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INDEPENDENT AUDITOR'S REPORT TO ACCOMPANY INCOME TAX RETURN

The Shareholders and the Board of Directors
Quess (Philippines) Corp.
(A Wholly Owned Subsidiary of Quess Corp. Limited)
Unit 1407 – 1408, 14th Floor Robinsons Summit Center
6783 Ayala Avenue, Bel - Air, Makati City

We have audited the financial statements of **Quess (Philippines) Corp.** (the "Company") for the year ended March 31, 2026, on which we have rendered the attached report dated July 7, 2026.

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

ROXAS TABAMO & CO.

Jarred D. Pereña
Partner
CPA Certificate No. 0109297
Tax Identification No. 243-146-342
BIR Accreditation No. 08-001682-015-2025, issued on September 3, 2025,
effective until September 2, 2028
SEC Accreditation No. 109297-SEC, Group A, issued on April 14, 2026,
effective for the audit of 2026 to 2030 financial statements of SEC covered institutions
PTR No. 10776959, issued on January 19, 2026, Makati City

July 7, 2026
Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

FOR ANNUAL INCOME TAX RETURN

The management of **Quess Philippines Corp** (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended March 31, 2026. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the Value-Added Tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended March 31, 2026 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Dhaval Soni

Country Head

Akash Gupta

Vice President – Group Business Finance

Signed this 7th of July, 2026

Quess (Philippines) Corp.
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INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Quess (Philippines) Corp.
(A Wholly Owned Subsidiary of Quess Corp. Limited)
Unit 1407 – 1408, 14th Floor Robinsons Summit Center
6783 Ayala Avenue, Bel - Air, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Quess (Philippines) Corp.** (the "Company"), which comprise the statements of financial position as at March 31, 2026 and 2025, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2026 and 2025, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 PSA 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, these 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 PSA, 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 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 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 by the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 21 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS TABAMO & CO.

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July 7, 2026
Makati City

QUESS (PHILIPPINES) CORP.
(A wholly owned subsidiary of Quess Corp. Limited)

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND 2025

	Note	**2026**	2025
ASSETS			
Current Assets			
Cash	*5*	**₱17,633,683**	₱17,165,675
Trade receivables, net	*6*	**83,923,294**	78,177,021
Due from a related party	*17*	**4,664,704**	4,664,704
Prepayments and other current assets	*7*	**9,759,190**	6,178,006
Total Current Assets		**115,980,871**	106,185,406
Noncurrent Assets			
Investment in an associate	*8*	**250,000**	250,000
Property and equipment, net	*9*	**2,473,840**	2,161,416
Right-of-use assets, net	*18*	**6,679,872**	7,526,455
Deferred tax assets, net	*16*	**428,206**	1,199,718
Total Noncurrent Assets		**9,831,918**	11,137,589
		₱125,812,789	₱117,322,995
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	*10*	**₱27,243,246**	₱20,861,323
Due to related parties	*17*	**39,132,385**	28,561,232
Lease liabilities, net of noncurrent portion	*18*	**2,211,224**	1,659,440
Total Current Liabilities		**68,586,855**	51,081,995
Noncurrent Liability			
Lease liabilities, noncurrent portion	*18*	**5,406,164**	6,658,118
Total Liabilities		**73,993,019**	57,740,113
Equity	*11*		
Share capital		**10,000,000**	10,000,000
Retained earnings		**41,819,770**	49,582,882
Total Equity		**51,819,770**	59,582,882
		₱125,812,789	₱117,322,995

See Notes to the Financial Statements.

QUESS (PHILIPPINES) CORP.
(A Wholly Owned Subsidiary of Quess Corp. Limited)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

	Note	**2026**	2025
REVENUES	*12*	**₱362,112,810**	₱263,942,204
COST OF SERVICES	*13*	**(303,495,004)**	(200,306,682)
GROSS PROFIT		**58,617,806**	63,635,522
OTHER INCOME (EXPENSES), NET	*14*	**3,050,827**	(4,191,226)
INCOME FROM OPERATIONS		**61,668,633**	59,444,296
GENERAL AND ADMINISTRATIVE EXPENSES	*15*	**(44,865,685)**	(45,130,127)
INCOME BEFORE INCOME TAX		**16,802,948**	14,314,169
PROVISION FOR INCOME TAX	*16*	**(4,566,060)**	(3,578,548)
TOTAL COMPREHENSIVE INCOME		**₱12,236,888**	₱10,735,621

See Notes to the Financial Statements.

QUESS (PHILIPPINES) CORP.

(A Wholly Owned Subsidiary of Quess Corp. Limited)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

	Note	**2026**	2025
SHARE CAPITAL			
Balance at beginning and end of the year	*11*	**₱10,000,000**	₱10,000,000
RETAINED EARNINGS			
Balance at beginning of the year		**49,582,882**	62,714,943
Cash dividends	*11*	**(20,000,000)**	(23,867,682)
Net income for the year		**12,236,888**	10,735,621
Balance at end of the year		**41,819,770**	49,582,882
		₱51,819,770	₱59,582,882

See Notes to the Financial Statements.

QUESS (PHILIPPINES) CORP.
(A Wholly Owned Subsidiary of Quess Corp. Limited)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

	Notes	**2026**	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱16,802,948**	₱14,314,169
Adjustments for:			
Provision for (reversal of) impairment loss	*6,14*	**(3,376,993)**	3,853,160
Amortization of right-of-use assets	*18*	**2,035,030**	1,770,930
Unrealized foreign exchange loss, net	*5,14,17*	**299,138**	154,606
Accretion of interest	*18*	**580,813**	633,937
Depreciation	*9,15*	**733,002**	152,595
Operating income before working capital changes		**17,073,938**	20,879,397
Decrease (increase) in:			
Trade receivables, net		**(2,369,280)**	1,509,550
Prepayments and other current assets		**(7,375,732)**	(5,771,440)
Increase in:			
Payables		**6,381,923**	134,225
Due to related parties		**10,807,820**	3,700,000
Cash generated from operations		**24,518,669**	20,451,732
Income tax paid	*16*	**-**	(160,393)
Net cash provided by operating activities		**24,518,669**	20,291,339
CASH FLOW FROM AN INVESTING ACTIVITY			
Acquisition of property and equipment	*9*	**(1,045,426)**	(591,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends	*11*	**(20,000,000)**	(23,867,682)
Rental payments	*18*	**(2,469,430)**	(1,613,764)
Net cash used in financing activities		**(22,469,430)**	(25,481,446)
EFFECT OF FOREIGN EXCHANGE RATES CHANGES ON CASH	*5*	**(535,805)**	(154,606)
NET INCREASE (DECREASE) IN CASH		**468,008**	(5,935,901)
CASH AT BEGINNING OF YEAR		**17,165,675**	23,101,576
CASH AT END OF YEAR	*5*	**₱17,633,683**	₱17,165,675

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Quess (Philippines) Corp. (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 13, 2013.

Its principal activities are to carry on or undertake activities relating to computer software, namely: system study and software feasibility analysis, including analysis of existing systems, business analysis, project definition, conceptual design and prototyping and designing; development and implementation of customized software, including collection and analysis of client requirements, development and implementation of the system to the client’s satisfaction and design; and set up and administration of database, including understanding client data procedures, designing of tables using structured methodology like entity-relationship diagram, installation, performance tuning and database administration.

The Company is wholly owned subsidiary of Quess Corp. Limited (the “Parent Company”), an entity incorporated under the laws of India. The Parent Company is engaged in providing business support services, global technology solutions, integrated facility management and industrials.

The registered office address of the Company is at Unit 1407 – 1408, 14th Floor Robinsons Summit Center, 6783 Ayala Avenue, Bel - Air, Makati City.

The financial statements were approved and authorized for issuance in accordance with a resolution by the Board of Directors (BOD) on July 7, 2026. The Company’s Treasurer, Vijay Sivaram, was authorized by the BOD, to approve and cause the issuance of audited financial statements.

2. Basis of Preparation

<u>Statement of Compliance</u>
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

<u>Basis of Adoption</u>
The Company qualifies as a small and medium-sized entity (SME) based on the criteria set by the SEC for mandatory adoption of PFRS for SMEs. However, the Company, being part of a group that is reporting under International Financial Reporting Standards, has availed of the exemption for mandatory adoption.

<u>Historical Cost Convention</u>
The financial statements of the Company have been prepared on the historical cost basis.

<u>Functional and Presentation Currency</u>
The financial statements are presented in Philippine peso (₱), which is the functional currency of the Company. All values are rounded off to the nearest peso.

3. **Material Accounting Policy Information**

The material accounting policy information that have been used in the preparation of the financial statements are set below.

Adoption of Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *Lack of Exchangeability*. This amendment requires companies to apply a consistent approach in assessing whether a currency is exchangeable and how to estimate the exchange rate if it is not. It also requires additional disclosures in estimating the exchange rate.

  The comparative period is not restated for this amendment.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*. The amendments clarify the requirements relating to (a) timing of derecognition of liabilities when they are settled using an electronic payments system and (b) how to assess contractual cash flow characteristics of financial assets, including those with environment, social and governance (ESG)-linked features. It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and cost.

  While the amendment is applied retrospectively, the comparative period is not restated for this amendment.

- Annual Improvements to PFRS Accounting Standards – Volume 11

  - Amendments to PFRS 7, *Financial Statements – Disclosures*. The amendment addressed a potential confusion in paragraph B38 of PFRS 7 which requires entities to disclose the gain or loss on derecognition of financial assets where a fair value measurement involves unobservable inputs. The confusion arose from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued. The implementation guidance accompanying PFRS 7 clarifies the disclosures of deferred differences between fair values and transaction prices and, credit risk.

  - Amendments to PFRS 9, *Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price*. The amendment clarifies the application of the requirements in PFRS 9 to account for an extinguishment of a lessee' lease liability. It also clarifies the definition of 'transaction price', addressing potential confusion arising from a reference in Appendix A to PFRS 9 to the definition in PFRS 15, *Revenue from Contracts with Customers*.

  - Amendments to PAS 7, *Statement of Cash Flows – Cost Method*. The amendment addressed a potential confusion of applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

  These amendments are applied retrospectively with the comparative period restated, except for the amendments relating to derecognition of lease liabilities in PFRS 9, which only applies to lease derecognized on or after the amendment is adopted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosures of Financial Statements*. This standard will replace PAS 1, *Presentation of Financial Statements*. It requires the statement of profit or loss to be broken down into three subsections, operating, investing and financing, similar to the layout of the cash flow statement. It also requires management performance measurers that are used by a company in other communications to be included in a note to the financial statements including a reconciliation to the nearest PFRS equivalent measure. The standard provides additional guidance on the aggregation and disaggregation of information on the face of financial statements and the notes to provide a useful structured summary of the reporting entity's assets, liabilities, equity, income, and expenses that are useful to users in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic resources.

  The Company is currently assessing the impact of PFRS 18 on the presentation of its primary financial statements and the related notes. The adoption of PFRS 18 is not expected to affect the recognition and measurement of the Company's assets, liabilities, income and expenses, but may affect the classification and presentation of certain income and expense items, required subtotals, and related disclosures.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company.

<u>Current versus Noncurrent Classification</u>
The Company presents assets and liabilities in the statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liability are classified as noncurrent.

<u>Financial Assets and Financial Liabilities</u>
Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not SPPI assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

The Company does not have financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash, trade receivables, rental deposit and due from a related party are included under this category (see Notes 5, 6, 7 and 17).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

The Company does not have financial assets at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company's liabilities arising from its payables (excluding government liabilities) and due to related parties are included under this category (see Notes 10 and 17).

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for "expected credit loss" (ECL). ECL is 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and 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 intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Cash
Cash includes petty cash fund and in banks which are stated at face value.

Prepayments and Other Current Assets
Prepayment represents expenses not yet incurred but already paid in cash. These are subsequently charged against profit or loss as these are consumed in operations or expire within the passage of time.

Prepayments and other current assets are recognized when the Company expects to receive future economic benefit from those, and the amount can be measured reliably. Prepayments and other current asset include prepaid expenses, prepaid income tax, and rental deposit.

Prepaid income tax pertains to excess of income tax credits and payments made over income tax due during the year, which are expected to be used within the next taxable period.

Rental deposit represents payment made in relation to the lease entered into by the Company. This is carried at cost and will be returned to the Company only upon the expiration of the lease contract. It is recognized as noncurrent assets when the Company expects to receive future economic benefit from them for more than one year, otherwise these are recognized under current assets. Rental deposit is classified under financial asset at amortized cost.

Investment in an Associate
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Under PAS 28, *Investment in Associates and Joint Ventures*, an entity need not use the equity method if all of the following four conditions are met:

i. The investor is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the investor not applying the equity method;
ii. The investor’s debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
iii. The investor did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory Company, for the purpose of issuing any class of instruments in a public market; and
iv. The ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use that comply with IFRS.

The above-mentioned criteria were all met by the Company in its acquisition of investment in associate, hence the exemption was applied.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

Property Classification	Estimated number of years
Furniture and fixtures	3
Office equipment	4
Computer equipment	4

The remaining useful lives and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of comprehensive income in the period of retirement and disposal.

Impairment of Non-Financial Assets
The carrying amounts of property and equipment and investment in an associate are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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. 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 losses are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

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 recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions
Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Share Capital
Share capital are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Retained Earnings
Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

Revenue is recognized when services have been rendered regardless of cash collection.

Other income is recognized when there is an incidental economic benefit, other than from the usual business operations, that will flow to the Company and that can be measured reliably. The account includes realized and unrealized gain or loss on foreign exchange and interest expense.

Interest incurred on due to related parties' loans is recognized in profit or loss when incurred.

Costs and Expenses
Costs and expenses are recognized in the statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the statements of comprehensive income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefit or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Costs and expenses are presented using the function of expense method. Costs of services are directly attributable in the rendition of services. General and administrative expenses are costs attributable to the administrative and other business activities of the Company.

Leases
At the 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 of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices (or has not elected to separate non-lease components and account for the lease and non-lease components as a single lease component).

The Company as a lessee.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term.

In addition, the right-of-use is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is 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, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

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

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. It is remeasured when there is a change in future lease payments or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low value assets. The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the low value asset recognition exemption to its leases of low value assets. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

<u>Foreign Exchange Transactions</u>
Transactions in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the date in which the transaction took place. Foreign currency-denominated monetary assets and liabilities of the Company are translated using the prevailing exchange rate as of financial reporting date. Gains or losses arising from these transactions and translation are credited or charged to profit or loss.

<u>Taxes</u>

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liability are recognized using the liability method for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax asset are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, Deferred tax asset are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax asset are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax asset and liability are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the statements of comprehensive income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax asset and deferred tax liability are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements 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 in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Company's financial 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 the financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates and assumptions are revised and in any future period affected.

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

Evaluating Deferred Tax. 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 accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws 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.

Determining Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency is determined to be the Philippine Peso. It is the currency that mainly influences the Company's operations.

Classifying Financial Instruments. The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Determination Whether an Arrangement Contains a Lease. The Company assesses whether an arrangement contains a lease based on PFRS 16, as disclosed in Note 3. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The details of these lease agreements are disclosed in Note 18.

Company as a Lessee. The Company has entered into lease agreements as a lessee. Depreciation of right-of-use assets and interest expense on lease liabilities recognized in profit or loss are disclosed in Notes 18.

Determining The Lease Term of Contracts with Renewal and Termination Options – Company as lessee. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Estimates and Assumptions
The key estimates and assumptions used in the financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Fair value measurements. A number of the Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

Allowance for Impairment Losses on Trade Receivables and Due from a Related Party. The Company follows the simplified approach in estimating the level of impairment loss on receivables, as adopted by the Parent Company. The Company uses a provision matrix to determine impairment loss on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables and is adjusted for forward - looking estimates. it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The allowance for impairment loss on trade receivables amounted to ₱476,167 and ₱3,853,160 as at March 31, 2026 and 2025, respectively (see Note 6).

The carrying amounts of trade receivables amounted to ₱83,923,294 and ₱78,177,021 as at March 31, 2026 and 2025, respectively (see Note 6).

Estimated Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recorded costs and expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment for the years ended March 31, 2026 and 2025.

Accumulated depreciation of property and equipment amounted to ₱4,826,603 and ₱4,093,601 as at March 31, 2026 and 2025, respectively (see Note 9).

Impairment of Non-Financial Assets. PFRS requires that an impairment review be performed on nonfinancial assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The carrying amount of investment in an associate amounted to ₱250,000 as at March 31, 2026 and 2025. Based on Management's evaluation, there were no indicators of impairment (see Note 8).

Management assessed that its property and equipment with carrying amount of ₱2,473,840 and ₱2,161,416 as at March 31, 2026 and 2025, respectively is not impaired (see Note 9).

Estimating the IBR. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Realizability of Deferred tax assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets, net amounted to ₱428,206 and ₱1,199,718 as at March 31, 2026 and 2025, respectively (see Note 16).

5. Cash

This account consists of:

	2026	2025
Petty cash fund	**₱30,000**	₱30,000
Cash in banks	**17,603,683**	17,135,675
	₱17,633,683	₱17,165,675

The Company's foreign currency-denominated cash in banks amounted to US$62,028 or ₱3,767,566 and US$35,939 or ₱2,062,236 as at March 31, 2026 and 2025, respectively.

Unrealized foreign exchange loss on translation of foreign currency-denominated deposits in banks amounted to ₱535,805 and ₱154,606 for the year ended March 31, 2026 and 2025, respectively (see Note 14).

6. Trade Receivables, Net

This account consists of:

	2026	2025
Trade receivables	**₱84,399,461**	₱82,030,181
Allowance for impairment loss	**(476,167)**	(3,853,160)
	₱83,923,294	₱78,177,021

Trade receivables represent uncollected service revenue which are unsecured, non-interest bearing and usually due within 30 to 60 days from invoice date. There were no trade receivables pledged as collateral for liabilities of the Company.

Movement of the allowance for impairment loss is as follows:

	Note	**2026**	2025
At beginning of year		**₱3,853,160**	₱-
Provision for (reversal of) impairment loss	*14*	**(3,376,993)**	3,853,160
At end of year		**₱476,167**	₱3,853,160

7. Prepayments and Other Current Assets

The account consists of:

	Note	**2026**	2025
Prepaid expenses		**₱4,225,369**	₱2,801,755
Prepaid income tax	*16*	**4,133,895**	1,976,325
Rental deposit	*18*	**1,399,926**	1,399,926
		₱9,759,190	₱6,178,006

Prepaid expenses include services paid for advertisements, payroll software and health insurance plan of employees, which are normally amortized within one year.

Prepaid income tax pertains to excess of income tax credits and payments made over income tax due during the year, which are expected to be used within the next taxable period.

Rental deposit pertains to the non-interest-bearing rental deposit paid to the lessor, which will be refunded at the end of the lease contract.

8. **Investment in an Associate**

In December 2017, the Company subscribed to 10,000 shares with par value of ₱100 each, or equivalent to 25% of the common capital stock of Quess Recruit, Inc., where the Company paid ₱250,000 in cash.

The Company accounted for the investment in an associate using the cost method in compliance with the requirements set forth in Note 3.

A summary of financial information of Quess Recruit, Inc. is as follows:

	2026	2025
Total assets	**₱45,818,778**	₱28,719,237
Total liabilities	**2,897,588**	590,808
Total equity	**42,921,190**	28,128,429
Total revenue	**23,696,552**	11,418,841
Net income (loss)	**14,792,761**	5,007,737

Based on management's evaluation of the carrying amount of the Company's investment in an associate, there were no indications of impairment.

9. **Property and Equipment, Net**

The details and movements of this account follow:

	Note	**Furniture and Fixtures**	**Office Equipment**	**Computer Equipment**	**Total**
Cost					
At April 1, 2024		₱1,055,842	₱165,974	₱4,603,457	₱5,825,273
Additions		-	248,500	342,688	591,188
Adjustments		-	(124,250)	(37,194)	(161,444)
At March 31, 2025		1,055,842	290,224	4,908,951	6,255,017
Additions		-	-	1,045,426	1,045,426
At March 31, 2026		1,055,842	290,224	5,954,377	7,300,443
Accumulated depreciation					
At April 1, 2024		905,148	146,892	3,050,410	4,102,450
Depreciation	*15*	-	134,000	18,595	152,595
Adjustments		-	(124,250)	(37,194)	(161,444)
At March 31, 2025		905,148	156,642	3,031,811	4,093,601
Depreciation	*15*	51,667	-	681,335	733,002
At March 31, 2026		956,815	156,642	3,713,146	4,826,603
Net book value					
At March 31, 2026		**₱99,027**	**₱133,582**	**₱2,241,231**	**₱2,473,840**
At March 31, 2025		₱150,694	₱133,582	₱1,877,140	₱2,161,416

There are no restrictions on title, contractual commitments or property and equipment pledged as security for liabilities as at March 31, 2026 and 2025, respectively.

Management sees no condition of impairment and believes that the net carrying amount of property and equipment can be recovered through use in operations.

10. **Payables**

The account consists of:

	2026	2025
Trade payables	**₱2,914,380**	₱1,890,386
Accrued expenses	**13,815,274**	11,910,842
Government liabilities	**10,513,592**	7,060,095
	₱27,243,246	₱20,861,323

Trade payables pertain to outstanding obligations to suppliers, which are normally payable within 30 days from billing.

Accrued expenses, which are normally settled within 30 days, includes utilities, payroll and other expenses incurred by the Company that are not yet paid during the financial period.

Government liabilities pertain to SSS, PHIC and HDMF contributions to be remitted on the respective government agencies the following month.

11. **Equity**

Share capital

This account consists of:

	2026		2025	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized share capital at ₱100 par value per share	**344,000**	**₱34,400,000**	344,000	₱34,400,000
Issued and outstanding share capital at ₱100 par value per share	**100,000**	**₱10,000,000**	100,000	₱10,000,000

Cash dividends

On October 1, 2024, the Company declared cash dividends amounting to $323,529, equivalent to ₱18,867,682, payable to stockholders of record paid on November 8, 2024. The Company recognized realized foreign exchange gain amounting to ₱723,336 presented as “Other Expenses, Net – Realized foreign exchange gain, net”. Subsequently, on February 1, 2025, the Company declared an additional cash dividend of ₱5,000,000 payable to shareholders which was paid on March 12, 2025.

During the fiscal year 2025, the Company declared and paid cash dividends totaling ₱20,000,000. Cash dividends of ₱5,000,000 were declared on June 13, 2025 and paid on June 16, 2025, followed by an additional ₱10,000,000 declared on September 10, 2025 and paid on September 15, 2025, and a further ₱5,000,000 declared on December 26, 2025 and paid on December 29, 2025.

12. **Revenues**

The Company’s revenue from rendering IT consultancy and services amounted to ₱362,112,810 and ₱263,942,204 for the years ended March 31, 2026 and 2025, respectively. Revenue is calculated based on the number of hours rendered by its personnel and an additional administrative fee for the services provided by the Company’s personnel.

13. **Cost of Services**

This account consists of:

	2026	2025
Salaries and wages	**₱218,094,646**	₱148,623,519
Direct cost and other costs	**36,426,782**	18,391,079
SSS, PHIC and HDMF contributions	**25,036,498**	15,095,889
Insurance	**5,584,215**	4,073,456
Other employee benefits	**18,352,863**	14,122,739
	₱303,495,004	₱200,306,682

Direct costs and other costs primarily consist of direct personnel costs, subcontractor fees, background verification (BGV) charges, and other costs directly attributable to the delivery of services, including reimbursable and non-reimbursable project-related expenses.

14. **Other Expenses (Income), Net**

The details of the account are as follows:

	Notes	**2026**	2025
Interest expense on lease liabilities	*18*	**₱580,813**	₱633,937
Unrealized foreign exchange loss, net	*5,17*	**299,138**	154,606
Realized foreign exchange gain, net		**(551,699)**	(442,097)
Provision for (reversal of) impairment loss	*6*	**(3,376,993)**	3,853,160
Other income		**(2,086)**	(8,380)
		(₱3,050,827)	₱4,191,226

Unrealized foreign exchange loss arose mainly from translation of outstanding foreign currency-denominated cash in banks and currency-denominated related party loans.

Foreign exchange gain arose mainly from translation of foreign currency-denominated revenue and purchase transactions made by the Company, as well as related party advances.

15. **General and Administrative Expenses**

The details of the account are as follows:

	Note	**2026**	2025
Salaries and wages		**₱27,553,352**	₱28,120,414
Software and login fees		**2,885,896**	2,451,613
Taxes and licenses		**2,563,037**	3,523,166
Training and allowances		**2,362,076**	532,522
Amortization of right-of-use assets	*18*	**2,035,030**	1,770,930
SSS, PHIC and HDMF contributions		**1,274,071**	1,225,390
Repairs and maintenance		**1,095,379**	1,052,631
Professional fees		**1,047,711**	2,088,273
Depreciation	*9*	**733,002**	152,595
Transportation and travel		**594,710**	682,847
Communication, light and water		**583,154**	608,168
Insurance		**351,377**	80,845
Bank charges		**203,582**	121,454
Rent	*18*	**147,000**	1,713,238
Supplies		**54,000**	54,237
Membership		**29,368**	100,000
Advertising		**-**	10,565
Others		**1,352,940**	841,239
		₱44,865,685	₱45,130,127

16. **Income Taxes**

The components of the Company's provision for income tax are as follows:

	2026	2025
Current	**₱3,794,548**	₱4,382,991
Deferred	**771,512**	(804,443)
	₱4,566,060	₱3,578,548

(a) The reconciliation of the provision for income tax computed at the statutory income tax rate and the provision for income tax shown in the profit or loss are as follows:

	2026	2025
Income before tax	**₱16,802,948**	₱14,314,169
Income tax at statutory income rates of 25%	**4,200,737**	3,578,542
Adjustment for:		
Non-deductible expenses	**365,323**	6
	₱4,566,060	₱3,578,548

(b) The components of deferred tax asset as at March 31 are as follows:

	2026	2025
PFRS 16 adjustment on leases	**₱234,379**	₱197,776
Allowance for impairment loss	**119,042**	963,290
Unrealized foreign exchange loss	**74,785**	38,652
	₱428,206	₱1,199,718

(c) The movements in deferred tax asset during the year are as follows:

	2026	2025
Beginning of year	**₱1,199,718**	₱395,275
Charged to profit or loss	**(771,512)**	804,443
End of year	**₱428,206**	₱1,199,718

(d) The movements in prepaid income tax are as follows:

	2026	2025
Balance at beginning of year	**₱1,976,325**	₱2,017,958
Charged to profit or loss	**(3,794,548)**	(4,382,991)
Creditable withholding taxes	**5,952,118**	4,180,965
Income tax paid	**-**	160,393
Balance at end of year	**₱4,133,895**	₱1,976,325

17. Related Party Disclosures

The details of the Company's related parties are summarized as follows:

Name of related party	Relationship	Related Party Transactions	Country of operations
Conneqt Pvt Ltd	Affiliate	Due from related party	India
Quess Corp Limited	Parent	Due to related party	India
Quess Global (Malaysia) Sdn. Bhd	Affiliate	Due to related party	Malaysia
Quess Recruit Inc.	Affiliate	Due to related party	Philippines

Transactions with related parties consist of services rendered to and advances for various working capital requirements. Those transactions and balances are unsecured, unguaranteed, and expected to be settled through cash payment on demand.

Related party	Year	Transactions during the year	Balance	Terms and conditions	Security	Nature of consideration to be provided in settlement	Details of guarantees given or received	Provision for impairment	Allowance for impairment loss
Due from a related party									
Entity under common control	**2026**	**₱-**	**₱4,664,704**	Non-interest bearing, collectible on demand	Unsecured	Cash	N/A	**₱-**	**₱-**
	2025	₱-	₱4,664,704					₱-	₱-
Due to related parties									
Parent	**2026**	**(236,667)**	**6,458,860**	Non-interest bearing, collectible on demand	Unsecured	Cash	N/A	N/A	N/A
	2025	-	6,695,527						
Entities under common control	**2026**	**10,807,820**	**32,673,525**						
	2025	3,700,000	21,865,705						
	2026	**₱10,571,153**	**₱39,132,385**						
	2025	₱3,700,000	₱28,561,232						

Unrealized foreign exchange gain on translation of foreign currency-denominated related party loans amounted to ₱236,667 and nil for the years ended March 31, 2026 and 2025, respectively (see Note 14).

Key management personnel

The Company considers as key management personnel its directors and key officers. The compensation to key management personnel amounted to ₱6,667,628 and ₱5,508,798 for the years ended March 31, 2026 and 2025, respectively. The Company provides short-term employee benefits to its key management personnel.

18. Commitments and Contingencies

Leases

Company as a lessee

The Company entered into several lease agreements for the lease of office premises. The lease obligation is subject to interest rate of 7% per annum, payable monthly for a period of one to five years.

The maturity analysis of contractual undiscounted cash flows:

	2026	2025
Not later than one year	**₱2,674,896**	₱6,883,276
Later than one year but not later than five years	**5,842,987**	2,185,236
	₱8,517,883	₱9,068,512

Set out below are the carrying amount of lease liabilities as at year end:

	2026	2025
Classified as:		
Current	**₱2,211,224**	₱1,659,440
Noncurrent	**5,406,164**	6,658,118
	₱7,617,388	₱8,317,558

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2026	2025
As at beginning of the year	**₱8,317,558**	₱-
Additions	**1,188,447**	9,297,385
Accretion of interest	**580,813**	633,937
Payments	**(2,469,430)**	(1,613,764)
As at end of the year	**₱7,617,388**	₱8,317,558

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

	2026	2025
Balance at beginning of the year	**₱7,526,455**	₱-
Additions	**1,188,447**	9,297,385
Amortization	**(2,035,030)**	(1,770,930)
Balance at end of the year	**₱6,679,872**	₱7,526,455

Short-term leases. Rent expense amounting to ₱147,000 and ₱1,713,238 in 2026 and 2025, respectively, pertains to payments classified as short-term leases (see Note 15).

Rental deposits amounted to ₱1,399,926 as at March 31, 2026 and 2025 (see Note 7).

Contingencies
There are no significant material contingencies in relation to any legal action of claims involving the Company as at and for the years ended March 31, 2026 and 2025.

Legal Cases

"People of the Philippines vs. Maricris G. Mangahas", Criminal Case No. 19-00430-CR. Regional Trial Court Branch 142, Makati City.

On October 8, 2022, the case was provisionally dismissed, and the parties executed a Compromise Agreement on September 23, 2022. Based on the Compromise Agreement, the accused agreed to pay the Company a total of One Million Five Hundred Thousand Pesos (₱1,500,000), payable in monthly amortizations for forty-eight (48) months, with interest of 6% per annum accruing on the unpaid balance.

Pursuant to said Compromise Agreement, the accused surrendered to the Company forty-eight (48) post-dated checks as monthly amortization, starting in October 2022.

As of July 17, 2025, there are still twenty-eight (28) post-dated checks with the Company, and Ms. Mangahas has an outstanding obligation to the Company amounting to ₱972,371. On August 14, 2025, the Company informed us that it will no longer pursue the above-subject case. As such, on August 19, 2025, we confirmed the Company's instruction and did not take any further action on this case.

"Martin Thomas Peres Espiritu vs. Quess Philippines Corporation/ Coquizant Philippines/ Irma Lipata/ Ravu Kumar S." NLRC NCR Case No. 04-000261-25, National Labor Relations Commission NCR, Branch 33, Quezon City

This is a case filed by Mr. Martin Thomas Peres Espiritu against the Company for illegal dismissal, money claims (13th month pay and separation pay), damages (moral and exemplary damages), and attorney's fees.

During the mandatory conciliation and mediation hearing on May 7, 2026, the parties settled in the amount of ₱217,609. After which, complainant Mr. Espiritu executed a Quitclaim and Release in favor of the respondents. Thus, in the Order dated May 7, 2026, the case was dismissed with prejudice and considered closed and terminated.

19. **Financial Risk and Capital Management Objectives and Policies**

Objectives and Policies
The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Foreign Currency Risk
- Credit Risk
- Liquidity Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Company include cash and rental deposit. These financial instruments are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Company such as receivables, due from a related party and payables, excluding government liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Foreign Currency Risk
The functional currency is the Philippine Peso, which is the denomination of the bulk of the Company's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Company. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

The Company's foreign currency-denominated monetary assets and liabilities and their Philippine Peso equivalents as at March 31 are as follows:

	2025		2024	
	Foreign Currency	**Peso Equivalent**	Foreign Currency	Peso Equivalent
Cash in banks	**62,028**	**3,767,566**	35,939	2,062,236
Due to related parties	**(10,000,000)**	**(6,431,900)**	(10,000,000)	(6,695,527)
	(9,937,972)	**(2,664,334)**	(9,964,061)	(4,633,291)

The foreign exchange rates as at March 31, 2026 and 2025 are as follows:

	2026	2025
1 US Dollar (USD)	**₱60.74**	₱57.38
1 Indian Rupee (INR)	**0.65**	0.67

The USD exchange rates was applied to the Company's cash in banks, while the INR exchange rate was applied to amounts due to related parties.

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Company's financial instruments to various foreign currency exchange rate scenarios.

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, of the Company's income before tax (due to changes in the fair value of monetary assets and monetary liabilities) and equity (due to translation of results and financial position of foreign operations) as at March 31, 2026 and 2025.

	1% Decrease in Foreign Currency Exchange Rate		**1% Increase in Foreign Currency Exchange Rate**	
	Effect on Income before Income Tax	**Effect on Equity (Net of Tax)**	**Effect on Income before Income Tax**	**Effect on Equity (Net of Tax)**
Cash in banks	**(620)**	**(465)**	**359**	**465**
Due to related parties	**100,000**	**75,000**	**(100,000)**	**(75,000)**
	99,380	**74,535**	**(99,641)**	**(74,535)**

	2025			
	1% Decrease in Foreign Currency Exchange Rate		1% Increase in Foreign Currency Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity (Net of Tax)	Effect on Income before Income Tax	Effect on Equity (Net of Tax)
Cash in banks	(359)	(270)	359	270
Due to related parties	100,000	75,000	(100,000)	(75,000)
	99,641	74,730	(99,641)	(74,730)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's foreign currency risk.

Credit Risk

The Company's maximum exposure to credit risk before collateral held or other credit enhancements as at March 31 follows (gross of allowance for impairment):

	Notes	2026	2025
Cash in banks	5	**₱17,603,683**	₱17,135,677
Trade receivables	6	**84,399,461**	82,030,181
Due from a related party	17	**4,664,704**	4,664,704
Rental deposit	7,18	**1,399,926**	1,399,926
		₱108,067,774	₱105,230,488

Credit risk from deposit in banks is managed by ensuring that those are with reputable and financially sound counterparties. The credit risk for cash in banks is considered negligible.

The Company drives credit risk management on trade receivables fundamentally via its credit policies, which are regularly reviewed and updated to reflect changing risk conditions. The credit policies include the Company's credit structure, target markets, credit evaluation, administration and monitoring, and collection guidelines.

Due from a related party are unsecured but are made in the normal course of business and the counterparties have no history or expectation of default.

Rental deposits are fully recoverable at the end of lease term.

The aging analyses as at March 31 of financial assets are as follows (gross of allowance for impairment):

2026

					Past Due but Not Impaired			
	Notes	Total	Neither Impaired Nor Past Due	Past Due And Impaired	1 to 90 Days	91 to 180 Days	181 to 360 Days	More Than 360 Days
Cash in banks	5	**₱17,603,683**	**₱17,603,683**	**₱-**	**₱-**	**₱-**	**₱-**	**₱-**
Trade receivables	6	**84,399,461**	**34,579,953.00**	**-**	**49,209,194**	**153,848**	**-**	**456,466**
Due from a related party	17	**4,664,704**	**4,664,704**	**-**	**-**	**-**	**-**	**-**
Rental deposit	7,18	**1,399,926**	**1,399,926**	**-**	**-**	**-**	**-**	**-**
		₱108,067,774	**₱58,248,266**	**₱-**	**₱49,209,194**	**₱153,848**	**₱-**	**₱456,466**

2025

					Past Due but Not Impaired			
	Notes	Total	Neither Impaired Nor Past Due	Past Due And Impaired	1 to 90 Days	91 to 180 Days	181 to 360 Days	More Than 360 Days
Cash in banks	5	₱17,135,677	₱17,135,677	₱-	₱-	₱-	₱-	₱-
Trade receivables	6	82,030,181	37,611,811	-	38,894,995	1,689,993	-	3,833,382
Due from a related party	17	4,664,704	4,664,704	-	-	-	-	-
Rental deposit	7,18	1,399,926	1,399,926	-	-	-	-	-
		₱105,230,488	₱60,812,118	₱-	₱38,894,995	₱1,689,993	₱-	₱3,833,382

Credit quality per class of financial assets

For cash, high grade credit rating was assigned since these are deposited with reputable banks approved by the BOD and the Company has not experienced any difficulty transacting through these banks.

Definitions of the rating being used by the Company to evaluate credit risk of its counterparties are as follows:

High grade - settlements are obtained from the counterparty following the terms of the contracts without much collection effort.

Standard grade – some reminders/follow-ups are performed to obtain settlement from the counterparty.

Substandard grade - constant reminders/follow-ups are performed to collect accounts from the counterparty.

The tables below show the credit quality by class of financial assets as at March 31:

	2026					
	Neither Impaired nor Past Due			Past Due		
	High Grade	**Standard Grade**	**Substandard Grade**	**But Not Impaired**	**Impaired**	**Total**
Cash in banks	**₱17,603,683**	**₱-**	**₱-**	**₱-**	**₱-**	**₱17,603,683**
Trade receivables	**-**	**34,579,953**	**-**	**49,819,508**	**-**	**84,399,461**
Due from a related party	**-**	**4,664,704**	**-**	**-**	**-**	**4,664,704**
Rental deposit	**1,399,926**	**-**	**-**	**-**	**-**	**1,399,926**
	₱19,003,609	**₱39,244,657**	**₱-**	**₱49,819,508**	**₱-**	**₱108,067,774**

	2025					
	Neither Impaired nor Past Due			Past Due		
	High Grade	Standard Grade	Substandard Grade	But Not Impaired	Impaired	Total
Cash in banks	₱17,135,677	₱-	₱-	₱-	₱-	₱17,135,677
Trade receivables	-	37,611,811	-	44,418,370	-	82,030,181
Due from a related party	-	4,664,704	-	-	-	4,664,704
Rental deposit	1,399,926	-	-	-	-	1,399,926
	₱18,535,603	₱42,276,515	₱-	₱44,418,370	₱-	₱105,230,488

Liquidity Risk

Liquidity risk is the risk from an entity's inability to meet obligations when they become due because of its inability to liquidate assets or obtain adequate funding. The Company ensures that sufficient liquid assets are available to meet short-term funding and regulatory requirements.

The Company's liquidity and cash positions are monitored on a daily basis. The Company maintains sufficient liquidity reserves in the form of high-yielding deposits with banks. The Company has also obtained sufficient liquidity lines from other banks and non-bank lending institutions that can relieve financial pressures in the event of an extraordinary demand for liquidity.

The following tables summarize the maturity profile of financial instruments that is used by the Company to manage its liquidity risk based on contractual undiscounted cash flows (including interest):

	2026			
	Total	**On Demand**	**Within 1 Year**	**Beyond 1 Year**
Financial assets				
Cash	**₱17,603,683**	**₱17,603,683**	**₱-**	**₱-**
Trade receivables	**84,399,461**	**49,819,508**	**34,579,953**	**-**
Due from a related party	**4,664,704**	**4,664,704**	**-**	**-**
Rental deposit	**1,399,926**	**1,399,926**	**-**	**-**
	108,067,774	**73,487,821**	**34,579,953**	**-**
Financial liabilities				
Payables*	**16,729,654**	**16,729,654**	**-**	**-**
Due to related parties	**39,132,385**	**39,132,385**	**-**	**-**
Lease liabilities	**8,517,883**	**-**	**2,674,896**	**5,842,987**
	64,379,922	**55,862,039**	**2,674,896**	**5,842,987**
	₱43,687,852	**₱17,625,782**	**₱31,905,057**	**(₱5,842,987)**

**Excluding government liabilities*

	2025			
	Total	On Demand	Within 1 Year	Beyond 1 Year
Financial assets				
Cash	₱17,135,675	₱17,135,675	₱-	₱-
Trade receivables*	82,030,181	44,418,370	37,611,811	-
Due from a related party	4,664,704	4,664,704	-	-
Rental deposit	1,399,926	1,399,926	-	-
	105,230,486	67,618,675	37,611,811	-
Financial liabilities				
Payables**	13,801,228	13,801,228	-	-
Due to related parties	28,561,232	28,561,232	-	-
Lease liabilities	9,068,512	-	6,883,276	2,185,236
	51,430,972	42,362,460	6,883,276	2,185,236
	₱53,799,514	₱25,256,215	₱30,728,535	(₱2,185,236)

**Gross of allowance for impairment loss*
***Excluding government liabilities*

Capital Risk Management
The capital of the Company comprises of funds invested by the Parent and local shareholders.

The Company's BOD has the 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 manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Company through the Finance function sets operational targets and performance indicators in order to assure that the capital and returns requirements are achieved. Appropriate monitoring and reporting systems accompany these targets and indicators to assess the achievement of Company goals and institute appropriate action.

There were no changes in the Company's approach to capital management during the year.

20. Financial Assets and Financial Liabilities

The following table summarizes the carrying values of the Company's financial assets and financial liabilities at March 31:

	2026	2025
Financial assets at amortized cost		
Cash	**₱17,633,683**	₱17,165,675
Trade receivables	**83,923,294**	78,177,021
Due from a related party	**4,664,704**	4,664,704
Rental deposit	**1,399,926**	1,399,926
	₱107,621,607	₱101,407,326
Financial liabilities at amortized cost		
Payables*	**₱16,729,654**	₱13,801,228
Due to related parties	**39,132,385**	28,561,232
Lease liabilities	**7,617,388**	8,317,558
	₱63,479,427	₱50,680,018

**Excluding government liabilities*

The carrying amounts of these financial instruments approximate fair values primarily due to the relatively short-term maturities. The carrying amounts of security deposit approximate its fair values as management believes that any difference from measuring such asset at its amortized cost using the effective interest method is not considered material to the Company's financial position or financial performance. Lease liabilities are presented at present value.

Items of income, expense, gains or losses with respect to financial assets and financial liabilities in the statements of comprehensive income are as follows:

	Notes	**2026**	2025
Interest expense on lease liabilities	*18*	**₱580,813**	₱633,937
Unrealized foreign exchange loss, net	*5,14,17*	**299,138**	154,606
Realized foreign exchange gain	*14*	**(551,699)**	(442,097)
Provision for (reversal of) impairment loss	*6,14*	**(3,376,993)**	3,853,160
		(₱3,048,741)	₱4,199,606

21. **Events After the Financial Reporting Date**

Subsequent to March 31, 2026, the Board of Directors approved the cancellation of the cash dividend declaration amounting to ₱7,500,000 that was declared on March 31, 2026, following the unsuccessful processing of the dividend transaction.

There were no other material transactions and/or events subsequent to the financial reporting date that would require adjustment to or disclosure in the financial statements.

22. **Supplementary Information Required by the Bureau of Internal Revenue (BIR)**

Presented below is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to the financial statements in addition to the disclosures mandated under PFRS.

A. REVENUE REGULATIONS (RR) NO. 15-2010

1. The amount of output VAT declared during the year and the account title and amount/s upon which the same was based

The details of the Company's gross receipts and output VAT are as follows:

Type of revenue	Gross sales/receipts	Output VAT
Vatable sales	₱204,460,306	₱24,535,237
Zero-rated sales	150,927,322	-
	₱355,387,628	**₱24,535,237**

Total revenues per books for the year ended March 31, 2026 amounted to ₱362,112,810.

2. The amount of input VAT

Balance at beginning of year	₱-
Add: Current year's domestic purchases/payments for:	
Domestic purchase of services	1,793,406
Total available input VAT	1,793,406
Less: Claims for tax credit	(1,793,406)
Balance at end of year	**₱-**

3. The amount of withholding taxes paid/accrued for the year

Tax on compensation and benefits	₱5,237,005
Expanded withholding taxes	969,827
	₱6,206,832

4. Taxes and licenses

Local	
Business Permit	₱2,339,292
National	
Licenses and registration	13,130
Others	210,615
	₱2,563,037

5. Deficiency tax assessments and tax cases

The Company received a Letter of Assessment (LOA) for the taxable period March 31, 2023. The protest for reinvestigation related to this LOA was filed on March 31, 2025 by the Company. On April 10, 2025, the Company was informed that the request for reinvestigation has been granted. The final assessment on deficiency taxes was paid on April 10, 2026.

B. REVENUE REGULATIONS (RR) NO. 34-2020

RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents. Section 2 of the RR enumerated the taxpayers required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Company is not covered by the requirements and procedures for related party transactions provided under RR 34-2020 for the year ended March 31, 2026.