

Allsectech Manila Inc.  
**Balance Sheet as at March 31, 2019**  
*(All amounts are in PHP, unless otherwise stated)*

	Schedules	As at March 31, 2019	As at March 31, 2018
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	1	81,250,000	81,250,000
Reserves and surplus	2	263,239,693	84,378,566
		<b>344,489,693</b>	<b>135,628,566</b>
<b>Current liabilities</b>			
Sundry creditors - Others	3	8,844,523	9,420,531
Sundry creditors - Non Trade	3	247,470	214,404
Accrued salaries and benefits	3	3,495,696	3,046,322
Provision for taxation	3	9,965,698	1,740,506
Other liabilities	3	7,065,673	11,449,564
		<b>29,619,060</b>	<b>25,871,327</b>
<b>Total</b>		<b>374,108,753</b>	<b>161,499,893</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	4	12,489,599	10,850,064
Other non-current assets	5	9,935,207	-
		<b>22,424,806</b>	<b>10,850,064</b>
<b>Current assets</b>			
Cash and bank balances	7	233,738,642	72,094,345
Trade receivables	6	113,661,469	66,182,907
Short-term loans and advances	8	3,184,875	11,197,826
Prepayments and other current assets	9	1,098,961	1,174,751
		<b>351,683,947</b>	<b>150,649,829</b>
<b>Total</b>		<b>374,108,753</b>	<b>161,499,893</b>

As per our Report of even date

For Allsectech Manila Inc.

  
**ENRICO T. PIZARRO**  
 Partner, ETP and ASSOCIATES CO.  
 CPA Certificate No. 0097067

  
**DENNIS T. ESTAVILLO**  
 Senior Manager - Finance  
 Allsectech Manila, Inc.

Place: Manila, Philippines

Date: May 2, 2019

Allsectech Manila Inc.  
Schedules to the Financial Statements  
(Amounts in PHP)

	As at March 31, 2019	As at March 31, 2018
<b>1 Share capital</b>		
Capital Stocks - Common	81,250,000	81,250,000
	<u>81,250,000</u>	<u>81,250,000</u>
<b>2 Reserves and surplus</b>		
Reserves and surplus (Deficit)	48,949,358	(61,916,963)
Profit for the period	214,290,335	116,295,529
Net reserves and surplus in the statement of profit and loss	<u>263,239,693</u>	<u>54,378,566</u>
<b>3 Current liabilities</b>		
Sundry creditors - Non trade	247,470	214,404
Sundry creditors - Others	8,844,523	9,420,531
Accrued salaries and benefits	3,495,696	3,046,322
Provision for taxation	9,965,698	1,740,506
Other liabilities	7,065,673	11,449,564
	<u>29,619,060</u>	<u>25,871,327</u>
<b>4 Tangible Assets</b>		
Property, plant and equipment	147,906,544	139,926,234
Accumulated depreciation	(135,416,945)	(129,076,170)
	<u>12,489,599</u>	<u>10,850,064</u>
<b>5 Other non-current assets</b>		
Other financial assets - non current	9,935,207	-

Allsectech Manila Inc.  
Schedules to the Financial Statements  
(Amounts in PHP)

	As at March 31, 2019	As at March 31, 2018
<b>6 Current trade receivable (unsecured)</b>		
Considered good	113,661,469	66,182,907
	<u>113,661,469</u>	<u>66,182,907</u>
<b>7 Cash and bank balances</b>		
Cash on hand	12,500	10,000
Balance with banks - in current accounts	233,726,142	72,084,345
	<u>233,738,642</u>	<u>72,094,345</u>
<b>8 Short-term loans and advances (Unsecured, considered good unless stated otherwise)</b>		
Advances recoverable in cash or in kind or for value to be received	295,748	339,315
Loan to subsidiary	2,889,127	2,162,330
Deposits	-	8,696,181
	<u>3,184,875</u>	<u>11,197,826</u>
<b>9 Prepayments and other current assets</b>		
Prepayments and other current assets	1,098,961	1,174,751
	<u>1,098,961</u>	<u>1,174,751</u>

  
**ENRICEL PIZARRO**  
Partner, ETP and ASSOCIATES CO.  
CPA Certificate No. 0097067

Place: Manila, Philippines  
Date: May 2, 2019

  
**DENNIS ESTAVILLO**  
Senior Manager - Finance  
Allsectech Manila, Inc.

**Allsectech Manila Inc.**  
**Statement of profit and loss**  
*(All amounts are PHP, unless otherwise stated)*

Schedules	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Income</b>		
Revenue from operations(net)	663,783,158	421,627,075
Other income 10	51,174	10,584,188
<b>Total revenue (I)</b>	<b>663,834,332</b>	<b>432,211,263</b>
<b>Expenses</b>		
Employee cost and benefits 11	294,187,318	199,479,371
Other expenses 12	131,699,771	99,641,476
<b>Total (II)</b>	<b>425,887,089</b>	<b>299,120,847</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>	<b>237,947,243</b>	<b>133,090,416</b>
Finance costs 13	144,338	4,455,176
Depreciation and amortization expense	6,340,774	3,087,306
<b>Profit before tax</b>	<b>231,462,131</b>	<b>125,547,934</b>
<b>Provision for taxation</b>		
Current tax	17,171,796	9,252,405
<b>Profit for the year</b>	<b>214,290,335</b>	<b>116,295,529</b>

As per our Report of even date

For Allsectech Manila Inc.

  
**ENRICO F. PIZARRO**  
 Partner, ETP and ASSOCIATES CO.  
 CPA Certificate No. 0097067

  
**DENNIS R. ESTAVILLO**  
 Senior Manager - Finance  
 Allsectech Manila, Inc.

Place: Manila, Philippines  
 Date: May 2, 2019

**Allsectech Manila Inc.**  
**Schedules to the Financial Statements**  
*(Amounts in PHP)*

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>10 Other income</b>		
Rental income	-	8,011,709
Interest	304,697	170,687
Other income (loss)	(253,523)	2,401,792
	<b>51,174</b>	<b>10,584,188</b>
<b>11 Employer costs and benefits</b>		
Salaries, wages and allowances	270,556,225	182,903,038
Recruitment and training	14,907,577	10,681,674
Staff welfare	8,723,516	5,894,659
	<b>294,187,318</b>	<b>199,479,371</b>
<b>12 Other expenses</b>		
Rent and amenities	28,876,531	27,772,984
Electricity	12,495,389	12,185,171
Repairs and maintenance		
- Plant and machinery	4,865,856	3,822,213
- Others	3,666,661	3,216,551
Travel and conveyance	12,608,163	8,285,099
Telephone	4,591,131	4,021,721
Professional and consultancy charges	7,705,333	3,343,028
Rates and taxes	2,033,533	667,314
Management and professional fee	47,533,219	31,541,897
Other selling expenses	1,965,213	1,443,692
Insurance	468,073	256,528
Miscellaneous expenses	4,890,669	3,085,278
	<b>131,699,771</b>	<b>99,641,476</b>
<b>13 Finance costs</b>		
Bank charges	144,338	119,541
Interest - others	-	4,335,635
	<b>144,338</b>	<b>4,455,176</b>

  
**ENRICO T. PIZARRO**  
 Partner, EIP and ASSOCIATES CO.  
 CPA Certificate No. 0097067

Place: Manila, Philippines  
 Date: May 2, 2019

  
**DENNIS A. ESTAVILLO**  
 Senior Manager - Finance  
 Allsectech Manila, Inc.



Allsectech Manila, Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

*(All amounts are in Philippine Peso, unless otherwise stated)*

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## **1. Corporate information**

Allsectech Manila, Inc. (the "Company") is primarily engaged in the business of business process outsourcing including contact center operations. It is also engaged in trading information technology related goods and services on wholesale or retail basis. Goods such as computer equipment, software and operating systems, services such as programming, consultation, systems and administration and deployment, managing information services, creating consumer software applications, building enterprise applications, integrating independent solutions, and data warehousing.

On October 3, 2007, all of the Company's equity holders signed a share purchase agreement with Allsec Technologies, Ltd., (the "Parent"), a foreign Company, thereby transferring all their respective shares to the latter. Accordingly, the Company's management has changed.

The Company is a wholly-owned subsidiary of Allsec Technologies, Ltd. (the "Parent Company"), a publicly-listed Company based in Chennai, India. It is an integrated contact third party management services center which offers both voice and non-voice services.

The Company's principal address is 3/F Market Market, Bonifacio Global City Taguig City, Metro Manila.

## **2. Basis of preparation**

The Financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statement has been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for those changes as explained below.

## **2.1 Summary of significant accounting policies**

### **(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### **(b) Tangible fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



**(c) Depreciation on tangible fixed assets**

Depreciation is provided using straight-line method over its estimated useful life of three years for computers and IT Equipment, three years for furniture and fixtures and over the primary term of the lease, for leasehold improvements. Minor repairs and maintenance are expensed as incurred.

Asset Description	Useful life
Computer and IT Equipment	3-5 years
Office Furniture, Fixtures and Equipment	3-5 years
Leasehold improvements	5 years

**(d) Intangible assets**

The Company has no intangible asset as at March 31, 2019.

**(e) Leases**

The Company has not entered into any finance lease agreement during the quarter ended March 31, 2019.

**(f) Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

The carrying amount of goodwill arising on consolidation is reviewed for impairment in accordance with the requirements of Accounting Standard 28 "Impairment of Assets" and impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

**(g) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized as services are performed in accordance with the specific terms of the contract with the customer. Unbilled revenue represents accrual of income relating to services provided but not billed as at the year end.

**(h) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(i) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

**(j) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short- term investments with an original maturity of three months or less.

**3. Leases**

Operating leases

*Operating Lease Commitments - Company as Lessor.* The Company has entered into property leases. The Company has determined that the significant risks and rewards of ownership of this property are not transferred to the lessees under the operating lease arrangement. Accordingly, the lease arrangement is considered as operating lease.

Rent income from operating leases amounted to nil and P 8,011,709 as at March 31, 2019 and 2018, respectively.

*Operating Leases - Company as Lessee.* The Company has entered into various lease agreements as a lessee. The Company has determined that the lessor retains all significant risks and benefits of ownership of these properties, which are leased out under operating lease arrangements. Accordingly, these leases are accounted for as operating leases.

Rent expense amounted to P 23,213,112 and P 22,205,486 as at March 31, 2019 and 2018, respectively.



**4. Income Taxes**

The Company is a registered with the Philippine Economic Zone Authority (PEZA). Under Section 24 of Republic Act No. 7916, no national and local taxes shall be imposed on registered business enterprises within the Economic Zone (ECOZONE). In lieu of the said taxes, a five percent (5%) tax on gross income shall be paid by all registered business enterprises within the economic zone and shall be directly remitted as follows: three percent (3%) to the National Government, one percent (1%) to the local government units affected by the declaration of the ECOZONE in proportion to their population, land area, and equal sharing factors; and one percent (1%) for the establishment of a development fund to be utilized for the development of municipalities outside and contiguous to each ECOZONE. However, the Company has noted the Letter of Authority issued by Philippine Economic Zone Authority dated January 15, 2019, of which the income shall be subject to regular corporate income tax (RCIT) rate of 30%.

*Income Tax under Preferential Rate of 5%*

	<u>March 31, 2019</u>
Annual revenue	P 609,931,860
Less: Cost of service	<u>304,315,305</u>
Taxable income	<b>P 305,616,555</b>
Income tax due to BIR (3% of taxable income)	P 9,168,497
Less: Creditable withholding tax	40
Income tax payments	<u>6,478,875</u>
Income tax due to BIR	<b>P 2,689,582</b>
Share of other government agencies (2% of taxable income)	P 6,112,331
Less: Income tax payments	<u>4,319,277</u>
Income tax due to other government agencies	<b>P 1,793,054</b>
Total income tax payable	P 15,280,828
Less: Creditable withholding tax	40
Income tax payments	<u>10,798,152</u>
Income tax payable under preferential rate	<b>P 4,482,636</b>

Allsectech Manila, Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts are in Philippine Peso, unless otherwise stated)

*Income Tax under Regular Corporate Income Tax (RCIT) Rate of 30%*

	<u>March 31, 2019</u>
Annual revenue	P 53,836,446
Less: Cost of services	<u>47,533,219</u>
Taxable income	<u>6,303,227</u>
Income tax payable under RCIT rate	<u>P 1,890,968</u>
Income Tax under Preferential Rate of 5%	P 4,482,636
Income Tax under RCIT Rate of 30%	1,890,968
Income Tax Payable from 2016 to 2018	<u>3,592,094</u>
<b>Total Income Tax Payable</b>	<u><b>P 9,965,698</b></u>

5. Related party disclosures

	<u>Amount of Transactions</u>		<u>Outstanding Balances</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Due from related parties</b>				
A/R from Affiliates	P 17,052,615	P -	P 17,052,615	P -
Advances to affiliates	<u>726,797</u>	<u>175,432</u>	<u>2,889,127</u>	<u>2,162,330</u>
	<u>17,779,412</u>	<u>175,432</u>	<u>19,941,742</u>	<u>2,162,330</u>
<b>Due to related parties</b>				
Due to Allsec Technologies India	<u>( 5,477,540)</u>	<u>2,084,309</u>	<u>2,860,882</u>	<u>8,338,422</u>
<b>Due from (to) related parties</b>	<u>P 23,256,952</u>	<u>(P 1,908,877)</u>	<u>P 17,080,860</u>	<u>(P 6,176,092)</u>



Allsectech Manila, Inc.

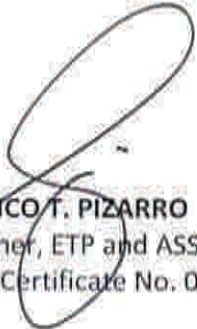
Notes to consolidated financial statements for the year ended March 31, 2019

*(All amounts are in Philippine Peso, unless otherwise stated)*

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**6. Contingencies and commitments**

The Company is not a defendant in any law suit as at March 31, 2019. Therefore, no provisions and/or contingencies are reported in the financial statements.



**ENRICO T. PIZARRO**  
Partner, ETP and ASSOCIATES CO.  
CPA Certificate No. 0097067

Place: Manila, Philippines  
Date: May 2, 2019



**DENNIS T. ESTAVILLO**  
Senior Manager - Finance  
Allsectech Manila, Inc.