HCL TECHNOLOGIES PHILIPPINES, INC.

(A Wholly Owned Subsidiary of HCL EAS Ltd.)

FINANCIAL STATEMENTS
March 31, 2021 and 2020

With Independent Auditors' Report

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
HCL Technologies Philippines, Inc.
Net Cube Center, 3rd Avenue corner 30th Street
E-Square Zone, Bonifacio Global City
Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Technologies Philippines, Inc. (a wholly owned subsidiary of HCL EAS Ltd.) (the "Company"), which comprise the statements of financial position as at March 31, 2021 and 2020, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, including 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

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 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 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.

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 20 to the 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.

AS Columbres

ALICIA S. COLUMBRES
Partner
CPA License No. 069679
SEC Accreditation No. 1590-AR-1, Group A, valid until August 7, 2022
Tax Identification No. 120-964-156
BIR Accreditation No. 08-001987-027-2020
 Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8533895
 Issued January 4, 2021 at Makati City

July 28, 2021
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING
WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and Board of Directors
HCL Technologies Philippines, Inc.
Net Cube Center, 3rd Avenue corner 30th Street
E-Square Zone, Bonifacio Global City
Taguig City

We have audited the accompanying financial statements of HCL Technologies Philippines, Inc. (a wholly owned subsidiary of HCL EAS Ltd.) (the "Company") as at and for the year ended March 31, 2021, on which we have rendered our report dated July 28, 2021.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

R.G. MANABAT & CO.

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The Stockholders and Board of Directors
HCL Technologies Philippines, Inc.
Net Cube Center, 3rd Avenue corner 30th Street
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R.G. MANABAT & CO.

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANYFINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and Board of Directors
HCL Technologies Philippines, Inc.
Net Cube Center, 3rd Avenue corner 30th Street
E-Square Zone, Bonifacio Global City
Taguig City

We have audited the accompanying financial statements of HCL Technologies Philippines, Inc. (a wholly owned subsidiary of HCL EAS Ltd.) (the "Company") as at and for the year ended March 31, 2021, on which we have rendered our report dated July 28, 2021.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said Company has one (1) stockholder owning more than one hundred (100) shares.

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License No. 069679
SEC Accreditation No. 1590-AR-1, Group A, valid until August 7, 2022
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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
HCL Technologies Philippines, Inc.
Net Cube Center, 3rd Avenue corner 30th Street
E-Square Zone, Bonifacio Global City
Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of HCL Technologies Philippines, Inc. (the "Company"), a wholly owned subsidiary of HCL EAS Ltd., as at and for the year ended March 31, 2021, on which we have rendered our report dated July 28, 2021.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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AS Columbres

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July 28, 2021
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

HCL TECHNOLOGIES PHILIPPINES, INC.
(A Wholly Owned Subsidiary of HCL EAS Ltd.)
STATEMENTS OF FINANCIAL POSITION

		March 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash in banks	*17*	**P327,668,580**	P162,278,607
Trade and other receivables	*4, 11, 17*	**673,216,019**	841,083,189
Prepayments and other current assets	*5*	**172,081,680**	128,840,939
Total Current Assets		**1,172,966,279**	1,132,202,735
Noncurrent Assets			
Property and equipment - net	*6*	**163,310,758**	130,739,755
Right-of-use assets - net	*15*	**233,973,507**	362,314,528
Software costs - net	*7*	**64,647**	364,698
Deferred income tax assets - net	*12*	**45,965,416**	23,734,106
Other noncurrent assets	*8*	**117,926,385**	126,016,257
Total Noncurrent Assets		**561,240,713**	643,169,344
		P1,734,206,992	P1,775,372,079
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	*9, 11, 17*	**P366,781,018**	P409,304,559
Income tax payable		**86,692,567**	16,186,168
Lease liabilities - current portion	*15, 17*	**108,985,013**	109,588,212
Total Current Liabilities		**562,458,598**	535,078,939
Noncurrent Liabilities			
Retirement benefits liability	*16*	**14,240,515**	9,298,189
Unearned revenue	*13*	**82,181,776**	81,959,115
Lease liabilities - noncurrent portion	*15, 17*	**145,025,319**	265,572,619
Total Noncurrent Liabilities		**241,447,610**	356,829,923
Total Liabilities		**803,906,208**	891,908,862
Equity			
Capital stock	*10*	**271,684,300**	271,684,300
Additional paid-in capital		**86,405**	86,405
Retained earnings	*10*	**657,990,820**	612,561,495
Remeasurement gain (loss) on retirement benefit	*16*	**539,259**	(868,983)
Total Equity		**930,300,784**	883,463,217
		P1,734,206,992	P1,775,372,079

See Notes to the Financial Statements.

HCL TECHNOLOGIES PHILIPPINES, INC.
(A Wholly Owned Subsidiary of HCL EAS Ltd.)
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended March 31	
	Note	**2021**	2020
REVENUES	*13*	**P2,233,772,906**	P2,031,325,093
COST OF SERVICES	*14*	**1,900,799,943**	1,685,853,204
GROSS PROFIT		**332,972,963**	345,471,889
EXPENSES			
Salaries and other benefits		**59,202,134**	53,469,936
Taxes and license fees		**21,752,186**	4,870,397
Legal and professional fees		**15,968,153**	29,031,265
Travel		**2,606,685**	1,086,306
Communication		**806,454**	320,517
Repairs and maintenance		**538,599**	1,644,778
Selling expenses		**5,336**	260,818
Others	*12*	**18,398,161**	8,394,047
		119,277,708	99,078,064
		213,695,255	246,393,825
OTHER INCOME (CHARGES)			
Interest income		**459,097**	18,715
Interest expense on short-term loan	*11*	**-**	(337,541)
Foreign exchange gain - net		**1,983,480**	4,299,182
Reversal of expected credit losses	*4*	**4,784,232**	659,360
Interest expense on lease liabilities	*15*	**(25,926,329)**	(33,845,757)
		(18,699,520)	(29,206,041)
INCOME BEFORE INCOME TAX		**194,995,735**	217,187,784
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current		**171,863,862**	49,602,301
Deferred		**(22,297,452)**	(16,255,920)
	12	**149,566,410**	33,346,381
NET INCOME		**45,429,325**	183,841,403
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods			
Remeasurement gain (loss) on retirement benefit	*16*	**1,474,384**	(3,920,584)
Deferred income tax effect		**(66,142)**	160,248
Net Other Comprehensive Income (Loss)		**1,408,242**	(3,760,336)
TOTAL COMPREHENSIVE INCOME		**P46,837,567**	P180,081,067

See Notes to the Financial Statements.

HCL TECHNOLOGIES PHILIPPINES, INC.
(A Wholly Owned Subsidiary of HCL EAS Ltd.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2021 and 2020

	Capital Stock (Note 10)	**Additional Paid-in Capital**	**Remeasurement Gain (Loss) on Retirement Benefit** (Note 16)	**Retained Earnings** (Note 10)	**Total**
Balances at March 31, 2019	**P271,684,300**	**P86,405**	**P2,891,353**	**P428,720,092**	**P703,382,150**
Net income for the year	-	-	-	183,841,403	183,841,403
Other comprehensive loss	-	-	(3,760,336)	-	(3,760,336)
Total comprehensive income (loss) for the year	-	-	(3,760,336)	183,841,403	180,081,067
Balances at March 31, 2020	**271,684,300**	**86,405**	**(868,983)**	**612,561,495**	**883,463,217**
Net income for the year	-	-	-	45,429,325	45,429,325
Other comprehensive income	-	-	1,408,242	-	1,408,242
Total comprehensive income for the year	-	-	1,408,242	45,429,325	46,837,567
Balances at March 31, 2021	**P271,684,300**	**P86,405**	**P539,259**	**P657,990,820**	**P930,300,784**

See Notes to the Financial Statements.

HCL TECHNOLOGIES PHILIPPINES, INC.
(A Wholly Owned Subsidiary of HCL EAS Ltd.)
STATEMENTS OF CASH FLOWS

		Years Ended March 31	
	Note	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P194,995,735**	P217,187,784
Adjustments for:			
Amortization on right-of-use asset	*14*	**133,208,875**	146,284,152
Depreciation and amortization expense	*6, 7, 14*	**52,967,292**	37,340,497
Interest expense on lease liabilities	*15*	**25,926,329**	33,845,757
Retirement benefit costs	*16*	**6,416,710**	2,256,342
Direct write-off of receivables	*4*	**1,319,841**	-
Interest expense on short-term loan	*11*	**-**	337,541
Loss on disposal of property and equipment	*6*	**-**	66,700
Interest income		**(459,097)**	(18,715)
Unrealized foreign exchange gain - net		**(2,775,568)**	(4,667,578)
Reversal of expected credit losses	*4*	**(6,104,073)**	(659,360)
Operating income before working capital changes		**405,496,044**	431,973,120
Decrease (increase) in:			
Trade and other receivables		**172,486,143**	(50,426,967)
Prepayments and other current assets		**(48,108,595)**	(36,948,798)
Increase (decrease) in accounts payable and other current liabilities		**(37,615,652)**	144,403,578
Net cash flows provided by operations		**492,257,940**	489,000,933
Interest received		**459,097**	18,715
Taxes paid		**(101,357,463)**	(33,416,133)
Net cash provided by operating activities		**391,359,574**	455,603,515
CASH FLOWS FROM INVESTING ACTIVITIES			
Software cost	*7*	**-**	(466,931)
Refundable deposits and other noncurrent assets		**7,848,370**	(85,745,365)
Purchase of property and equipment	*6*	**(85,238,246)**	(89,562,989)
Net cash flows used in investing activities		**(77,389,876)**	(175,775,285)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities including interest	*15*	**(147,076,828)**	(171,761,058)
Interest paid on short term loan	*11*	**-**	(337,541)
Net cash flows used in financing activities		**(147,076,828)**	(172,098,599)
NET INCREASE IN CASH IN BANKS		**166,892,870**	107,729,631
EFFECT OF EXCHANGE RATE CHANGE ON CASH		**(1,502,897)**	-
CASH IN BANKS AT BEGINNING OF YEAR		**162,278,607**	54,548,976
CASH IN BANKS AT END OF YEAR		**P327,668,580**	P162,278,607

See Notes to the Financial Statements.

1. Reporting Entity

HCL Technologies Philippines, Inc. (the "Company"), a wholly owned subsidiary of HCL EAS Ltd. (the "Parent Company"), a company incorporated in and under the laws of United Kingdom, was registered with the Philippine Securities and Exchange Commission (SEC) on November 24, 2010. It was established to engage and specialize in the business of design, development, manufacture, maintenance, import, export, licensing and/or sub-licensing, as the case may be, of software and hardware owned or authorized by the Company, any of its affiliated, controlled or controlling companies, or third parties, necessary or related to rendering of information technology and software development, maintenance and consultancy services in Philippines and/or abroad, including, but not limited to, software-led information technology solutions, software as a service, cloud computing, remote infrastructure management, research and development services, business process outsourcing, network or data center management, client server services, and any and all allied activities and/or technological evolutions thereof. The Company's ultimate parent company is HCL Technologies Limited, a company incorporated in India.

The Company's registered office address is Net Cube Center, 3rd Avenue corner 30th Street, E-Square Zone, Bonifacio Global City, Taguig City.

Registration with the Philippine Economic Zone Authority (PEZA)

Sunnymede IT Center, Quezon City (2nd Floor)

On May 29, 2012, the Company was registered with the PEZA to engage in Business Process Outsourcing (BPO) and Back Office Services. The Company is entitled to incentives under Republic Act (RA) 7916, *the Special Economic Zone Act of 1995, as amended*, and the PEZA IT Guidelines, which include a 4-year corporate Income Tax Holiday (ITH) in Sunnymede IT Center effective from the date of start of commercial operations (SCO). After the lapse of ITH, the Company is subject to a 5% Gross Income Tax (5% GIT) incentive, in lieu of all national and local taxes. The Company started its commercial operations on April 2012 and enjoyed the ITH up to March 31, 2016.

Accordingly, Sunnymede IT Center has been treated as a taxable unit under the 5% GIT after March 31, 2016.

Science Hub, Tower 3, Taguig City (6th Floor)

On March 22, 2013, the PEZA BOD approved the Company's application for the registration of its operations in 6th Floor Science Hub Tower 3, Campus Avenue, Mckinley Hill, Taguig City. The Company is entitled to an ITH from the PEZA-approved date of SCO of January 2014. In 2016, PEZA approved the Company's application for late registration of its operations, subject to subsequent signing of a Supplemental Agreement. The Company is currently working with PEZA to get the Supplemental Agreement signed.

In 2019, since the entitlement to a four-year ITH starting from SCO of January 2014 expired in December 2018, the Science Hub Tower 3 office has been treated as a taxable unit from January 2019 onwards.

In 2020, the Management treated the Science Hub Tower 3 as taxable under the regular corporate income tax rate as the PEZA incentives can be availed by the Company once the supplemental agreement is signed. The Company is currently working with PEZA to get the Supplemental Agreement signed. The change in tax treatment resulted to the Company's recognition of tax provision covering the past years (see Note 12).

Science Hub, Tower 4, Taguig City (6th Floor)
On January 13, 2015, the PEZA BOD approved the Company's application for the registration of its operations in 6th Floor Science Hub Tower 4, Campus Avenue, Mckinley Hill, Taguig City. On January 18, 2016, the Company signed its Supplemental Agreement with PEZA for its operations in Science Hub Tower 4. The Company's ITH validation is still under final review with PEZA. This unit was treated by the Company as a PEZA unit and have availed ITH from January 2016 onwards.

Although the Management expects that the income tax holiday validation will be approved by PEZA in due course, however, considering the prolonged delay in disposal of the Company's application at PEZA's end, Management created the tax provision for past years at GIT 5% (see Note 12).

2. Basis of Preparation

Statement of Compliance
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council, consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

Basis of Measurement
The financial statements have been prepared on a historical cost basis of accounting except for retirement benefits liability, which is recognized at the present value of the defined benefits obligation.

The accompanying financial statements of the Company were authorized for issue by the Board of Directors on July 15, 2021.

Functional and Presentation Currency
These financial statements are presented in Philippine peso, which is the Company's functional currency and all values are rounded to the nearest peso, except when otherwise stated.

Use of Judgments and Estimates
The preparation of the financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and amounts reported in the financial statements and accompanying notes. The estimates and associated assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments
In the process of applying the Company's accounting policies, the management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Determination of Functional Currency
The Company, based on relevant economic substance of the underlying circumstances, has determined its functional currency to be the Philippine Peso. It is the currency in the primary economic environment in which the Company operates and the currency that mainly drives its costs and expenses.

Determination of Term and Discount Rate of Lease Arrangements
Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

The Company normally considers in the assessment whether there are significant penalties to terminate, significant remaining value of leasehold improvements and historical lease durations, the costs and business disruption for replacing the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control. As at March 31, 2021 and 2020, the Company did not exercise any renewal options from its lease contracts.

Adequacy of Tax Liabilities
In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of Impairment Losses on Receivables
The Company uses the expected credit loss (ECL) model in estimating the level of allowance, which includes forecasts of future events and conditions. A credit loss is measured as the present value of all cash shortfalls (the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. The maturity of the Company's receivables is less than one year so the lifetime ECL and the 12-month ECL are similar. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Company did not have to assess whether a significant increase in credit risk has occurred.

As at and for the years ended March 31, 2021 and 2020, allowance for impairment losses on receivables amounted to P1,035,633 and P7,139,706, respectively (see Note 4).

Estimation of Retirement Benefits Obligation and Costs
The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Actual results that differ from the Company's assumptions are recognized directly in other comprehensive income. 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 obligation.

The retirement benefits liability amounted to P14,240,515 and P9,298,189 as of March 31, 2021 and 2020, respectively (see Note 16).

Recognition of Deferred Tax Assets
The management assesses at each reporting date and recognizes deferred tax assets to the extent of probable future taxable profits and reversing taxable temporary differences that will allow the deferred income tax assets to be utilized.

Management uses judgment and estimates in assessing the probability of future taxable profits. Net deferred income tax assets recognized amounted to P45,965,416 and P23,734,106 as of March 31, 2021 and 2020, respectively (see Note 12).

3. Summary of Significant Accounting Policies

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

<u>Adoption of Amendments to Standards</u>
The Company has adopted the following amendments and interpretation, starting April 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new amendments and interpretation did not have any significant impact on the Company's financial statements.

- Amendments to References to Conceptual Framework in PFRS Standards sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;

  - guidance on reporting financial performance;

  - improved definitions of an asset and a liability, and guidance supporting these definitions; and

  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

  (c) clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework;

  (d) clarifying the explanatory paragraphs accompanying the definition; and

(e) aligning the wording of the definition of material across PFRS and other publications.

The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after April 1, 2020. However, the Company has not early adopted the following amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

Effective June 1, 2020

- COVID-19-Related Rent Concessions (Amendment to PFRS 16, *Leases*). The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

  - the revised consideration is substantially the same or less than the original consideration;

  - the reduction in lease payments relates to payments due on or before June 30, 2021; and

  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

  The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Effective January 1, 2022

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories.*

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statements of comprehensive income (loss). This disclosure is not required if such proceeds and cost are presented separately in the statements of comprehensive income (loss).

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards:

  - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

Effective January 1, 2023

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

<u>Current versus Noncurrent Classification</u>
The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;

- Held primarily for the purpose of trading;

- Expected to be realized within twelve months after the reporting period; or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;

- It is due to be settled within twelve months after the reporting period; or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

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

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition and as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payment of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);

- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);

- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and

- Financial assets at FVPL.

Financial Assets at Amortized Cost (Debt Instruments). This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective 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 SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

This category includes the Company's cash in banks, trade receivables, finance lease receivables and refundable deposits. The Company has no financial asset designated at FVPL and FVOC.

Impairment of Financial Assets
The Company recognizes an ECL for all debt instruments not held at FVPL. ECLs are 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, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset to be in default when contractual payments are generally more than one year past due. However, in certain cases, the Company may also consider internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Company's accounts payable and other current liabilities and lease liabilities.

Subsequent Measurement
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

<u>Derecognition of Financial Instruments</u>
Derecognition of Financial Asset
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The Company's rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: (a) the Company has transferred substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Derecognition of Financial Liability
A financial liability is derecognized when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset with 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 an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counter parties.

<u>Prepayments</u>
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 to 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 asset when the cost of services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

<u>Property and Equipment</u>
Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes, and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to expense in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

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

	Number of Years
Computers	4 - 5
Office equipment	5
Leasehold improvement	Over the period of lease or 4 whichever is shorter

Recognition of depreciation commences when the asset is ready for its intended use.

The useful lives and depreciation method are reviewed annually to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are sold or retired, their cost and accumulated depreciation and any impairment in value are eliminated from the accounts. Any gain or loss resulting from their disposal is included in profit or loss.

<u>Software Costs</u>

Software costs are carried at cost less accumulated amortization and any impairment in value. Software costs are amortized on a straight-line method over the assets' estimated useful lives ranging from one to three years.

<u>Impairment of Non-financial Assets</u>

The carrying value of the non-financial assets of the Company are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of the asset is the greater of fair value less cost to sell and value-in-use. In assessing value-in- use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss, if any, is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Contingencies
Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Provisions
Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

Capital Stock
Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount received in excess of the par value of the shares either subscribed, issued, or both. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration. Retained earnings also include prior period adjustments and the effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue
Revenue from contracts with customers is recognized when or as control of a promised goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those goods or services. To recognize revenues, the following five step approach is applied: (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 is satisfied. A contract is accounted when it is legally enforceable through executory contracts, there is approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-Material/Volume Based/Transaction Based Contracts
Revenue with respect to time-and-material, volume based and transaction based contracts is recognized at point in time or as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond to the value transferred to customer till date which is related to the right of the Company to invoice for services performed.

Fixed Price Contracts
Revenue related to fixed priced contracts where performance obligations and controls are satisfied over a period of time like technology integration, complex network building contracts, enterprise resource planning implementations and applications development are recognized based on progress towards completion of the performance obligation using the cost-to-cost measure of progress i.e. percentage-of-completion (POC) method of accounting. Revenue is recognized based on the cost incurred to date as a percentage of the total estimated costs to fulfil the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provision for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses became probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenue that will be generated in the contract and are included in cost of revenues and recorded in other accrued liabilities.

Revenues related to other fixed price contracts in providing maintenance and support services are recognized based on the right to invoice on the services performed for contracts in which the invoicing is representative of the value being delivered.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent a separate performance obligation. Revenues relating to such transition activities are classified as contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental cost in relation to such transition activities which are expected to be recoverable under the contract and generates or enhances resources of the Company that will be used in satisfying performance obligation in the future are considered as contract fulfillment costs classified as deferred contract cost and recognized over the period of the arrangement. Certain up-front non-recurring incremental contract acquisition costs and other up-front fees are deferred and amortized to cost or revenue, usually on a straight-line basis over the term of the contract unless revenues are earned, and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized portion. If the unamortized costs exceed the undiscounted cash flows, a loss is recognized.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in the statements of financial position. Contract assets primarily relate to unbilled amounts on the contracts and right to consideration is conditional. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only passage of time is required before the payment is due).

Revenue from sales-type leases is recognized when risk of loss is transferred to customers and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client. Interest attributable to sales-type leases is recognized using effective interest method.

Contract Balances
Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional on the completion performance obligation.

Trade Receivable. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). This also includes advance billing in accordance with the contract.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or for which an amount of consideration is due from the customer based on the advance billing recognized under trade receivable. A contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The Company does enter into transactions with customers where contract liabilities result from consideration being received from the customer prior to the Company satisfying its performance obligations. These contract liabilities are presented in the statements of financial position as unearned revenue.

Cost of Services and Expenses
Cost and expenses are recognized in profit or loss when a 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.

Cost of Services
Cost of services consists of personnel cost, consultancy fees and other directly attributable costs incurred by the Company for the generation of revenue.

General and Administrative Expenses
General and administrative expenses constitute costs incurred in administering the business and these are expensed as incurred.

Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for a consideration.

As a Lessee
The Company recognizes ROU assets and lease liabilities at the lease commencement date. The ROU assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove or restore the underlying asset or the site on which it is located, less any incentives received. The measurement of the ROU assets also includes the difference between the initial carrying amount of the deposit (which may be fair value if the deposit is in the scope of IFRS 9, *Financial Instruments*) and the nominal value of the deposit. Such difference is considered as an additional lease payment made by the lessee.

The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. This are premeasured if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liabilities are premeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU assets or is recorded in profit or loss if the carrying amount of the ROU assets have been reduced to zero.

In the statements of cash flows, the Company has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as financing activities consistent with the presentation of interest payments chosen by the Company; and
- short-term lease payments and payments for leases of low value assets as operating activities.

Short-term Leases and Leases of Low-value Assets
The Company has elected not to recognize ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line bases over the lease term.

As a Lessor
When the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of underlying asset. If this is the case, the asset is a finance lease; if not, then its an operating lease.

The Company has leased assets under sales-type lease in which it acts as a dealer lessor. A finance lease of an asset by a dealer lessor results in two types of income: initial selling profit and finance income over the lease term. The Company recognizes the finance lease receivable and selling profit or loss for the period at the commencement date of the lease term. Costs incurred in connection with negotiating and arranging a lease are recognized as an expense when the selling profit or loss is recognized. Finance lease receivable is recognized at fair value of the underlying asset sold, or if lower, the present value of the lease payments accruing to the Company as a lessor, discounted using a market rate of interest. The current portion of the finance lease is recognized under "Prepayments and other current assets" account while the noncurrent portion is recognized under "Other noncurrent assets" in the statements of financial position. The difference between the lease payments received and the finance lease receivable is recognized as interest income.

Foreign Currency

Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are retranslated into Philippine peso using the rates of exchange at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rates different from those at which they were previously recorded are recognized in profit or loss.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

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 the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Employee Benefits

Short-term Benefits

The Company recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-Employment Benefits

Retirement Benefit Cost

Under Republic Act (R.A.) No. 7641, where there is no retirement plan or agreement providing for retirement benefits of employees in a company, an employee who has reached the age of 60 or more, but not beyond 65 years, which is the compulsory retirement age, and who has rendered at least five years of service in the said company, may retire and shall be entitled to retirement benefit equivalent to at least one-half of one month salary for every year of service, wherein a fraction of at least six months is considered one year.

The retirement benefit liability recognized in the statements of financial position is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the define benefit obligation is determined by discounting the estimated future outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

<u>Compensated Leave Credits</u>
The Company's net obligation in respect of accumulated leaves is the amount of future benefit that employees have earned in return for their services in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise. The Company recognizes outstanding provision for leave credits as part of employee benefits under "Accounts payable and other current liabilities" account in the statements of financial position.

<u>Income Taxes</u>
Income tax expense represents the current tax expense and deferred tax expense.

Under the Company's registration with the PEZA pursuant to the provisions of R.A. No. 7916, *The Special Economic Zone Act of 1995*, the Company is subject to 5% final tax on gross income from PEZA-registered activities in lieu of payment of national and local taxes.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* unless they are dealt with specifically in another standard.

If there is uncertainty about an income tax treatment, then the Company considers whether it is probable that a tax authority will accept the Company's tax treatment included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information. The Company presents uncertain tax expense as part of current tax under "Provision for (benefit from) income tax" in the statements of comprehensive income. The related uncertain tax liability is presented by the Company under "Income tax payable" in the statements of financial position.

Current Tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable and receivable in respect of the previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax
Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Events After End of the Reporting Period
Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. Trade and Other Receivables

	Note	**2021**	2020
Billed trade receivables:			
Related parties	*11, 17*	**P415,328,059**	P370,336,087
Third parties	*17*	**182,657,385**	318,467,913
Unbilled trade receivables:			
Related parties	*11, 17*	**29,391,318**	92,435,388
Third parties	*17*	**44,867,378**	49,936,637
Other receivables		**2,007,512**	17,046,870
		674,251,652	848,222,895
Less: Allowance for expected credit losses	*17*	**1,035,633**	7,139,706
		P673,216,019	P841,083,189

Billed trade receivables are noninterest bearing and are generally on 30 to 120 days credit term.

Unbilled trade receivables pertain to receivables in which all conditions based on the contracts are already met or performed however, the billings are not yet issued to the customers as at end of reporting period.

The allowance for expected credit losses pertains to trade receivables from third parties. Movements are as follows:

	2021	2020
Beginning of the year	**P7,139,706**	P7,799,066
Reversal for expected credit losses	**(6,104,073)**	(659,360)
	P1,035,633	P7,139,706

During the year ended March 31, 2021, some of the Company's long outstanding receivables which were previously provided with allowance for expected credit losses amounting to P6,104,073 was collected and the allowance was reversed accordingly. The reversal of expected credit losses for the year ended March 31, 2021 is recognized under "Other income (charges)" account in the statements of comprehensive income.

During the year ended March 31, 2021, the Company has directly written off its long outstanding receivables amounting to P1,319,841 due to uncollectability.

5. Prepayments and Other Current Assets

	Note	2021	2020
Deferred Input VAT - net		**P49,817,552**	P38,043,473
Financial lease receivables - current portion	*8, 15*	**29,293,674**	18,651,832
Refundable deposits - current portion	*15, 17*	**24,538,773**	20,277,189
Deferred contract costs - current portion	*8, 13*	**20,035,263**	10,148,607
Prepaid insurance		**18,780,431**	18,250,268
Others		**29,615,987**	23,469,570
		P172,081,680	P128,840,939

Deferred input VAT pertains to input VAT to be recognized upon issuance of official receipts of the Company's suppliers.

Finance lease receivables pertain to the amount to be received by the Company for leasing servers, laptops and desktop to customers under a finance lease arrangement (see Note 15). Amounts to be received after 12 months from the report date is classified as noncurrent (see Note 8).

Deferred contract cost pertains to knowledge transfer costs during the transition phase of the contract which is amortized over the terms of contracts. Amounts that will be amortized beyond 12 months are classified as noncurrent (see Note 8).

Prepaid insurance pertains to payment made in advance for health and life insurance of the employees and business insurance.

Others pertain to prepaid taxes, inventories and various prepayments of immaterial amounts.

6. Property and Equipment

The movements in this account are as follows:

		2021			
	Note	**Computers**	**Office Equipment**	**Leasehold Improvements**	**Total**
Cost					
At April 1		**P205,514,674**	**P18,963,008**	**P7,659,302**	**P232,136,984**
Additions		**83,644,106**	**1,594,140**	**-**	**85,238,246**
At March 31		**289,158,780**	**20,557,148**	**7,659,302**	**317,375,230**
Accumulated Depreciation and Amortization					
At April 1		**85,597,207**	**11,663,616**	**4,136,406**	**101,397,229**
Depreciation and amortization	*14*	**49,048,184**	**2,514,427**	**1,104,632**	**52,667,243**
At March 31		**134,645,391**	**14,178,043**	**5,241,038**	**154,064,472**
Carrying Amount		**P154,513,389**	**P6,379,105**	**P2,418,264**	**P163,310,758**

		2020			
	Note	Computers	Office Equipment	Leasehold Improvements	Total
Cost					
At April 1		P141,032,463	P15,413,537	P5,990,747	P162,436,747
Additions		84,344,963	3,549,471	1,668,555	89,562,989
Retirement		(19,862,752)	-	-	(19,862,752)
At March 31		205,514,674	18,963,008	7,659,302	232,136,984
Accumulated Depreciation and Amortization					
At April 1		71,431,717	9,327,330	3,195,970	83,955,017
Depreciation and amortization	*14*	33,961,542	2,336,287	940,435	37,238,264
Retirement		(19,796,052)	-	-	(19,796,052)
At March 31		85,597,207	11,663,617	4,136,405	101,397,229
Carrying Amount		P119,917,467	P7,299,391	P3,522,897	P130,739,755

7. Software Licenses

The movements in this account are as follows:

	Note	**2021**	2020
Cost			
At April 1		**P5,234,569**	P4,767,638
Addition		**-**	466,931
Retirement		**(1,619,865)**	-
At March 31		**3,614,704**	5,234,569
Accumulated Amortization			
At April 1		**4,869,871**	4,767,638
Amortization	*14*	**300,051**	102,233
Retirement		**(1,619,865)**	-
At March 31		**3,550,057**	4,869,871
Carrying Amount		**P64,647**	P364,698

8. Other Noncurrent Assets

This account consists of:

	Note	2021	2020
Deferred contract costs	*5, 13*	**P51,843,034**	P48,980,727
Finance lease receivable - net of current portion	*15*	**35,902,792**	36,242,858
Refundable deposits - net of current portion	*15, 17*	**24,425,445**	33,360,366
Prepaid expenses - noncurrent portion		**4,087,381**	2,603,504
Capital work in progress		**1,667,733**	4,828,802
		P117,926,385	P126,016,257

9. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	2021	2020
Due to related parties	*11, 17*	**P167,637,076**	P99,165,969
Employee benefits	*17*	**75,679,040**	84,716,381
Accrued expenses	*17*	**52,954,622**	64,278,980
Unearned revenue*	*11, 13*	**40,466,117**	142,083,718
Accounts payable	*17*	**24,696,136**	18,559,868
Other current liabilities		**5,348,027**	499,643
		P366,781,018	P409,304,559

** includes unearned revenue from related party amounting to nil and P112,265,364 as at March 31, 2021 and 2020, respectively.*

Employee benefits pertain to accruals for leave encashment, performance bonus, 13th month salary and provision for separated employees.

Accrued expenses pertain to provision for project expenses, provision for communication link, electricity, legal professional and repair maintenance.

Unearned revenue pertains to the current portion of the advance payment received from customers. Services which are expected to be completed for more than twelve (12) months after the reporting date are recognized as "Unearned revenue" under noncurrent liability in the statements of financial position.

10. Equity

The Company's capital stock consists of the following:

	Number of Shares	Amount
Authorized at P100 par value	**4,300,000**	**P430,000,000**
Issued and outstanding	**2,716,843**	**P271,684,300**

Retained Earnings
In accordance with Section 42 of the Revised Corporation Code of the Philippines (the "Code"), stock corporations are prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital, except:

- When justified by definite corporate expansion projects or programs approved by the BOD; or
- When the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or
- When it can be clearly shown that such retention is necessary under special circumstances, such as when there is a need for reserve for probable contingencies.

The Company's retained earnings as at March 31, 2021 and 2020 amounted to P657,990,820 and P612,561,495, respectively.

As at March 31, 2021 and 2020, the unrestricted retained earnings of the Company is still in excess of the paid-in capital by P337,099,333 and P313,949,627, respectively, after preparing the reconciliation in accordance with SEC Memorandum Circular No. 11, series of 2008, *Guidelines on the Determination of Retained Earnings Available for Dividend Declaration*. Management plans to discuss the excess retained earnings as at March 31, 2021 in the next BOD meeting which is expected to be held in due course in the fiscal year 2021 to 2022.

11. Related Party Transactions

In the normal course of business, the Company has the following significant transactions and outstanding account balances with its related parties:

		Amount/Volume		**Outstanding Balance Receivable (Payable)**		
Related Party	***Note***	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**Terms and Conditions**
Ultimate Parent Company						
Revenue	*a*	**P548,605,037**	P869,594,765	**P241,203,323**	P172,166,957	Noninterest-bearing, unsecured; no impairment
Consultancy	*b*	**222,358,506**	159,136,031	**(114,490,514)**	(186,755,612)	Noninterest-bearing, unsecured
Under Common Control						
Revenue	*a*	**485,885,182**	149,596,587	**51,200,552**	43,306,475	Noninterest-bearing, unsecured; no impairment
Consultancy	*b*	**40,753,642**	68,723,599	**(26,182,709)**	(5,625,010)	Noninterest-bearing, unsecured
Loans	*c*	**-**	102,592,000	**-**	-	Interest bearing; Unsecured
Interest on loans	*c*	**-**	337,541	**-**	-	
Refundable deposit	*d*	**-**	-	**-**	(9,650,660)	
Other Affiliates						
Revenue	*a*	**385,989,698**	365,724,714	**152,315,502**	247,298,043	Noninterest-bearing, unsecured; no impairment
Consultancy	*b*	**67,944,815**	26,585,171	**(26,963,853)**	(9,400,051)	Noninterest-bearing, unsecured
Trade receivable - related party				**P444,719,377**	P462,771,475	
Due to related parties				**(P167,637,076)**	(P211,431,333)	

a. The Company has Master Service Agreement with its ultimate parent company for the Company to provide software and information technology services to the customers of the ultimate parent company and the various entities under common control. The agreement shall continue until terminated by either party in case the other party is in breach of the terms of the agreement or at the option of the counterparty upon prior written notice.

b. Related parties rendered consulting services to the Company under the normal course of business. Consulting charge is recorded as part of "Cost of services" account in the statements of comprehensive income.

c. The Company had a credit line with HCL Singapore PTE Ltd. up to maximum amount of SGD 8.0 Million. The loan had an interest rate of Libor + 100 bps per annum calculated from the date the loan was credited to the Company's bank account. The loan had a term of one year. The Company obtained a USD 2 million (P102,600,000) loan from the credit facility on June 10, 2019 and paid such loan in full in June 15, 2019. The Company has nil outstanding loans as of March 31, 2021 and 2020. Interest expense as of March 31, 2021 and 2020 amounted to nil and P337,541, respectively.

d. As at March 31, 2021, the Company paid the P9,650,660 due to one of its related party. The amount paid is equivalent to the security deposit which was transferred to the Company when the lease premise previously occupied by the related party was assigned to the Company (see Note 15).

   Compensation of key management personnel of the Companies consists of directors' fee amounting to P448,000 and P660,000 for the years ended March 31, 2021 and 2020, respectively.

   All related party transactions are to be settled in cash.

12. Income Taxes

Reconciliation between the current income tax computed at the statutory income tax rate and the current income tax as shown in the statements of comprehensive income is as follows:

	Note	**2021**	2020
Income before income tax		**P194,995,735**	P217,187,784
Income tax provision at statutory income tax rate		**P51,186,380**	P65,156,335
Additions to (reductions in) income tax resulting from income tax effects of:			
Tax provision	*1*	**83,025,979**	**-**
Prior year income tax		**19,401,560**	**-**
Nondeductible expense		**5,290,260**	3,093,134
Gross income exempts under ITH		**-**	(18,246,842)
Nontaxable income		**-**	(438,214)
		(379,606)	(3,355,668)
Effect of the difference between regular corporate income tax* and GIT rates		**(8,958,163)**	(12,862,364)
Total income tax expense		**P149,566,410**	P33,346,381

**For the year ended March 31, 2021, the Company used the transitory rate of 26.25% provided by the Bureau of Internal Revenue (BIR) in its Revenue Regulations (RR) 5-2021 dated April 8, 2021. For the year ended March 31, 2020, the Company used 30% income tax rate.*

The tax provision pertains to the estimated impact of the change in tax rates covering the previous taxable years for Science Hub Tower 3 and Science Hub Tower 4. The outstanding balance of the provision is included under “Income tax payable” in the statements of financial position (see Note 1).

Prior year income tax pertains to the amount of income tax deficiency paid by the Company during the year March 31, 2021 for the taxable year 2016 amounting to P19,401,560. The related penalty on this income tax deficiency amounting to P10,754,853 is recorded as part of others under the “Expenses” account in the statements of comprehensive income.

<u>Enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.</u> CREATE is an act reforming the corporate income tax and incentives system, amending for the purpose certain sections of Internal Revenue Code of 1997, as amended, and creating therein new title XIII, and for other purposes.

On March 26, 2021, the President of the Philippines has approved the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

a. Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b) Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

d) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior BIR ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

e) Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% SCIT OR Enhanced Deductions (ED).

f) Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.

g) Registered enterprises are exempt from customs duty on importation of capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity.

h) VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a registered business enterprise (RBE).

i) For investments prior to effectivity of CREATE: RBEs granted only an ITH - continue with the availment of the ITH for the remaining period of the ITH. RBEs granted an ITH + 5% GIT or currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

On April 8, 2021, the Bureau of Internal Revenue (BIR) issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR Revenue Regulations (RR) No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income

- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", Amending Section 20 of the National Internal Revenue Code of 1997, As Amended

- BIR RR No. 4-2021, Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended

- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997

The corporate income tax of the Company will be lowered from 30% to 25% for large corporations on which the Company would qualify effective July 1, 2020.

Deferred income tax assets - net are attributable to the following:

2021	**Net Balance at April 1**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance at March 31**
Deferred revenue - net	**P -**	**P23,197,151**	**P -**	**P23,197,151**
Accrued personnel expenses	**13,569,523**	**2,395,381**	**-**	**15,964,904**
Leases	**(555,528)**	**4,331,867**	**-**	**3,776,339**
Retirement benefit liability	**1,447,700**	**1,722,998**	**(66,142)**	**3,104,556**
Provision for expenses	**8,187,007**	**(7,542,040)**	**-**	**644,967**
Allowance for impairment losses on receivables	**1,085,404**	**(813,550)**	**-**	**271,854**
Unrealized foreign exchange loss (gain)	**-**	**(994,355)**	**-**	**(994,355)**
Deferred tax assets - net	**P23,734,106**	**P22,297,452**	**(P66,142)**	**P45,965,416**

2020	Net Balance at April 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at March 31
Accrued personnel expenses	P4,529,998	P9,039,525	P -	P13,569,523
Provision for expenses	-	8,187,007	-	8,187,007
Retirement benefit liability	750,869	536,583	160,248	1,447,700
Allowance for impairment losses on receivables	2,346,772	(1,261,368)	-	1,085,404
Leases	-	(555,528)		(555,528)
Unrealized foreign exchange loss (gain)	(309,701)	309,701	-	-
Deferred tax assets - net	P7,317,938	P16,255,920	P160,248	P23,734,106

Deferred tax assets - net as at March 31, 2021 and 2020 are estimated to be settled as follows:

	2021	2020
To be settled within 12 months	**P32,892,463**	P17,310,880
To be settled after more than 12 months	**13,072,953**	6,423,226
	P45,965,416	P23,734,106

13. Revenue

Set out below is the disaggregation of the Company's revenues for the years ended March 31:

	2021	2020
Types of Services		
Software development services	**P945,578,130**	P1,036,486,876
Business process outsourcing (BPO)	**1,288,194,776**	994,838,217
Total revenue from contracts with customers	**P2,233,772,906**	P2,031,325,093

Software development services include software services and IT infrastructure management services. Within software services, the Company provides application development and maintenance, enterprise application, next generation Software As A Service application services and engineering and Research and Development services to several global customers. Infrastructure management services involve managing customer's IT assets effectively.

Business process outsourcing services include the traditional contact center and help desk services and the next generation services around platform BPO and Business Process as A Service delivered through a global delivery model.

Types of Revenue Recognition	2021	2020
Fixed price contract (over time)	**P1,738,806,183**	P1,503,189,569
Time-and-material (point in time)	**494,966,723**	528,135,524
Total revenue from contracts with customers	**P2,233,772,906**	P2,031,325,093

The following table provides information about contract assets, deferred contract cost and deferred revenues from contracts with customers.

	Note	2021	2020
Unearned revenue	*9*	**P122,647,893**	P224,042,833
Deferred contract cost	*5, 8*	**71,878,297**	59,129,334

14. Cost of Services

	Note	2021	2020
Personnel costs		**P1,220,856,890**	P1,012,830,795
Consultancy fee	*11*	**337,636,208**	268,755,456
Amortization of ROU assets	*3, 15*	**133,208,875**	146,284,152
Depreciation and amortization	*6, 7*	**52,967,292**	37,340,497
Communication		**37,058,007**	20,347,341
Inventories		**30,115,701**	50,258,931
Travel		**27,290,433**	36,282,690
Repairs and maintenance		**23,658,626**	12,921,574
Utilities		**9,685,444**	18,125,322
Recruitment and training		**4,541,633**	11,748,161
Other expenses		**23,780,834**	70,958,285
		P1,900,799,943	P1,685,853,204

Other expenses pertain to office supplies and other direct costs of services.

Details of personnel costs follow:

	Note	2021	2020
Salaries and wages		**P762,043,384**	P648,253,265
Benefits		**249,532,734**	222,547,089
13th month		**61,426,765**	55,904,833
Bonuses		**60,439,545**	26,866,245
Retirement benefit cost	*16*	**6,416,710**	2,256,342
Others		**80,997,752**	57,003,021
		P1,220,856,890	P1,012,830,795

15. Leases

Short term Leases
Short term leases are the Company's leases of stores whose remaining lease term is less than one (1) year, hence, did not pass the requirement of PFRS 16.

Long term Leases
Company as a Lessee
The Company entered into various long-term leases with a term ranging from three to five years renewable under such terms and conditions as may be agreed upon by both parties. The Company did not apply any renewal option on its lease contracts.

Details are as follows:

Sunnymede IT Center, Quezon City
The Company entered into a Facility Lease Service Agreement (FLSA) on September 9, 2011 with a third party for its leased facility. The lease is for a period of three years renewable upon mutual agreement of the parties. On February 11, 2014, the Company signed an amendment to the lease agreement requiring them to pay an additional security deposit of P5,091,106 for the additional seats rented. On October 9, 2014, the Company renewed its FLSA for a period of three years commencing from October 1, 2014 and terminating on September 30, 2017. The lease was further renewed on October 16, 2017 for another three-year period commencing on October 1, 2017 and terminating on September 30, 2020. The monthly rental rate of P7,189 per seat is payable every fifth day of each month. The Company did not renew the lease agreement upon its expiration on September 20, 2020.

Science Hub Tower 3, Taguig City (6th Floor)
In 2013, the Company entered into another lease agreement covering certain office equipment and facilities. The lease is for a period of 60 months starting June 1, 2013 and can be extended beyond the 60 months subject to mutual agreement between the parties. During the 60 months lease period, the first 36 months shall be considered as lock in period wherein either party shall not be entitled to terminate the lease. In 2018, the Company renewed the lease agreement from June 1, 2018 and terminating on May 31, 2023. The leased shall be locked in for a period of 12 months starting June 1, 2018. The termination notice is 3 months included in the lock in period of 12 months. Escalation of five percent (5%) per year is effective starting June 1, 2019.

Science Hub Tower 4, Taguig City (6th Floor)
In April 2014, the Company entered into a sublease agreement covering a new site for the expansion of its operations. The sublease is for a period of five years (expires in February 2019) and can be extended until December 31, 2019. Any further renewal of the agreement beyond the extended term shall be on mutual agreement. During the five-year lease period, the first 48 months shall be considered as lock in period wherein either of the parties shall not be entitled to terminate the lease. On February 4, 2019, the Company renewed the lease for another five years commencing on March 1, 2019 and terminating on February 29, 2024. The leased shall be locked in for a period of 12 months starting March 1, 2019. The termination notice is 3 months included in the lock in period of 12 months. Escalation of five percent (5%) per year is effective starting March 1, 2019.

SM Aura, Mckinley Parkway, Taguig City
In November 2014, the Company entered into a sublease agreement covering a new site for the expansion of its operations. The sublease is for 60 months commencing on November 1, 2014 and terminating on October 31, 2019, renewable upon mutual consent of the parties. Neither of the parties can terminate the sublease agreement during the first 24 months of the lease. The Company did not renew the lease agreement upon its expiration on October 31, 2019.

Science Hub Tower 2, Taguig City (6th Floor)
In April 2018, the Company entered into another lease agreement covering certain office equipment and facilities. The lease is for a period of 36 months starting May 1, 2018 and terminating on April 30, 2021 renewable subject to mutual agreement between the parties. The Company did not renew the lease agreement upon its expiration on April 30, 2021.

Science Hub Tower 3, Taguig City (5th Floor)
On January 8, 2019, the lessor, the Company and State Street HCL Services (Philippines), Inc. (SSPI), an entity under common control, entered into an addendum to the Facility Utilization Service Agreement, wherein the SSPI assigned all its rights and obligations on the lease of the SSPI's office facility located in the 5th Floor, Science Hub tower 3, Taguig City to the Company. Security deposit amounting to P9,650,660 was not refunded by SSPI but was transferred to the account of Company. As at March 31, 2021, the Company already paid the security deposit. (see Note 11).

The lease is for a period of 36 months starting September 1, 2019 and terminating on August 31, 2022 renewable subject to mutual agreement between the parties.

Cyber Sigma, Taguig City (20th Floor)
In September 2018, the Company entered into another lease agreement covering certain office equipment and facilities. The lease is for a period of 24 months starting September 1, 2018 and terminating on August 31, 2020 renewable at the option of the Company for another 3 years. The Company did not renew the lease agreement upon its expiration on August 31, 2020.

The total security deposits presented as part of "Prepayments and other current assets" and "Refundable deposits" in the statements of financial position amounted to P48,964,218 and P53,637,555 as at March 31, 2021 and 2020, respectively (see Notes 5 and 8).

ROU Assets
The movements as at March 31, 2021 and 2020 are as follows:

	Note	**2021**	2020
Balance at April 1		**P362,314,528**	P397,081,092
Addition		**4,867,854**	111,517,588
Amortization	*14*	**(133,208,875)**	(146,284,152)
Balance at March 31		**P233,973,507**	P362,314,528

Lease Liabilities
The movements in lease liabilities as at March 31, 2021 and 2020 are as follows:

	2021	2020
Balance at the beginning	**P375,160,831**	P401,558,544
Accretion of interest expense	**25,926,329**	33,845,757
Addition	**-**	111,517,588
Repayments (including interest)	**(147,076,828)**	(171,761,058)
Net carrying value	**254,010,332**	375,160,831
Current portion	**108,985,013**	109,588,212
Noncurrent portion	**P145,025,319**	P265,572,619

	2021	2020
Maturity Analysis - Contractual Undiscounted Cash Flows		
Less than one year	**P126,710,320**	P146,646,847
One to five years	**163,608,683**	293,870,881
Total undiscounted lease liabilities at March 31	**290,319,003**	440,517,728
Imputed Interest	**(24,907,467)**	(50,833,797)
Total lease liabilities	**265,411,536**	389,683,931
Less: Prepaid	**11,401,204**	14,523,100
Lease liabilities balance as at March 31	**P254,010,332**	P375,160,831

Company as a Lessor
The Company also entered into various agreements for the lease of laptops and computers. The lease term generally ranges from 3 years to 5 years which is subject to renewal upon the written agreement with the lessee based on such terms and conditions as may be acceptable.

The maturity analysis of the undiscounted lease receivables as at March 31 is as follows:

	2021	2020
Maturity Analysis - Contractual Undiscounted Cash Flows		
Not more than one year	**P31,437,526**	P20,621,405
One to five years	**37,055,996**	37,744,018
Total undiscounted lease receivables	**68,493,522**	58,365,423
Unearned interest income	**(3,297,056)**	(3,470,733)
Finance lease receivables	**P65,196,466**	P54,894,690

16. Retirement Benefits

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefits under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. As at March 31, 2021 and 2020, the actuarial valuations were prepared by an independent actuary using the projected unit credit method.

The following table summarizes the components of net retirement benefit cost recognized in the statements of comprehensive income and the amounts recognized in the statements of financial position as at March 31, 2021 and 2020. The latest actuarial valuation report was prepared as of March 31, 2021.

The components of retirement benefit costs, which were charged to operations, are as follows:

	Note	2021	2020
Current service cost		**P5,945,292**	P2,059,078
Interest cost		**471,418**	197,264
	14	**P6,416,710**	P2,256,342

The movements in the retirement benefit liability of the Company are as follows:

	2021	2020
Beginning of the year	**P9,298,189**	P3,121,263
Current service cost	**5,945,292**	2,059,078
Interest expense	**471,418**	197,264
Actuarial loss (gain)	**(1,474,384)**	3,920,584
End of the year	**P14,240,515**	P9,298,189

The assumptions used to determine retirement benefits costs of the Company as of March 31 are as follows:

	2021	2020
Discount rate	**5.00%**	5.07%
Salary increase rate	**4.10%**	4.10%
Average expected remaining working life in years	**27**	28

Assumptions regarding future mortality and disability experiences are based on the 1994 U.S. Group Annuity Mortality (GAM) Table, Male and Female, and the 1952 Disability Table (Society of Actuaries), respectively.

The weighted average duration of the defined benefit obligation is 14.3 years and 14.8 years as at March 31, 2021 and 2020, respectively.

The maturity analysis of the undiscounted benefit payments at March 31 is as follows:

	2021	2020
More than 1 year to 5 years	**5,349,780**	5,110,155
More than 5 years to 10 years	**11,890,429**	7,493,389

The sensitivity of the defined benefit obligation as at March 31 to changes in the principal assumptions is as follows:

	Impact on Defined Benefit Obligation		
	Changes in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2021			
Discount rate	**1.00%**	**(P2,218,622)**	**P1,848,885**
Salary increase rate	**1.00%**	**2,216,323**	**(1,879,931)**
2020			
Discount rate	1.00%	(P1,502,638)	P1,247,391
Salary increase rate	1.00%	1,502,165	(1,269,050)

The above sensitivity analyses are based in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the PUC method at the end of the reporting period) has been applied as when calculating the pension benefit liability recognized within the statements of financial position.

17. Financial Risk Management and Capital Management

Financial Risk Management Objectives and Policies
The Company's activities expose it to a variety of risks, which include foreign currency risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Foreign Currency Risk. The Company operates domestically but its revenue and other borrowings are denominated in foreign currency and is exposed to foreign currency risk with respect to US dollar (US$) and Euro (EUR). To manage the foreign currency risk, the Company converts the foreign currency collections into Peso within a short period of time.

The Company's foreign currency-denominated financial instruments as of March 31, 2021 and 2020 are as follows:

	2021		
	Currency	**Amount in Foreign Currency**	**Peso Equivalent**
Cash in banks	**US$**	**5,939,354**	**P288,236,850**
Receivables	**US$**	**1,749,646**	**84,910,320**
			P373,147,170

	2020		
	Currency	Amount in Foreign Currency	Peso Equivalent
Cash in bank	US$	1,860,836	P94,325,777
Receivables	EUR	22,645	1,255,665
			P95,581,442

The applicable closing rate used to determine the Peso equivalent of the Company's foreign currency-denominated financial assets and liabilities are as follows:

Currency	**2021**	2020
US$	**P48.53**	P50.69
EUR	**56.95**	55.45

The following table shows the effect on income before income tax of reasonably possible changes in foreign currency rates. There is no other impact on the Company's equity other than those already affecting the income.

	March 31, 2021	
Currency	**Change in Rate**	**Effect on Income before Income Tax Increase (Decrease)**
US$	**4.00%**	**P14,925,887**
	(4.00%)	**(14,925,887)**

	March 31, 2020	
Currency	Change in Rate	Effect on Income before Income Tax Increase (Decrease)
US$	3.00%	P2,829,997
	(3.00%)	(2,829,997)
EUR	6.00%	75,340
	(6.00%)	(75,340)

Credit Risk. The Company has no significant exposure to credit risk because its customers are required to pay 30 days after billing. With respect to credit risk arising from the other financial assets of the Company, which comprise mainly of cash in banks and refundable deposits, the Company's exposure to credit risk arises mainly from the default of the counterparty.

The maximum credit exposure of the Company on its financial assets is equal to their carrying values as of March 31, 2021 and 2020. These financial assets are not supported by collateral from the counterparties

The following table shows an aging analysis of the Company's financial assets as of March 31, 2021 and 2020:

	2021						
	Neither Past Due nor Impaired	**Past Due but not Impaired**				**Impaired Financial Assets**	
		31 - 60 Days	**61 - 90 Days**	**91 - 120 Days**	**>121 Days**		**Total**
Cash in banks	**P327,668,580**	**P -**	**P -**	**P -**	**P -**	**P -**	**P327,668,580**
Trade receivables	**462,510,546**	**82,948,033**	**90,653,588**	**8,544,083**	**27,587,890**	**1,035,633**	**673,279,773**
Finance lease receivables	**65,196,466**	**-**	**-**	**-**	**-**	**-**	**65,196,466**
Refundable deposits	**48,964,218**	**-**	**-**	**-**	**-**	**-**	**48,964,218**
	P904,339,810	**P82,948,033**	**P90,653,588**	**P8,544,083**	**P27,587,890**	**P1,035,633**	**P1,115,109,037**

	2020						
	Neither Past Due nor Impaired			Past Due but not Impaired		Impaired	
		31 - 60 Days	61 - 90 Days	91 - 120 Days	Due nor Impaired	31 - 60 Days	Total
Cash in banks	P162,278,607	P -	P -	P -	P -	P -	P162,278,607
Trade receivables	455,203,116	80,648,940	70,448,759	111,607,845	106,127,659	7,139,706	831,176,025
Finance lease receivables	54,894,690	-	-	-	-	-	54,894,690
Refundable deposits	53,637,555	-	-	-	-	-	53,637,555
	P726,013,968	P80,648,940	P70,448,759	P111,607,845	P106,127,659	P7,139,706	P1,101,986,877

Expected Credit Loss

Cash in Banks

Impairment on cash in banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash in banks have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Trade Receivables

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. The Company did not provide ECL for its receivables from related parties since there is a very remote likelihood of default because there is no known significant financial difficulty of counterparties and no probability that the counterparties will enter bankruptcy based from the available financial information.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2021 and 2020.

2021	**Weighted-average Loss Rate**	**Gross Carrying Amount**	**Loss Allowance**	**Credit-Impaired**
Current	**0.00%**	**P462,510,546**	**P -**	No
31 to 60 days past due	**0.00%**	**82,948,033**	**-**	No
Over 61 days past due	**0.82%**	**126,785,561**	**1,035,633**	Yes
		P672,244,140	**P1,035,633**	

2020	Weighted-average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit-Impaired
Current	0.00%	P455,203,115	P -	No
31 to 60 days past due	0.00%	80,648,940	-	No
Over 61 days past due	2.42%	295,323,970	7,139,706	Yes
		P831,176,025	P7,139,706	

Refundable Deposits

Based on historical experience and forecast of future economic conditions the refundable deposits are expected to be recovered upon the termination of the lease terms. The application of the expected credit loss on the refundable deposits of the Company does not have a material impact on the Company's financial statements. The Company measures the impairment loss on its rental and guarantee deposits using the 12-month expected loss basis.

The table below shows the credit quality per class of financial assets which are not impaired:

	2021		
	High Grade	**Standard Grade**	**Total**
Current Assets			
Cash in banks	**P327,668,580**	**P -**	**P327,668,580**
Receivables - trade	**-**	**673,279,773**	**673,279,773**
Finance lease receivables	**65,196,466**	**-**	**65,196,466**
Refundable deposit	**-**	**48,964,218**	**48,964,218**
Total	**P392,865,046**	**P722,243,991**	**P1,115,109,037**

	2020		
	High Grade	Standard Grade	Total
Current Assets			
Cash in banks	P162,278,607	P -	P162,278,607
Receivables - trade	-	831,176,025	831,176,025
Finance lease receivables	54,894,690	-	54,894,690
Refundable deposit	-	53,637,555	53,637,555
Total	P217,173,297	P884,813,580	P1,101,986,877

The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High grade includes cash in banks which are deposited in reputable banks. High grade receivables and finance lease receivables pertain to receivables that always pay on time or even before the maturity date.

Standard grade receivables pertain to receivables collected on their due dates provided that they were followed up by the Company. Standard grade refundable deposits pertain to unsecured rental deposit related to the Company's lease commitment collectible at the end of the lease term.

Liquidity Risk: Prudent liquidity risk management implies maintaining sufficient cash. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted cash payments and the maturity profile of the Company's financial assets that will be used to finance the maturing liabilities:

	March 31, 2021			
	On Demand	**Less than One Year**	**Over One Year**	**Total**
Financial Liabilities				
Accounts payable and other liabilities:				
Trade	**P -**	**P21,911,238**	**P2,784,898**	**P24,696,136**
Accrued expenses	**-**	**124,530,444**	**4,103,218**	**128,633,662**
Due to related parties	**-**	**167,637,076**	**-**	**167,637,076**
Lease liabilities	**-**	**108,985,013**	**145,025,319**	**254,010,332**
	P -	**P423,063,771**	**P151,913,435**	**P574,977,206**

	March 31, 2020			
	On Demand	Less than One Year	Over One Year	Total
Financial Liabilities				
Accounts payable and other liabilities:				
Trade	P -	P18,555,870	P3,998	P18,559,868
Accrued expenses	-	147,462,793	1,532,568	148,995,361
Due to related parties	-	211,431,333	-	211,431,333
Lease liabilities	-	109,588,212	265,572,619	375,160,831
	P -	P487,038,208	P267,109,185	P754,147,393

Capital Management

The Company's objective when managing capital is to increase the value of shareholders. Management sets strategies for the Company with the objective of establishing a versatile and resourceful financial management and capital structure.

The Company's Financial Controller, with close coordination with its Parent Company, has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company has not been subjected to externally imposed capital requirements. No major changes were made in the Company's capital management in 2021 and 2020.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Current Financial Assets and Liabilities

Due to the short-term nature of the transactions, the carrying values of cash in banks, receivables, current portion of refundable deposits, current portion of finance lease receivables, accounts payable and other liabilities and due to related parties approximate their fair values.

Noncurrent Financial Assets

The carrying amount of noncurrent portion of refundable deposits approximates it fair value as the effect of discounting is not considered material.

The noncurrent portion of finance lease receivables and lease liabilities approximate their fair value because the difference between the interest rates of these instruments and the prevailing market rates for similar instruments are not considered significant.

18. Provisions and Contingencies

Provisions

Provisions consist of probable claims against the Company under certain contracts with customers for failure to meet certain service level requirements. The timing of the cash outflows of these provisions is uncertain as it depends upon the outcome of company negotiations, which are currently ongoing. No provisions were recognized in 2021 and 2020.

Contingencies

The Company is involved in various labor cases. Management, in consultation with its legal counsel, believes that the Company does not have present obligation arising from these cases, or any adverse resolution would not have significant impact on the financial statements.

19. Other Matter

On March 8, 2020, under Proclamation 922, the President of the Philippines (the “President”) has declared a state of public health emergency due to the spread of the Corona Virus Disease 2020 (COVID-19) in the country. As of report date, the country is still under various types of community quarantine to prevent the spread of COVID 19.

The Company’s operation is not significantly affected by COVID 19 pandemic as the Company provides information technology services and software development, maintenance and consultancy services both Philippines and abroad. The Company is also generating enough cash flows to support its operations during the pandemic. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governments and other regulatory actions. The Management is fully aware on the possible consequences and monitors the situation daily.

20. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)

In addition to the disclosure mandated under PFRSs, 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 PFRSs. Following are the tax information/disclosures required for the taxable year ended March 31, 2021:

A. VAT

	Amount
1. Output VAT	**P59,611,610**
Basis of the Output VAT:	
Vatable receipts	**P496,763,415**
Exempt receipts	**-**
Zero rated receipts	**1,745,665,923**
Total	**P2,242,429,338**

2. Input VAT	Amount
Beginning of the year	**P8,545,763**
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	**-**
b. Goods other than for resale or manufacture	**3,309,132**
c. Services lodged under other accounts	**19,648,088**
d. Importation of goods other than capital goods	**6,741,661**
Input tax deferred on capital goods exceeding P1 million	**(7,971,727)**
Balance at the end of the year	**P30,272,917**

B. Withholding Taxes

	Amount
Expanded withholding taxes	**P3,874,161**
Final withholding taxes	**-**
	P3,874,161

C. All Other Taxes (Local and National)

	Amount
Other taxes paid during the year recognized as "Taxes and licenses" account under Expenses	
Business tax	**P39,211,297**
Others	**3,066,782**
	P42,278,079

D. Tax Assessments and Tax Cases

There are no other outstanding tax assessments and tax cases as of March 31, 2021.

Information on amounts of custom duties, tariff fees, excise taxes and documentary stamp taxes is not applicable since there are no transactions that the Company would be subjected to these taxes in 2021.

C O V E R   S H E E T

For

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 0 1 9 1 3 8

COMPANY NAME

HCL TECHNOLOGIES PHILIPPINES, INC. (A Wholly Owned Subsidiary of HCL EAS Ltd.)

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

Net Cube Center, 3rd Avenue corner 30th Street E-Square Zone, Bonifacio Global City Taguig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	810-0281	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	Last Monday of September	March 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Rajesh Gupta	gupta-rajesh@hcl.com	-	+9958535310

CONTACT PERSON's ADDRESS

HCL Technologies, Lotus Business Park, Tower B, Third Floor,
Noida-Sec-127 Noida 201304 (U.P.)

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

HCL TECHNOLOGIES PHILPPINES, INC.
SCHEDULE OF RECONCILATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED MARCH 31, 2021

Unappropriated Retained Earnings, beginning		**P612,561,495**
Adjustments:		
Less: Deferred tax asset, beginning	P23,734,106	
Unappropriated Retained Earnings, as adjusted, beginning	-	**588,827,389**
Net Income based on the face of AFS	45,429,325	
Less: Non-actual/unrealized income net of tax	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	3,155,366	
Unrealized actuarial gain	-	
Fair value adjustments (M2M gains)	-	
Fair value adjustments of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Deferred income tax for the year	22,231,310	
Sub-total	20,042,649	
Add: Non-actual losses		
Deferred tax expense	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP – loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net Income Actual/Realized		**20,042,649**
Dividends declared and paid during the year		**-**
Unappropriated Retained Earnings, as adjusted, ending		**P608,870,038**