

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

N	e	t		C	u	b	e		C	e	n	t	e	r	,		3	r	d		A	v	e	n	u	e				
c	o	r	n	e	r		3	0	t	h		S	t	r	e	e	t	,		E	-	S	q	u	a	r	e			
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T	a	g	u	i	g		C	i	t	y																				

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

Company's Telephone Number/s

810-0281

Mobile Number

No. of Stockholders

6

Annual Meeting (Month / Day)

Last Monday of
September

Fiscal Year (Month / Day)

March 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Kashish Aggarwal

Email Address

kashish.aggarwal@hcl.com

Telephone Number/s

-

Mobile Number

+919810455682

CONTACT PERSON'S ADDRESS

HCL Technologies Limited Plot No. 3A, Sector 126, SEZ Noida 201301

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.

Note 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.



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com


SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

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. (the "Company") as at and for the year ended March 31, 2024, on which we have rendered our report dated July 19, 2024.

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
Tax Identification No. 120-964-156
BIR Accreditation No. 08-001987-027-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10075174
Issued January 2, 2024 at Makati City

July 19, 2024
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
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)



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION 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, in accordance with Philippine Standards on Auditing, the financial statements of HCL Technologies Philippines, Inc. (the "Company"), as at and for the years ended March 31, 2024 and 2023, on which we have rendered our report dated July 19, 2024.

Our audits were 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 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 the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.


ALICIA S. COLUMBRES
Partner
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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)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **HCL Technologies Philippines, Inc.** (the "Company"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for year ended **March 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, 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.


The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the Stockholders.

R. G. Manabat & Co., the independent auditor appointed by the Stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audits.



Shiv Kumar Walia
(President)



Ajay Govind
(Chief Financial Officer)

Signed this 19 day of July 2024



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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. (the "Company"), which comprise the statements of financial position as at March 31, 2024 and 2023, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, including material 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, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

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.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
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)



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 19 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.

ALICIA S. COLUMBRES

Partner

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Issued May 25, 2023; valid until May 25, 2026

PTR No. MKT 10075174

Issued January 2, 2024 at Makati City

July 19, 2024

Makati City, Metro Manila

HCL TECHNOLOGIES PHILIPPINES, INC.
STATEMENTS OF FINANCIAL POSITION

March 31

	<i>Note</i>	2024	2023
ASSETS			
Current Assets			
Cash in banks	17	P264,487,404	P395,284,237
Short-term investment	4	197,120,000	-
Trade and other receivables - net	5, 11, 17	1,368,143,412	988,024,022
Prepayments and other current assets	6	110,863,265	126,845,738
Total Current Assets		1,940,614,081	1,510,153,997
Noncurrent Assets			
Property and equipment - net	7	274,753,268	193,828,283
Right-of-use assets - net	15	454,966,889	203,620,739
Deferred income tax assets - net	12	69,454,332	12,142,278
Other noncurrent assets	8	107,971,100	111,400,912
Total Noncurrent Assets		907,145,589	520,992,212
		P2,847,759,670	P2,031,146,209
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	9, 11, 17	P699,201,749	P389,454,979
Income tax payable	2, 12	55,657,797	100,699,482
Lease liabilities - current portion	15, 17	156,947,506	116,366,577
Total Current Liabilities		911,807,052	606,521,038
Noncurrent Liabilities			
Unearned revenue	13	20,483,947	40,894,515
Lease liabilities - noncurrent portion	15, 17	308,292,565	87,839,545
Retirement benefits liability	16	9,773,120	2,579,461
Other non-current liabilities	9	70,383,322	46,959,739
Total Noncurrent Liabilities		408,932,954	178,273,260
Total Liabilities		1,320,740,006	784,794,298
Equity			
Capital stock	10	271,684,300	271,684,300
Additional paid-in capital		86,405	86,405
Retained earnings	10	1,236,276,253	950,356,210
Remeasurement gain on retirement benefits	16	18,972,706	24,224,996
Total Equity		1,527,019,664	1,246,351,911
		P2,847,759,670	P2,031,146,209

See Notes to the Financial Statements.

HCL TECHNOLOGIES PHILIPPINES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended March 31	
	<i>Note</i>	2024	2023
REVENUES	13	P3,529,412,729	P2,697,845,828
COST OF SERVICES	14	3,133,651,761	2,275,957,308
GROSS PROFIT		395,760,968	421,888,520
EXPENSES			
Salaries and other benefits		107,256,976	96,607,171
Legal and professional fees		28,550,682	34,319,432
Impairment losses on other current asset	6	4,279,659	76,603,387
Repairs and maintenance		1,925,772	982,856
Travel		1,813,481	2,241,182
Communication		1,252,267	1,053,440
Direct write-off of trade receivables	5	-	510,900
Provision (reversal) for expected credit losses	5	(3,166,697)	16,996,706
Others		8,825,061	10,553,321
		150,737,201	239,868,395
		245,023,767	182,020,125
OTHER INCOME (CHARGES)			
Foreign exchange gain - net		33,932,944	7,320,132
Interest income	5	13,395,413	4,833,114
Interest expense on lease liabilities	15	(31,529,416)	(14,356,847)
Other	2, 12	(228,034)	(6,548,410)
		15,570,907	(8,752,011)
INCOME BEFORE INCOME TAX		260,594,674	173,268,114
PROVISION FOR INCOME TAX			
Current		29,791,610	34,769,002
Deferred		(55,116,979)	19,903,221
	12	(25,325,369)	54,672,223
NET INCOME		285,920,043	118,595,891
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income not to be reclassified to profit or loss in the subsequent periods</i>			
Remeasurement gain (loss) on retirement benefit	16	(7,447,365)	33,052,418
Deferred income tax effect		2,195,075	(6,802,459)
NET OTHER COMPREHENSIVE INCOME (LOSS)		(5,252,290)	26,249,959
TOTAL COMPREHENSIVE INCOME		P280,667,753	P144,845,850

See Notes to the Financial Statements.

HCL TECHNOLOGIES PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2024 and 2023

	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, 2022	P271,684,300	P86,405	(P2,024,963)	P831,760,319	P1,101,506,061
Net income for the year	-	-		118,595,891	118,595,891
Other comprehensive income	-	-	26,249,959	-	26,249,959
Total comprehensive income for the year	-	-	26,249,959	118,595,891	144,845,850
Balances at March 31, 2023	271,684,300	86,405	24,224,996	950,356,210	1,246,351,911
Net income for the year	-	-	-	285,920,043	285,920,043
Other comprehensive loss	-	-	(5,252,290)	-	(5,252,290)
Total comprehensive income (loss) for the year	-	-	(5,252,290)	285,920,043	280,667,753
Balances at March 31, 2024	P271,684,300	P86,405	P18,972,706	P1,236,276,253	P1,527,019,664

See Notes to the Financial Statements.

HCL TECHNOLOGIES PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS

		Years Ended March 31	
	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P260,594,674	P173,268,114
Adjustments for:			
Amortization on right-of-use asset	15, 14	195,323,204	128,548,411
Depreciation and amortization expense	7, 14	86,339,901	69,653,313
Interest expense on lease liabilities	15	31,529,415	14,356,847
Retirement benefit costs	16	29,493,025	11,194,207
Impairment loss on other current asset	6	4,279,659	76,603,387
Loss on retirement of property and equipment	7	228,035	31,104
Interest income		(13,395,413)	(4,833,114)
Provision (reversal) for expected credit losses	5	(3,166,697)	16,996,705
Unrealized foreign exchange loss (gain) - net		(2,323,978)	8,519,826
Direct write-off of receivables	5	-	510,900
Operating income before working capital change:		588,901,825	494,849,700
Increase in:			
Trade and other receivables		(374,201,395)	(288,391,957)
Prepayments and other current assets		(4,341,451)	(18,550,998)
Increase/(decrease) in:			
Other non-current liabilities		23,423,583	(4,306,349)
Accounts payable and other current liabilities		288,303,368	17,126,502
Net cash flows provided by operations		522,085,930	200,726,898
Interest received		13,395,413	4,833,114
Taxes paid		(74,661,006)	(31,878,793)
Contribution paid	16	(29,746,731)	-
Net cash provided by operating activities		431,073,606	173,681,219
CASH FLOWS FROM INVESTING ACTIVITIES			
Refundable deposits and other noncurrent assets		3,653,037	(20,860,073)
Short term investment		(196,910,000)	-
Purchase of property and equipment	7	(167,492,921)	(128,176,970)
Net cash flows used in investing activities		(360,749,884)	(149,037,043)
CASH FLOWS FROM A FINANCING ACTIVITY			
Payment of lease liabilities including interest	15	(201,120,555)	(169,132,251)
NET DECREASE IN CASH IN BANKS		(130,796,833)	(144,488,075)
EFFECT OF EXCHANGE RATE CHANGE ON CASH		-	(4,370,000)
CASH IN BANKS AT BEGINNING OF YEAR		395,284,237	544,142,312
CASH IN BANKS AT END OF YEAR		P264,487,404	P395,284,237

See Notes to the Financial Statements.

HCL TECHNOLOGIES PHILIPPINES, INC.
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)
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 Start of Commercial Operation (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.

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.

On December 27, 2022, the Supplemental Agreement of the Company with PEZA was signed which entitled the Company to 5% Gross Income Tax (GIT), in lieu of all national and local taxes and to other incentives provided under R.A. 7916, as amended and its implementing rules and regulations except ITH which took effect from the signing of the Supplemental Agreement.

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.

Registration with the Board of Investment (BOI)

On March 17, 2023, the Company received its certificate of registration from the BOI as an Export Market Enterprise engaged in Other Back Office Operations Activities n.e.c (New) Digital and Technical Support Services - One World Square and Cybergate Bacolod. In accordance with the registration, the Company shall start commercial operations in March 2023 or within three years from the date of registration. On May 15, 2023, the Company started its commercial operation at One World Square.

As a result of the registration, the Company shall be entitled of the following incentives:

- a) Income Tax Holiday (ITH) for six years
- b) After ITH, 5% GIT in lieu of all national and local taxes for ten years
- c) Duty exemption on importation of capital equipment, raw materials, spare parts and accessories for seventeen years
- d) VAT exemption on importation and VAT zero rating on local purchases for seventeen years.

On December 19, 2023, the Company received its certificate of registration from the BOI as an Export Market Enterprise engaged in Other Back Office Operations Activities n.e.c (Expansion) (Digital and Technical Support Services – Science Hub Tower 3, Mckinley Hill Cyberpark) on its operations located on 7th and 8th Floor, Science Hub Tower 3, Campus Avenue. Cor. Turin St. Mckinley Hill Cyberpark, Fort Bonifacio, Taguig City.

As a result of the registration, the Company shall be entitled of the following incentives:

- a) Income Tax Holiday (ITH) for three (3) years
- b) Special Corporate Income Tax for ten (10) years
- c) Duty exemption for seventeen years (17) years
- d) VAT exemption and Zero rating for seventeen (17) years.

As at March 31, 2024, the SCO for the 7th & 8th floor, Science Hub Tower 3 have not proceeded as the Company is still waiting for the release of DENR CNC.

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 19, 2024.

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, 2024 and 2023, 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.

As at March 31, 2024 and 2023, tax provision for prior years which is included under "Income tax payable" in the statements of financial position amounted to nil and P95,091,190, respectively (see Note 12).

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, 2024 and 2023, allowance for impairment losses on receivables amounted to P17,490,579 and P20,657,276, respectively (see Note 5).

Estimation of Impairment Losses on Nonfinancial Assets

The Company assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of fair value less cost of disposal and value-in-use. The fair value less cost of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model which requires use of estimates of a suitable discount rate and expected future cash inflows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the assets belong.

As at and for the years ended March 31, 2024 and 2023, allowance for impairment losses deferred input VAT and other current asset amounted to P20,091,633 and P78,809,528, respectively (see Note 6).

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 P9,773,120 and P2,579,461 as of March 31, 2024 and 2023, 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 P69,454,332 and P12,142,278 as of March 31, 2024 and 2023, respectively (see Note 12).

3. Material 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.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards, starting April 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new amendments did not have any material impact on the Company's financial statements.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

The amendment has no significant impact on the Company's financial statements as at December 31, 2023.

- Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are effective from January 1, 2023. Earlier application is permitted.

The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in the following material accounting policies.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Amendment to Standard Issued but Not Yet Adopted

The below amendment to standard is effective for annual periods beginning after April 1, 2023. However, the Company has not early adopted the below amended standard in preparing these financial statements. Unless otherwise stated, the amended standard is not expected to have a significant impact on the Company's financial statements.

Effective January 1, 2024

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (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 noncurrent, the amendments: 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 only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity'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 noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Current versus Noncurrent Classification

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.

Financial Instruments - Initial Recognition and Subsequent Measurement

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, short-term investment, trade receivables, finance lease receivables and refundable deposits. The Company has no financial asset designated at FVPL and FVOCI.

The Management classified the investment with maturity of three (3) months or less as cash equivalent while investment with maturity of more than three (3) months is classified under the "Short-term investment" account in the statements of financial position.

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, due to related parties 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.

Derecognition of Financial Instruments

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.

Offsetting of Financial Instruments

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.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged 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.

Property and Equipment

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.

Software Costs

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.

Impairment of Non-financial Assets

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 remeasurements 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

Defined Contribution Plan

The Company maintains a defined contribution plan that covers all employees which was absorbed by the Company from Verizon effective October 1, 2023. Under the retirement plan, the Company provides a benefit equal to the sum of 100% of the Member's Employer Accumulated Value (ERAV) which represents the Company's contributions of 7% of monthly salary to fund A in the members' favor plus the corresponding investment earnings and losses (net of taxes and expenses) on such contributions. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

The Company, however, is covered under Republic Act (RA) No. 7641, *The Philippine Retirement Law*, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641. Accordingly, the Company accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses (excluding interest), are recognized immediately in OCI.

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

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

Defined Benefit Plan

For the employees of the Company not covered by the Define Contribution Plan, the Company complies with the requirement of R.A. 7641.

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.

Compensated Leave Credits

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 provisions for leave credits which is payable within 12 months from the reporting date as part of employee benefits under the "Accounts payable and other current liabilities" account in the statements of financial position. The noncurrent portion of leave encashment is included under the "Other noncurrent liabilities" account in the statement of financial position.

Income Taxes

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 assets 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. Short-term Investment

As at March 31, 2024 and 2023, short-term investment of the Company amounted to P197,120,000 and nil, respectively.

Short-term investment represents placements with a bank for more than three (3) and up to nine (9) months which earn interest based on prevailing market rates ranging from 2.4% to 3.5% as of March 31, 2024. There is no short-term investment as at March 31, 2023.

Interest income earned from short-term investment which is recognized as part of "Other income (expense) - net" in the statements of comprehensive income amounted to P9,813,180 and nil, respectively.

5. Trade and Other Receivables

	<i>Note</i>	2023	2023
Billed trade receivables:			
Related parties	11, 17	P791,241,270	P523,083,276
Third parties	17	373,332,014	339,208,000
Unbilled trade receivables:			
Related parties	11, 17	109,310,634	30,831,431
Third parties	17	88,261,376	98,066,466
Other receivables		23,488,697	17,492,125
		1,385,633,991	1,008,681,298
Less: Allowance for expected credit losses	17	17,490,579	20,657,276
		P1,368,143,412	P988,024,022

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:

	2024	2023
Beginning of the year	P20,657,276	P3,660,571
Provision (reversal) for expected credit losses	(3,166,697)	16,996,705
	P17,490,579	P20,657,276

During the year ended March 31, 2023, the Company has directly written off its long outstanding receivables amounting to P510,900 due to uncollectability. No outstanding receivables were written off during the year ended March 31, 2024.

6. Prepayments and Other Current Assets

	<i>Note</i>	2024	2023
Deferred contract costs - current portion	8, 13	P32,051,757	P32,902,201
Refundable deposits - current portion	15, 17	27,752,450	38,320,882
Prepaid insurance		26,640,762	22,943,354
Deferred input VAT - net		13,772,090	50,190,447
Financial lease receivables - current portion	8, 15	12,463,600	17,343,467
Others		18,274,239	43,582,971
		130,954,898	205,283,322
Allowance for impairment losses on input VAT and other current asset		20,091,633	78,437,584
		P110,863,265	P126,845,738

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.

Deferred input VAT pertains to input VAT to be recognized upon issuance of official receipts of the Company's suppliers less the output VAT to be recognized upon collection of the Company's receivables from its customers.

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).

Others pertain to prepaid taxes awaiting certificates, advances to suppliers and various prepayments.

A reconciliation of the allowance for impairment losses on deferred input VAT and other current asset are as follows:

	2024	2023
Balance at beginning of year	P78,437,584	P1,834,197
Impairment losses on other current assets	4,279,659	76,603,387
Write off	(62,625,610)	-
Balance at end of year	P20,091,633	P78,437,584

As at March 31, 2023, the Management determined that its deferred input VAT amounting to P48,356,250 and other current asset amounting to P28,247,137 are no longer recoverable, hence, provision amounting to P76,603,387 for both deferred input VAT and other current asset was recognized for the year ended March 31, 2023.

As at March 31, 2024, the Management assessed that its deferred input VAT and other current asset amounting to P62,625,610 which was previously provided with allowance, is no longer recoverable, hence, the Management has written off the same.

7. Property and Equipment

The movements in this account are as follows:

	Note	2024			Total
		Computers	Office Equipment	Leasehold Improvements	
Cost					
At April 1		P439,046,369	P21,389,147	P10,272,934	P470,708,450
Additions		74,322,853	36,691,725	56,478,343	167,492,921
Retirement		(319,923)	-	-	(319,923)
At March 31		513,049,299	58,080,872	66,751,277	637,881,448
Accumulated Depreciation and Amortization					
At April 1		251,779,799	17,950,531	7,149,837	276,880,167
Depreciation and amortization	14	79,487,032	3,699,413	3,153,456	86,339,901
Retirement		(91,888)	-	-	(91,888)
At March 31		331,174,943	21,649,944	10,303,293	363,128,180
Carrying Amount		P181,874,356	P36,430,928	P56,447,984	P274,753,268

	Note	2023			Total
		Computers	Office Equipment	Leasehold Improvements	
Cost					
At April 1		P314,649,199	P20,301,034	P7,659,302	P342,609,535
Additions		124,475,225	1,088,113	2,613,632	128,176,970
Retirement		(78,055)	-	-	(78,055)
At March 31		439,046,369	21,389,147	10,272,934	470,708,450
Accumulated Depreciation and Amortization					
At April 1		185,137,259	15,984,015	6,162,785	207,284,059
Depreciation and amortization	14	66,689,491	1,966,516	987,052	69,643,059
Retirement		(46,951)	-	-	(46,951)
At March 31		251,779,799	17,950,531	7,149,837	276,880,167
Carrying Amount		P187,266,570	P3,438,616	P3,123,097	P193,828,283

As at March 31, 2024 and 2023, the Company has fully amortized software licenses with cost and accumulated depreciation amounting to P3,417,344. These software licenses are still being used by the Company as at March 31, 2024 and 2023. Amortization for this software amounted to nil and P10,254 for the year ended March 31, 2024 and March 31, 2023, respectively.

8. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Deferred contract costs	5, 13	P48,848,073	P67,837,097
Refundable deposits - net of current portion	15, 17	37,027,932	24,899,965
Prepaid expenses		13,997,630	1,254,247
Finance lease receivable - net of current portion	15	7,829,397	17,343,192
Others		268,068	66,411
		P107,971,100	P111,400,912

Prepaid expenses pertain to payments made to the suppliers for goods and services which are expected to be utilized for more than twelve months.

9. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	2024	2023
Employee benefits	17	P295,489,293	P93,673,807
Due to related parties	11, 17	163,192,418	67,623,836
Accrued expenses	17	104,013,899	86,079,638
Accounts payable	17	82,326,060	91,900,573
Unearned revenue	11, 13	37,508,681	36,570,654
Other current liabilities		16,671,398	13,606,466
		P699,201,749	P389,454,974

Employee benefits pertain to accruals for leave encashment, retention and performance bonus, 13th month salary and provision for separated employees. Noncurrent portion of leave encashment is included under "Other noncurrent liabilities" account in the statement of financial position.

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

Section 42 of the Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of the paid-up capital, except under specified circumstances. As at March 31, 2024 and 2023, the Company's retained earnings (as adjusted per Securities Regulation Code Rule 68, as Amended) of P1,161,462,470 and P931,821,396, respectively, exceeded its paid-in capital of P271,770,705. There were no restrictions or appropriations for the remaining excess retained earnings as of March 31, 2024 and 2023.

Management plans to discuss the excess retained earnings as at March 31, 2024 in the next BOD meeting which is expected to be held in due course in the fiscal year 2024 to 2025.

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:

Related Party	Note	Amount/Volume		Outstanding Balance Receivable (Payable)		Terms and Conditions
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	
Ultimate Parent Company						
Revenue	a	P123,134,042	P274,203,770	P38,613,437	P164,856,137	Noninterest-bearing, unsecured; no impairment
Consultancy	b	80,468,764	150,260,779	(44,537,111)	(59,645,662)	Noninterest-bearing, unsecured
Under Common Control						
Revenue	a	874,055,956	683,231,008	181,094,112	77,560,549	Noninterest-bearing, unsecured; no impairment
Consultancy	b	7,581,394	28,348,489	(1,066,032)	(3,020,234)	Noninterest-bearing, unsecured
Other Affiliates						
Revenue	a	1,600,686,942	705,104,089	680,844,355	311,498,021	Noninterest-bearing, unsecured; no impairment
Consultancy	b	72,669,837	60,360,543	(117,589,275)	(4,957,940)	Noninterest-bearing, unsecured
Receivable				P900,551,904	P553,914,707	
Payable				(P163,192,418)	(P67,623,836)	

- 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. Compensation of key management personnel of the Companies consists of directors' fee amounting to P480,000 for the years ended March 31, 2024 and 2023.

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:

	2024	2023
Income before income tax	P260,594,674	P173,268,114
Income tax provision at statutory income tax rate	P65,148,669	P43,317,029
Additions to (reductions in) income tax resulting from income tax effects of:		
Nondeductible expense	3,223,099	19,589,716
Reversal of prior year provision	(91,230,631)	-
Effect of the difference between regular corporate income tax and GIT rates	(2,466,506)	(8,234,522)
Total income tax expense	(P25,325,369)	P54,672,223

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Effective July 1, 2020, the Company, has its corporate income tax lowered from 30% to 25% and MCIT rate is reduced from 2% to 1% until June 30, 2023. Starting July 1, 2023, MCIT rate is 2%.

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

2024	Net Balance at April 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at March 31
Accrued personnel expenses	P27,618,348	P26,793,740	P -	P54,412,088
Allowance for impairment losses on receivables	4,316,418	56,227	-	4,372,645
Provision for expenses	3,168,525	(2,388,639)	-	779,886
Unrealized foreign exchange loss (gain)	702,139	(1,158,981)	-	(456,842)
Leases	(53,640)	2,330,890	-	2,277,250
Retirement benefit liability	(5,766,164)	5,248,488	2,195,075	1,677,399
Deferred revenue - net	(17,843,348)	24,235,254	-	6,391,906
Deferred tax assets - net	P12,142,278	P55,116,979	P2,195,075	P69,454,332

2023	Net Balance at April 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at March 31
Accrued personnel expenses	P19,866,056	P7,752,292	P -	P27,618,348
Deferred revenue - net	915,143	3,401,275	-	4,316,418
Leases	1,089,513	2,079,012	-	3,168,525
Retirement benefit liability	(387,136)	1,089,275	-	702,139
Provision for expenses	5,075,524	(5,129,164)	-	(53,640)
Allowance for impairment losses on receivables	5,374,471	(4,338,176)	(6,802,459)	(5,766,164)
Unrealized foreign exchange loss (gain)	6,914,387	(24,757,735)	-	(17,843,348)
Deferred tax assets - net	P38,847,958	(P19,903,221)	(P6,802,459)	P12,142,278

Deferred tax assets - net as at March 31, 2024 and 2023 are estimated to be settled as follows:

	2024	2023
To be settled within 12 months	P54,735,132	P9,176,715
To be settled after more than 12 months	14,719,200	2,965,563
	P69,454,332	P12,142,278

As at March 31, 2024, the Company reversed the tax provision amounting to P95,091,190, previously recognized under the "Income tax payable" account in the statements of financial position as of March 31, 2023. The provision covering the previous taxable years was reversed due to the payment of prior year income tax and the prescription of the period over which the BIR can conduct tax audit for such taxable years. Out of the P95,091,190 reversal, P3,860,559 was paid for the prior year income tax.

13. Revenue

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

	2023	2022
Types of Services		
Software development services	P2,136,511,544	P1,327,634,896
Business process outsourcing (BPO)	1,392,901,185	1,370,210,932
Total revenue from contracts with customers	P3,529,412,729	P2,697,845,828

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.

	2024	2023
Types of Revenue Recognition		
Fixed price contract (over time)	P2,373,830,643	P1,913,706,404
Time-and-material (point in time)	1,155,582,088	784,139,424
Total revenue from contracts with customers	P3,529,412,729	P2,697,845,828

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

	Note	2024	2023
Unbilled receivable	5	P197,572,010	P128,897,897
Unearned revenue	9	57,992,628	77,465,169
Deferred contract cost	6, 8	80,899,830	100,739,298

14. Cost of Services

	Note	2024	2023
Personnel costs		P2,500,536,745	P1,626,280,398
Amortization of ROU assets	3, 15	195,323,204	131,029,737
Consultancy fee	11	159,489,815	242,522,004
Depreciation and amortization	6, 7	86,339,901	69,653,313
Repairs and maintenance		45,297,297	22,826,133
Communication		38,600,881	34,479,930
Utilities		28,137,160	10,078,314
Travel		14,164,354	27,421,952
Recruitment and training		1,667,566	23,558,623
Others		64,094,838	88,106,904
		P3,133,651,761	P2,275,957,308

Details of personnel costs follow:

	2024	2023
Salaries and wages	P1,826,156,852	P1,036,989,799
Benefits	349,393,605	307,645,110
Bonuses	191,180,534	69,440,480
13 th month	122,353,291	87,369,029
Others	11,452,463	124,835,980
	P2,500,536,745	P1,626,280,398

15. Leases

Short term Leases

Short term leases are the Company's leases of stores whose 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:

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.

On June 1, 2023, the Company renewed the lease agreement for another three years starting from June 1, 2023 and terminating on May 31, 2026. Escalation of five percent (5%) per year is effective starting June 1, 2024.

Science Hub Tower 4, Taguig City (6th Floor)

In April 2014, the Company entered into a lease 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.

On March 1, 2024, the Company renewed the lease agreement for another three years starting from March 1, 2024 and terminating on February 28, 2027. Escalation of five percent (5%) per year is effective starting June 1, March 1, 2024.

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 pertaining to this lease amounted to P9,650,660.

The lease is for a period of 24 months starting September 1, 2022 and terminating on August 31, 2024 renewable subject to mutual agreement between the parties.

One World Square, McKinley Hill, Taguig (7th Floor)

On October 17, 2022, the Company entered into another lease agreement covering certain office equipment and facilities. The lease is for a period of 36 months starting October 17, 2022 and terminating on November 16, 2025 renewable subject to mutual agreement between the parties and Security deposit for the same of PHP 11,469,252 has been paid to the lessor.

Science Hub Tower 3, Taguig City (7th and 8th Floor)

In 2023, the Company entered into another lease agreement covering certain office facilities. The lease is for a period of 60 months starting October 1, 2023 and terminating September 30, 2028. The lease 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. 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 October 1, 2024.

The total security deposits is presented as part of “Prepayments and other current assets” and “Refundable deposits” in the statements of financial position amounted to 64,780,382 and P63,220,847 as at March 31, 2024 and 2023, respectively (see Notes 6 and 8).

ROU Assets

The movements as at March 31, 2024 and 2023 are as follows:

	Note	2024	2023
Balance at April 1		P203,620,739	P125,278,792
Addition		446,669,354	209,371,684
Amortization	14	(195,323,204)	(131,029,737)
Balance at March 31		P454,966,889	P203,620,739

Lease Liabilities

The movements in lease liabilities as at March 31, 2024 and 2023 are as follows:

	2024	2023
Balance at the beginning	P204,206,122	P152,091,168
Accretion of interest expense	31,529,415	14,356,847
Addition	430,625,089	206,890,358
Repayments (including interest)	(201,120,555)	(169,132,251)
Net carrying value	465,240,071	204,206,122
Current portion	156,947,506	116,366,577
Noncurrent portion	P308,292,565	P87,839,545

	2024	2023
Maturity Analysis - Contractual Undiscounted Cash Flows		
Less than one year	P216,301,680	P127,236,501
One to five years	444,366,424	92,370,302
Total undiscounted lease liabilities at March 31	660,668,104	219,606,803
Imputed Interest	(195,428,033)	(15,400,681)
Lease Liabilities Balance as at March 31	P465,240,071	P204,206,122

Company as a Lessor

The Company also entered into various agreements for the lease of laptops and computers. The lease term generally ranges from three (3) years to five (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:

	2024	2023
Maturity Analysis - Contractual		
Undiscounted Cash Flows		
Not more than one year	P13,110,514	P17,763,023
One to five years	8,026,197	17,600,996
Total undiscounted lease receivables	21,136,711	35,364,019
Unearned interest income	(843,714)	(677,360)
Finance lease receivables	P20,292,997	P34,686,659

16. Retirement Benefits

The Company has both defined contribution plan and defined benefit plan. The Company's latest actuarial valuation dated March 31, 2024. Valuations are obtained on an annual basis.

The Company's ultimate parent company has signed a deal with Verizon Sourcing LLC for providing managed network services (MNS) for the Verizon global enterprise customers. To execute the responsibilities at the enterprise level, a select group of Verizon employees are transitioned to the ultimate parent company and its affiliate entities depending upon their country of employment. The Company is one of the affiliate entities where employees were transitioned as part of agreement. As a result of the transition, Verizon transferred the contributions amounting to P90,231,542 of which P62,062,856 was transferred to the Fund A of the Company representing the employer contribution and P28,168,686 which was transferred to the Fund B of the Company representing the employee contribution.

As discussed in Note 3, the Company accounts for the defined contribution plan as a defined benefit plan with a minimum guarantee under RA No. 7641.

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components as at and for the years ended March 31, 2024 and 2023:

	2024	2023
Beginning of the year	P2,579,461	P24,437,672
Current service cost	892,050	9,823,254
Interest expense	169,213	1,370,953
Actuarial loss (gain)	6,132,396	(33,052,418)
End of the year	P9,773,120	P2,579,461

Total retirement expense amounted to P29,493,025 for the year ended March 31, 2024 consisting of retirement expense from defined contribution plan amounting to P28,421,762 and defined benefit plan amounting to P1,061,263.

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

	2024	2023
Discount rate	6.26%	6.56%
Salary increase rate	6.00%	5.00%
Average expected remaining working life in years	26.4	27.3

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.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

The weighted average duration of the defined benefit obligation is 7.0 years and 4.0 years as at March 31, 2024 and 2023, respectively.

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

	2024	2023
More than 1 year to 5 years	P12,023,180	P3,740,800
More than 5 years to 10 years	11,698,259	2,512,484

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

	Increase (Decrease) on Defined Benefit Obligation		
	Changes in Assumption	Increase in Assumption	Decrease in Assumption
2024			
Discount rate	1.00%	(P984,441)	P839,191
Salary increase rate	1.00%	969,834	(846,718)
2023			
Discount rate	1.00%	(109,160)	99,303
Salary increase rate	1.00%	109,754	(101,635)

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.

The Company is not required to pre-fund the future defined benefits payable under the retirement fund before they become due. For this reason, the amount and timing of contributions to the retirement fund are at the Company's discretion. However, in the event a benefit claim arises, the Company will be liable to pay its employees.

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\$). 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, 2024 and 2023 are as follows:

2024			
	Amount in		
	Currency	Foreign Currency	Peso Equivalent
Cash in banks	US\$	2,391,660	P134,698,300
Short term investment	US\$	3,500,000	197,120,000
Receivables	US\$	16,132,428	908,578,342
			P1,240,396,642

2023			
	Amount in		
	Currency	Foreign Currency	Peso Equivalent
Cash in banks	US\$	6,505,478	P353,702,839
Receivables	US\$	13,231,061	719,372,787
			P1,073,075,626

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	2024	2023
US\$	P56.32	P54.37

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, 2024		
Currency	Change in Rate	Effect on Income before Income Tax Increase (Decrease)
US\$	4%	P49,615,866
	(4%)	(49,615,866)

March 31, 2023		
Currency	Change in Rate	Effect on Income before Income Tax Increase (Decrease)
US\$	5%	P53,653,781
	(5%)	(53,653,781)

Credit Risk. Majority of the Company's trade receivables are with related parties. The Company's credit risk is concentrated on its trade receivables from related parties covering 74% and 62% of the total trade receivables as at March 31, 2024 and 2023, respectively.

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly of cash in banks, short term investment 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, 2024 and 2023. These financial assets are not supported by collateral from the counterparties.

The following table shows an ageing analysis of the Company's financial assets as of March 31, 2024 and 2023:

	2024						Total
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired Financial Assets	
		31 - 60 Days	61 - 90 Days	91 - 120 Days	>121 Days		
Cash in banks	P264,487,404	P -	P -	P -	P -	P -	P264,487,404
Short term investment	197,120,000	-	-	-	-	-	197,120,000
Trade receivables	1,055,361,342	72,724,188	69,393,573	14,688,320	149,977,871	(17,490,579)	1,344,654,715
Finance lease receivables	20,292,997	-	-	-	-	-	20,292,997
Refundable deposits	340,722	-	-	187,045	64,252,616	-	64,780,383
	P1,537,602,465	P72,724,188	P69,393,573	P14,875,365	P214,230,487	(P17,490,579)	P1,891,335,499

	2023						Total
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired Financial Assets	
		31 - 60 Days	61 - 90 Days	91 - 120 Days	>121 Days		
Cash in banks	P395,284,237	P -	P -	P -	P -	P -	P395,284,237
Trade receivables	711,097,370	70,429,461	56,207,140	48,048,865	105,406,337	(20,657,276)	970,531,897
Finance lease receivables	34,686,659	-	-	-	-	-	34,686,659
Refundable deposits	17,417,267	-	9,520,830	-	36,282,750	-	63,220,847
	P1,158,485,533	P70,429,461	P65,727,970	P48,048,865	P141,689,087	(P20,657,276)	P1,463,723,640

Expected Credit Loss

Cash in Banks and Short term investments

Impairment on cash in banks and short term investments 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 and short term investments 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, 2024 and 2023.

2024	Weighted-average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit-impaired
Current	0.00%	P1,055,361,342	P -	No
31 to 60 days past due	0.00%	72,724,188	-	No
Over 61 days past due	9.85%	234,059,764	17,490,579	Yes
		P1,362,145,294	P17,490,579	

2023	Weighted-average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit-impaired
Current	0.00%	P711,097,370	P -	No
31 to 60 days past due	0.00%	70,429,461	-	No
Over 61 days past due	9.85%	209,662,342	20,657,276	Yes
		P991,189,173	P20,657,276	

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:

	2024		
	High Grade	Standard Grade	Total
Current Assets			
Cash in banks	P264,487,404	P -	P264,487,404
Short term investment	197,120,000	-	197,120,000
Receivables - trade	-	1,344,654,715	1,344,654,715
Finance lease receivables	20,292,997	-	20,292,997
Refundable deposit	-	62,384,543	62,384,543
Total	P481,900,401	P1,407,039,258	P1,888,939,659

	2023		
	High Grade	Standard Grade	Total
Current Assets			
Cash in banks	P395,284,237	P -	P395,284,237
Receivables - trade	-	970,531,897	970,531,897
Finance lease receivables	34,686,659	-	34,686,659
Refundable deposit	-	63,220,847	63,220,847
Total	P429,970,896	P1,033,752,744	P1,463,723,640

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 and short-term investment 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, 2024			
	On Demand	Less than One Year	Over One Year	Total
Financial Liabilities				
Accounts payable and other liabilities:				
Trade	P -	P81,724,953	P601,107	P82,326,060
Accrued expenses	-	414,418,876	31,813,238	446,232,114
Due to related parties	-	163,033,069	159,349	163,192,418
Lease liabilities	-	156,947,505	308,292,564	465,240,069
	P -	P816,124,403	P340,866,258	P1,156,990,661

	March 31, 2023			
	On Demand	Less than One Year	Over One Year	Total
Financial Liabilities				
Accounts payable and other liabilities:				
Trade	P -	P91,534,859	P365,714	P91,900,573
Accrued expenses	-	136,948,704	89,764,480	226,713,184
Due to related parties	-	67,623,836	-	67,623,836
Lease liabilities	-	116,366,577	87,839,545	204,206,122
	P -	P412,473,976	P177,969,739	P590,443,715

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 2024 and 2023.

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, short term investment, 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 its 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 2024 and 2023.

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. 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, 2024:

A. VAT

	Amount
1. Output VAT	P48,567,610
Basis of the Output VAT:	
Vatable receipts	P404,730,087
Exempt receipts	-
Zero rated receipts	2,654,492,073
Total	P3,059,222,160
2. Input VAT	
Beginning of the year	P6,403,852
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	-
b. Goods other than for resale or manufacture	935,610
c. Services lodged under other accounts	35,821,685
d. Capital goods	1,226,467
e. Importation of goods other than capital goods	-
Adjustments, actual payment and output VAT applied	(42,054,692)
Balance at the end of the year	P2,332,922

B. Withholding Taxes

	Amount
Tax on compensation	P211,679,787
Expanded withholding taxes	15,532,481
Final withholding taxes	2,767,172
	P229,979,440

C. All Other Taxes (Local and National)

	Amount
<i>Other taxes paid during the year recognized as "Taxes and licenses" account under Expenses</i>	
Business tax	P5,747,791

D. Tax Assessments and Tax Cases

In 2023, the Company received BIR's Letter of Authority (LOA) for taxable year 2020 for all internal revenue taxes and for taxable year 2022 for VAT. The Company settled the FY2019-2020 audit for all internal revenue taxes amounting to P15,006,656 inclusive of interest and penalties.

Information on amounts of custom duties, tariff fees and excise taxes is not applicable since there are no transactions that the Company would be subjected to these taxes in 2023.

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF MARCH 31, 2024 AND 2023**

HCL TECHNOLOGIES PHILIPPINES, INC.

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

Unappropriated Retained Earnings, beginning of the reporting period		P931,821,396
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others	-	
Unappropriated Retained Earnings, as adjusted		931,821,396
Add/Less: Net Income (loss) for the current year		285,920,043
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(1,742,984)	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		(1,742,984)

Forward

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized foreign exchange gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	P -
Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted Net Income/Loss	284,177,059
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-

Forward

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	P -	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	52,205,095	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	2,330,890	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	
Sub-total		(54,535,985)
Total Retained Earnings, end of the reporting period available for dividend		P1,161,462,470