etp AND ASSOCIATES CO.
Unit 1712, Cityland Herrera Tower, V.A. Rufino, cor. Valero St., Brgy.
Bel-air, Salcedo Village Makati City

INDEPENDENT AUDITOR'S REPORT

To,

Walker Chandiok & Co LLP, India
Attention Mr. Sumesh ES

REPORT ON SPECIAL PURPOSE FINANCIAL STATEMENTS

Opinion

We have performed a full scope engagement for the purpose of your audit of the Group Financial Statements of **Allsec Technologies Limited,** on the Special Purpose Financial Statements as of the year ended March 31, 2018**,** and for the year ended March 31, 2018. The special purpose financial statements have been prepared solely to enable the Company to prepare its Group Financial Statements.

In our opinion, the Special Purpose Financial Statements of the Component as at and for the period ended March 31, 2018, and for the year then ended have been prepared in all material respect, in accordance with the policies and instructions contained in the Group Accounting Policies.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the special purpose financial statements in accordance with policies and instructions contained in the Group Accounting Policies, 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 special purpose financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 special purpose financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose 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 the accounting policies used and the reasonableness of accounting estimates of the Company's internal control.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose 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 findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on use and distribution

The special purpose financial statements of the component have been prepared, on the basis of providing information to the Company to enable it to prepare the group Special Purpose Financial Statements. As a result, the Special Purpose Financial Statements are not a complete set of Financial Statements in accordance with International Financial Reporting Framework underlying the Company's accounting policies and are not intended to present fairly, in all material aspects (or to give a true and fair view of) the financial position as at March 31, 2018 and of its financial performance and cash flows for the Audit Period then ended in accordance with the financial reporting framework underlying the Company's accounting policies. The Special purpose financial statements may therefore, not suitable for other purpose.

This full scope conclusion is solely for your information and use in conjunction with the audit of the Group Special Purpose Financial Statements and should not be used by (or distributed to) other parties.

ENRICO T. PIZARRO

Partner
CPA Certificate No. 0097067
Tax Identification No. 201-775-899-000
PTR No. 6699061
Issued on February 12, 2018 at Makati City
BIR Accreditation No. 08-004163-001-2017
Valid until April 7, 2020
Firm's BIR Accreditation No. 08-006417-000-2016
Valid until March 18, 2019
Firm's BOA Accreditation No. 6003;
Valid until January 11, 2021

April 30, 2018

Allsectech Manila Inc.
Balance Sheet as at March 31, 2018
(All amounts are in PHP, unless otherwise stated)

	Schedules	As at March 31, 2018	As at March 31, 2017
Equity and liabilities			
Shareholders' funds			
Share capital	1	81,250,000	128,348,421
Reserves and surplus	2	54,378,566	(61,916,964)
		135,628,566	**66,431,457**
Current liabilities			
Sundry creditors - Others	3	9,420,531	13,455,990
Sundry creditors - Non Trade	3	214,404	7,911,368
Accrued salaries and benefits	3	3,046,322	2,141,822
Provision for taxation	3	1,740,506	1,788,763
Other liabilities	3	11,449,564	3,875,663
		25,871,327	**29,173,606**
Total		**161,499,893**	**95,605,063**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	4	10,850,064	4,919,749
		10,850,064	**4,919,749**
Current assets			
Cash and bank balances	6	72,094,345	43,835,610
Trade receivables	5	66,182,907	35,867,860
Short-term loans and advances	7	11,197,826	10,319,405
Prepayments and other current assets	8	1,174,751	662,439
		150,649,829	**90,685,314**
Total		**161,499,893**	**95,605,063**

As per our Report of even date

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

Place: Manila, Phillipines
Date: April 30, 2018

For Allsectech Manila Inc.

DENNIS T. 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, 2018	For the year ended March 31, 2017
Income			
Revenue from operations(net)		421,627,075	219,815,161
Other income	9	10,584,188	13,985,296
Total revenue (I)		**432,211,263**	**233,800,457**
Expenses			
Employee cost and benefits	10	199,479,371	118,946,673
Other expenses	11	99,641,476	54,960,414
Total (II)		**299,120,847**	**173,907,087**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		**133,090,416**	**59,893,370**
Finance costs	12	4,455,176	2,681,756
Depreciation and amortization expense		3,087,306	1,477,836
Profit before tax		**125,547,934**	**55,733,778**
Provision for taxation			
Current tax		9,252,405	4,798,889
Profit for the year		**116,295,529**	**50,934,888**

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, Phillipines
Date: April 30, 2018

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

		As at March 31, 2018	As at March 31, 2017
1	**Share capital**		
	Capital Stocks - Common	81,250,000	81,250,000
	Capital Stocks - Preferred	-	47,098,421
		81,250,000	**128,348,421**
2	**Reserves and surplus**		
	Deficit	(61,916,963)	(112,851,852)
	Profit(loss) for the period	116,295,529	50,934,888
	Net deficit in the statement of profit and loss	**54,378,566**	**(61,916,964)**
3	**Current liabilities**		
	Sundry creditors - Non trade	214,404	7,911,368
	Sundry creditors - Others	9,420,531	13,455,990
	Accrued salaries and benefits	3,046,322	2,141,822
	Provision for taxation	1,740,506	1,788,763
	Other liabilities	11,449,564	3,875,663
		25,871,327	**29,173,606**
4	**Tangible Assets**		
	Property, plant and equipment	139,926,234	130,908,613
	Accumulated depreciation	(129,076,170)	(125,988,864)
		10,850,064	**4,919,749**

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

		As at March 31, 2018	As at March 31, 2017
5	**Current trade receivable (unsecured)**		
	Considered good	66,182,907	35,867,860
		66,182,907	**35,867,860**
6	**Cash and bank balances**		
	Cash on hand	10,000	7,500
	Balance with banks		
	- in current accounts	72,084,345	43,828,110
		72,094,345	**43,835,610**
7	**Short-term loans and advances (Unsecured, considered good unless stated otherwise)**		
	Advances recoverable in cash or in kind or for value to be received	339,315	111,942
	Loan to subsidiary	2,162,330	1,501,782
	Deposits	8,696,181	8,705,681
		11,197,826	**10,319,405**
8	**Prepayments and other current assets**		
	Prepayments and other current assets	1,174,751	662,439
		1,174,751	**662,439**

ENRICO T. PIZARRO
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Date: April 30, 2018

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Allsectech Manila, Inc.

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

		For the year ended March 31, 2018	For the year ended March 31, 2017
9	**Other income**		
	Rental income	8,011,709	10,307,039
	Interest	170,687	90,424
	Other income	2,401,792	3,587,833
		10,584,188	**13,985,296**
10	**Employee costs and benefits**		
	Salaries, wages and allowances	182,903,038	108,528,224
	Recruitment and training	10,681,674	6,611,345
	Staff welfare	5,894,659	3,807,104
		199,479,371	**118,946,673**
11	**Other expenses**		
	Rent and amenities	27,772,984	28,545,393
	Electricity	12,185,171	9,615,596
	Repairs and maintenance		
	- Plant and machinery	3,822,213	2,466,905
	- Others	3,216,551	2,914,669
	Travel and conveyance	8,285,099	3,509,039
	Telephone	4,021,721	2,724,735
	Professional and consultancy charges	34,884,925	1,956,800
	Rates and taxes	667,314	695,256
	Other selling expenses	1,443,692	522,724
	Insurance	256,528	249,503
	Provision for doubtful debts	-	-
	Miscellaneous expenses	3,085,278	1,759,794
		99,641,476	**54,960,414**
12	**Finance costs**		
	Bank charges	119,541	90,158
	Interest - others	4,335,635	2,591,598
		4,455,176	**2,681,756**

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

Place: Manila, Phillipines
Date: April 30, 2018

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

1. Corporate information

Allsectech Manila, Inc. (the "Company") is primarily engage 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 years
Office Furniture, Fixtures and Equipment	3 years
Leasehold improvements	5 years

(d) Intangible assets

The Company has no intangible asset as at March 31, 2018.

(e) Leases

The Company has not entered into any finance lease agreement during the year ended March 31, 2018.

(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

<u>Operating leases</u>
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 P 8,011,709 and P 10,307,039 as at March 31, 2018 and 2017, 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 22,205,486 and P 22,977,894 as at March 31, 2018 and 2017, respectively.

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

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.

		March 31, 2018
Annual revenue	P	429,722,729
Less: Cost of service		244,674,616
Taxable income	**P**	**185,048,113**
Income tax due to BIR (3% of taxable income)	P	5,551,443
Less: Creditable withholding tax		248
Income tax payments		4,506,892
Income tax due to BIR	**P**	**1,044,303**
Share of other government agencies (2% of taxable Income)	P	3,700,962
Less: Income tax payments		3,004,760
Income tax due to other government agencies	**P**	**696,202**
Total income tax payable	P	9,252,406
Less: Creditable withholding tax		248
Income tax payments		7,511,652
Income tax payable	**P**	**1,740,506**

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

5. Related party disclosures

	Amount of Transactions		Outstanding Balances	
	2018	2017	**2018**	2017
Due from related parties				
Advances to affiliates	**P 175,432**	P 485,116	**P 2,162,330**	P 1,501,782
Due to related parties				
Due to AllsecTechnologies India	**2,084,309**	1,754,419	**8,338,422**	1,387,948
Due from (to) related parties	**(P 1,908,877)**	(P 1,269,303)	**(P 6,176,092)**	P 113,834

6. Preference Share Redemption

	2018		
	Shares	**Par Value**	**Amount**
Balance at beginning of year	**47,098,421**	**P 1**	**P 47,098,421**
Full redemption during the year	**47,098,421**	**1**	**47,098,421**
Balance at end of year	**-**	**P 1**	**P -**

	2017		
	Shares	Par Value	Amount
Balance at beginning of year	47,098,421	P 1	P 47,098,421
Partial redemption during the year	-	1	-
Balance at end of year	47,098,421	P 1	P 47,098,421

7. **Contingencies and commitments**

The Company is not a defendant in any law suit as at March 31, 2018. Therefore, no provisions and/or contingencies are reported in the financial statements.

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

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

Place: Manila, Phillipines
Date: April 30, 2018