the ITH incentive, if any.

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, 2017 and 2016, the Company incurred current tax expense of P40.73 million and P21.98 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:

	2017	2016
Profit before tax	P1,173,726,794	P726,682,686
Tax using the Company's special tax rate of 5%	P58,686,340	P36,334,134
Tax effect on:		
Nondeductible expenses	19,370,632	16,949,406
Interest income already subjected to final tax	(205,643)	(18,635)
Income tax benefit under RCIT	-	127,013
Income under ITH	(37,118,658)	(31,408,362)
	P40,732,671	P21,983,556

16. Equity

Share Capital

Details of share capital at March 31, 2017 and 2016 are as follows:

	Number of Shares	
	2017	2016
Authorized: Common shares at P100 par value	2,250,000	2,250,000
Issued and outstanding	1,889,147	1,889,147

Cash Dividends

In 2016, the BOD approved cash dividend declarations as follows:

Date of Declaration	Amount Declared	Date Paid	Amount Paid
May 12, 2015	P174,520,466	June 5, 2015	P174,520,466
June 23, 2015	126,032,676	June 29, 2015	126,032,676
March 17, 2016	475,650,000	March 21, 2016	475,650,000
	P776,203,142		P776,203,142

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, 2017, the Company's retained earnings in excess of its paid-up capital amounting to P1,959.69 million (see Note 20).

17. 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 2017 and 2016. 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.

	2017	2016
Total debt	P573,045,919	P466,503,657
Less cash and cash equivalents	1,663,159,720	592,946,619
Adjusted net debt	(1,090,113,801)	(126,442,962)
Divided by total equity	2,342,832,325	1,204,517,469
Adjusted net debt to equity ratio	(0.47)	(0.10)

18. Operating Lease Agreements

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

Total rent expense is allocated as follows:

	Note	2017	2016
Cost of services	12	P145,946,046	P118,154,157
Operating expenses	13	6,391,275	8,035,969
		P152,337,321	P126,190,126

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

	2017	2016
Less than one year	P124,702,622	P140,737,405
Between one and five years	334,065,448	167,770,688
	P458,768,070	P308,508,093

Rental deposits, equivalent to 3 months' rent amounting to P32.64 million and P29.50 million in 2017 and 2016, were paid to the lessors and recorded as noncurrent assets in the statement of financial position. It shall be refunded, interest-free, 60 days after expiration or termination of the leases.

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 Party	Relationship with the Company
Wipro Limited	Ultimate Parent Company
Wipro Cyprus Private Limited	Parent Company
Wipro LLC	Affiliate
Wipro Insurance Solutions	Affiliate
Wipro Infocrossing Inc.	Affiliate
Wipro Networks Pte. Ltd.	Affiliate
Wipro Travel Services Ltd.	Affiliate

Balances and Transactions with Related Parties

Balances and transactions with related parties are presented below:

Related Parties	Year	Amount of the Transaction	Service Fees (Note 10)	Outstanding Balance		Terms and Conditions
				Due from Parent and Affiliates (Note 6)	Due to Parent and Affiliates	
▪ Wipro Limited	2017	P490,521,158	P1,139,170,914	P58,845,201	P -	Unsecured and due on demand; no impairment
	2016	160,497,618	564,630,544	142,864,413	-	
▪ Wipro LLC	2017	81,207,031	382,076,428	122,337,224	-	Unsecured and due on demand; no impairment
	2016	41,130,193	41,130,193	41,130,193	-	
▪ Wipro Insurance Solutions	2017	(14,416,067)	-	-	-	Unsecured and due on demand; no impairment
	2016	14,416,066	-	14,416,067	-	
▪ Wipro Cyprus Private Limited	2017	(1,855)	-	-	1,855	Unsecured and due on demand; no impairment
	2016	(15,689,775)	-	-	-	
▪ Wipro Infocrossing Inc.	2017	(2,482)	-	-	30,479	Unsecured and due on demand
	2016	32,961	-	-	32,961	
▪ Wipro Travel Services Ltd.	2017	71	-	-	71	Unsecured and due on demand
	2016	-	-	-	-	
KMP						
▪ Short-term employee benefits	2017	5,592,275	-	-	-	
	2016	6,381,873	-	-	-	
TOTAL	2017		P1,521,247,342	P181,182,425	P30,550	
TOTAL	2016		P605,760,737	P198,410,673	P34,816	

All outstanding related party balances will be settled in cash.

Services

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:

	2017	2016
Balance at April 1	P198,410,673	P448,444,448
Service billing	1,521,247,342	605,760,737
Collection	(1,538,475,590)	(855,794,512)
Balance at March 31	P181,182,425	P198,410,673

Compensation of KMP

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

	2017	2016
Employees' benefits	P4,842,286	P3,287,704
Salaries and wages	749,989	3,094,169
	P5,592,275	P6,381,873

20. Subsequent Event

On May 4, 2017, the BOD approved the appropriation of retained earnings amounting to P826.69 million for the Company's business expansions and investments for the years 2018 to 2022.

21. Financial 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, 2017 and 2016 are as follows:

	Total	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired
			2 Months to 1 Year	More than 1 Year	
Cash and cash equivalents	P1,663,159,720	P1,663,159,720	P -	P -	P -
Short-term investment	75,375,000	75,375,000	-	-	-
Trade and other receivables	588,330,269	498,342,422	83,190,769	5,310,422	1,486,656
Unbilled service fees	118,903,203	118,903,203	-	-	-
Rental deposits	32,637,504	32,637,504	-	-	-
March 31, 2017	P2,478,405,696	P2,388,417,849	P83,190,769	P5,310,422	P1,486,656

	Total	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired
			2 Months to 1 Year	More than 1 Year	
Cash and cash equivalents	P592,946,619	P592,946,619	P -	P -	P -
Trade and other receivables	463,583,722	365,961,127	95,111,774	1,024,165	1,486,656
Unbilled service fees	100,883,218	100,883,218	-	-	-
Rental deposits	29,499,779	29,499,779	-	-	-
March 31, 2016	P1,186,913,338	P1,089,290,743	P95,111,774	P1,024,165	P1,486,656

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

Information on the Company's receivables that are impaired as of March 31, 2017 and 2016 and the movement of the allowance used to record the impairment losses are disclosed in Note 6 to the financial statements.

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

	2017	2016
High grade	P581,533,191	P461,072,901
Standard grade	5,310,422	1,024,165
Substandard grade	1,486,656	1,486,656
	P588,330,269	P463,583,722

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
<u>March 31, 2017</u>				
Trade and other payables*	P535,283,658	P -	P535,283,658	P -
Due to parent and affiliates	30,550	-	30,550	-
	P535,314,208	P -	P535,314,208	P -
<u>March 31, 2016</u>				
Trade and other payables*	P355,193,264	P -	P355,193,264	P -
Due to parent and affiliates	34,816	-	34,816	-
	P355,228,080	P -	P355,228,080	P -

*Excluding withholding taxes and due to government agencies.

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 arises 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.

The Company's exposure to foreign currency risk follows:

	2017								Total PHP Equivalent	
	USD	British Pound	Australian Dollar	Canadian Dollar	Euro	Malaysian Ringgit	United Arab Emirates Dirham	Indian Rupee		Singapore Dollar
Financial Asset										
Cash and cash equivalents	31,718,692	-	-	-	-	-	-	-	-	1,587,205,681
Short-term investment	1,500,000	-	-	-	-	-	-	-	-	75,375,000
Trade and other receivables	7,720,140	1,498,298	506,684	316,431	-	-	-	-	-	514,286,773
Unbilled service fees	2,246,503	2,414	14,473	140,948	-	-	-	-	-	118,903,205
	43,185,335	1,500,712	521,157	457,379	-	-	-	-	-	2,295,770,659
Financial Liabilities										
Trade and other payables*	582,471	1,408	1,344	7,294	120	2,156	300,639	56,925	168,694	39,684,334
Due to parent and affiliates	-	-	-	174,075	-	-	-	6,071,460	-	11,674,320
	582,471	1,408	1,344	181,369	120	2,156	300,639	6,128,385	168,694	51,359,254
	42,602,864	1,499,304	519,813	276,010	(120)	(2,156)	(300,639)	(6,128,385)	(168,694)	2,244,411,405

	2016								Total PHP Equivalent	
	USD	British Pound	Australian Dollar	Canadian Dollar	Euro	Malaysian Ringgit	United Arab Emirates Dirham	Indian Rupee		Singapore Dollar
Financial Asset										
Cash and cash equivalents	10,259,917	-	-	-	-	-	-	-	-	487,517,590
Trade and other receivables	5,423,664	1,047,888	1,095,915	830,136	-	-	-	-	-	421,945,062
Unbilled service fees	1,946,729	7,116	135,328	173,994	-	-	-	-	-	101,507,683
	17,630,310	1,055,004	1,231,243	1,004,130	-	-	-	-	-	1,010,970,335
Financial Liabilities										
Trade and other payables*	1,766	122,477	12,921	102,281	-	-	-	-	-	12,299,464
Due to parent and affiliates	694	-	-	-	-	-	-	-	-	34,816
	2,460	122,477	12,921	102,281	-	-	-	-	-	12,334,280
	17,627,850	932,527	1,218,322	901,849	-	-	-	-	868,621	998,636,055

*Excluding due to government agencies.

*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, 2017		
USD	P213,840,816	(P213,840,816)
British pound	9,386,693	(9,386,693)
Australian dollar	1,993,391	(1,993,391)
Canadian dollar	1,038,457	(1,038,457)
Euro	(431)	431
Malaysian ringgit	(2,449)	2,449
United Arab Emirates dirham	(410,910)	410,910
Indian rupee	(474,337)	474,337
Singapore dollar	(605,682)	605,682
Total	P224,765,548	(P224,765,548)

	Profit or Loss	
	Strengthening (10%)	Weakening (-10%)
March 31, 2016		
USD	P83,852,161	(P83,852,161)
British pound	6,182,539	(6,182,539)
Australian dollar	4,307,450	(4,307,450)
Canadian dollar	3,208,273	(3,208,273)
Singapore dollar	2,967,130	(2,967,130)
Total	P100,517,553	(P100,517,553)

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 2017. These changes are considered to be reasonably possible based on observation of current market conditions.

	Note	Increase/ Decrease in Interest Rate	Effect on Profit before Tax (In PHP)
Cash and cash equivalents	4	+100	P979,410
		-100	(979,410)

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, trade and other receivables, unbilled services fees, and trade other payables approximate their fair values due to the short-term maturity of these instruments.

The fair value of rental deposits is based on the discounted value of expected future cash flows at prevailing market rates, thus, the carrying amount approximates fair value.

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.

22. Summary of Significant Accounting Policies

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

Adoption of Amendments to Standards

The Company adopted the following amendments to standards starting April 1, 2016 and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to Philippine Accounting Standard (PAS) 16 and PAS 38). The amendments to PAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments to PAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

- Disclosure Initiative (Amendments to PAS 1) addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Financial Instruments

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

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

As at March 31, 2017 and 2016, the Company does not have financial assets and liabilities at FVPL, HTM financial assets and AFS financial assets.

Financial Assets and Financial Liabilities - Recognition and Derecognition

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

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

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

Offsetting of Financial Instruments

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

Loans and Receivables

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

Other Financial Liabilities

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

The Company's trade and other payables and due to parent and affiliates are classified under this category.

Impairment of Financial Assets

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

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

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

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

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

Prepayments

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

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

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:

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

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

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

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

Impairment of Nonfinancial Assets

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

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

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

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

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

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.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before revenue is recognized:

Service and Other Fees

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

- *Time and Material Contracts*

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

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

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

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

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

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

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

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

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

Finance Income

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

Cost and Expense Recognition

Cost 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.

Foreign Currency Transactions and Translation

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

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

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at exchange rates at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component in equity.

Income Taxes

Income tax, which comprises current and deferred taxes, is recognized in profit or loss except to the extent that it relates to items recognized directly in equity and in OCI.

Current tax is the expected tax payable for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years, if any.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. The items comprising the deferred tax asset are reviewed at each reporting date and adjustments are made, if appropriate.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or either tax assets and liabilities will be realized simultaneously.

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.

New or Revised Standards and Amendments to Standards Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after April 1, 2017. However, the Company has not applied the following new or amended standards in preparing these financial statements. The Company has not yet accounted for and is assessing the impact of these, if any, on its financial statements.

To be Adopted April 1, 2017

- *Disclosure initiative (Amendments to PAS 7).* The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

To be Adopted April 1, 2018

- *PFRS 9 Financial Instruments (2014)*. *PFRS 9 (2014)* replaces *PAS 39 Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of *PFRS 9* that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). *PFRS 9* includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. *PFRS 9* incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.
- *PFRS 15 Revenue from Contracts with Customers* replaces *PAS 11, Construction Contracts*, *PAS 18 Revenue*, *International Financial Reporting Interpretations Committee (IFRIC) 13 Customer Loyalty Programmes*, *IFRIC 18 Transfer of Assets from Customers* and *SIC-31 Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other *PFRSs*. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another *IFRS*, then the guidance on separation and measurement contained in the other *PFRS* takes precedence.

To be Adopted April 1, 2019

- *PFRS 16 Leases* supersedes *PAS 17 Leases and the related Philippine Interpretations*. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

23. 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, 2017:

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	P172,134,546
Expanded withholding taxes	12,384,222
	<hr/>
	P184,518,768

C. All Other Taxes (Local and National)

<i>Other taxes paid during the year recognized as part of "Taxes and licenses" account under Operating Expenses</i>	
License and permit fees	P162,720
BIR annual registration	1,500
	<hr/>
	P164,220

D. Tax Cases and Assessments

As at March 31, 2017, the Company has no outstanding tax case and assessment.