SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: CS201107769
Company Name: VA TECH WABAG (PHILIPPINES) INC.
Industry Classification: K74000
Company Type: Stock Corporation

Document Information

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Document Type: Financial Statement
Document Code: FS
Period Covered: March 31, 2025
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 1 0 7 7 6 9

Company Name

VA TECH WABAG (PHILIPPINES) INC.

Principal Office (No./Street/Barangay/City/Town)Province)

7TH FLOOR, PENINSULA COURT BUILDING, 8735 PASEO DE ROXAS AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S	C R M D	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
4	JUNE 10	MARCH 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Karthikeyan Ramachandran	karthikeyan.r@wabag.in		

Contact Person's Address

7th Floor, Peninsula Court Building, 8735 Paseo de Roxas Avenue, Makati City

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

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

Karthikeyan R

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FOR SEC FILING

Financial Statements and Independent Auditors' Report

VA Tech Wabag (Philippines) Inc.

March 31, 2025 and 2024

P&A Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors
VA Tech Wabag (Philippines) Inc.
(A Wholly Owned Subsidiary of VA Tech Wabag Limited)
7th Floor, Peninsula Court Building
8735 Paseo de Roxas Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VA Tech Wabag (Philippines) Inc. (the Company), which comprise the statements of financial position as at March 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the fiscal years then ended, and notes to the financial statements, including 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, 2025 and 2024, and its financial performance and its cash flows for the fiscal years then ended, in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

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 *Auditors' 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 audits 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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the fiscal year ended March 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 21 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

August 29, 2025

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Supplemental Statement of Independent Auditors

The Board of Directors
VA Tech Wabag (Philippines) Inc.
(A Wholly Owned Subsidiary of VA Tech Wabag Limited)
7th Floor, Peninsula Court Building
8735 Paseo de Roxas Avenue, Makati City

We have audited the financial statements of VA Tech Wabag (Philippines) Inc. (the Company) for the fiscal year ended March 31, 2025, on which we have rendered the attached report dated August 29, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has only one stockholder owning 100 or more shares of the Company's capital stock as at March 31, 2025 as disclosed in Note 17 to the financial statements.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

August 29, 2025

VA TECH WABAG (PHILIPPINES) INC.
(A Wholly Owned Subsidiary of VA Tech Wabag Limited)
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
A S S E T S			
CURRENT ASSETS			
Cash in banks	2	**P 4,555,359**	P 2,761,521
Contract and other receivables	4	**621,846,706**	863,961,959
Other current assets	5	**82,867,121**	102,216,349
Total Current Assets		**709,269,186**	968,939,829
NON-CURRENT ASSETS			
Property and equipment - net	6	**1,150,393**	1,188,802
Right-of-use assets - net	7	**2,852,677**	4,482,779
Refundable deposits	5	**1,231,562**	2,161,336
Deferred tax assets	15	**12,500,785**	13,411,825
Total Non-current Assets		**17,735,417**	21,244,742
TOTAL ASSETS		**P 727,004,603**	P 990,184,571
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	8	**P 344,169,213**	P 542,233,789
Interest-bearing loans and borrowings	9	**47,003,225**	44,896,360
Lease liabilities	7	**1,742,251**	1,647,845
Due to related parties	16	**247,824,600**	267,866,471
Total Current Liabilities		**640,739,289**	856,644,465
NON-CURRENT LIABILITIES			
Lease liabilities	7	**1,371,883**	3,114,134
Post-employment defined benefit obligation	14	**2,698,012**	2,530,816
Total Non-current Liabilities		**4,069,895**	5,644,950
Total Liabilities		**644,809,184**	862,289,415
EQUITY			
Capital stock	17	**8,570,200**	8,570,200
Revaluation reserves	14, 15	**2,755,315**	2,494,119
Retained earnings	17	**70,869,904**	116,830,837
Total Equity		**82,195,419**	127,895,156
TOTAL LIABILITIES AND EQUITY		**P 727,004,603**	P 990,184,571

See Notes to Financial Statements.

VA TECH WABAG (PHILIPPINES) INC.
(A Wholly Owned Subsidiary of VA Tech Wabag Limited)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
CONTRACT REVENUES	10	**P 182,703,201**	P 369,868,564
CONTRACT COSTS	11	**(181,188,353)**	(367,691,521)
GROSS PROFIT		**1,514,848**	2,177,043
OTHER INCOME - Net			
Other operating expenses	11	**(90,414,995)**	(58,494,015)
Other operating income	12	**49,352,448**	88,570,664
Finance costs	13	**(4,573,798)**	(3,526,577)
		(45,636,345)	26,550,072
PROFIT (LOSS) BEFORE TAX		**(44,121,497)**	28,727,115
TAX EXPENSE	15	**(1,839,436)**	(8,069,404)
NET PROFIT (LOSS)		**(45,960,933)**	20,657,711
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefit obligation	14	**348,262**	(667,584)
Tax income (expense)	15	**(87,066)**	166,896
		261,196	(500,688)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P 45,699,737)**	P 20,157,023

See Notes to Financial Statements.

VA TECH WABAG (PHILIPPINES) INC.
(A Wholly Owned Subsidiary of VA Tech Wabag Limited)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

			Retained Earnings			
	Capital Stock (see Note 17)	Revaluation Reserves (see Notes 14 and 15)	Appropriated (see Note 17)	Unappropriated (see Note 17)	Total	Net Equity
Balance at April 1, 2024	P 8,570,200	P 2,494,119	P 130,000,000	(P 13,169,163)	P 116,830,837	P 127,895,156
Reversal of appropriation	-	-	(15,000,000)	15,000,000	-	-
Total comprehensive loss during the year	-	261,196	-	(45,960,933)	(45,960,933)	(45,699,737)
Balance at March 31, 2025	**P 8,570,200**	**P 2,755,315**	**P 115,000,000**	**(P 44,130,096)**	**P 70,869,904**	**P 82,195,419**
Balance at April 1, 2023	P 8,570,200	P 2,994,807	P 130,000,000	(P 33,826,874)	P 96,173,126	P 107,738,133
Total comprehensive income during the year	-	(500,688)	-	20,657,711	20,657,711	20,157,023
Balance at March 31, 2024	P 8,570,200	P 2,494,119	P 130,000,000	(P 13,169,163)	P 116,830,837	P 127,895,156

See Notes to Financial Statements.

VA TECH WABAG (PHILIPPINES) INC.
(A Wholly Owned Subsidiary of VA Tech Wabag Limited)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		**(P 44,121,497)**	P 28,727,115
Adjustments for:			
Impairment loss on contract and other receivables	4	**54,223,301**	-
Gain on written off payables	16	**(28,362,804)**	-
Unrealized foreign currency losses - net	11	**9,901,628**	12,007,662
Interest expense	13	**4,573,798**	3,526,577
Depreciation and amortization	6, 7	**1,700,645**	1,764,604
Gain on sale of property and equipment	6	**-**	(200,000)
Operating profit (loss) before working capital changes		**(2,084,929)**	45,825,958
Decrease in contract and other receivables		**187,891,952**	4,897,174
Decrease (increase) in other current assets		**18,333,766**	(19,199,768)
Decrease in refundable deposits		**929,774**	9,598,244
Decrease in trade and other payables		**(198,064,576)**	(25,110,509)
Increase in due to related parties		**-**	12,462,369
Increase (decrease) in post-employment defined benefit obligation		**357,282**	(373,592)
Net Cash From Operating Activities		**7,363,269**	28,099,876
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	**(32,134)**	-
Proceeds from disposal of equipment	6	**-**	200,000
Cash From (Used in) Investing Activities		**(32,134)**	200,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	13	**(4,191,467)**	(3,076,808)
Repayment of lease liabilities	7	**(1,872,000)**	(1,872,000)
Repayment of loans payable	9	**-**	(22,616,769)
Cash Used in Financing Activities		**(6,063,467)**	(27,565,577)
Effect of Foreign Exchange Rate Changes on Cash in Banks		**526,170**	(12,007,662)
NET INCREASE (DECREASE) IN CASH IN BANKS		**1,793,838**	(11,273,363)
CASH IN BANKS AT BEGINNING OF YEAR		**2,761,521**	14,034,884
CASH IN BANKS AT END OF YEAR		**P 4,555,359**	P 2,761,521

See Notes to Financial Statements.

VA TECH WABAG (PHILIPPINES) INC.
(A Wholly Owned Subsidiary of VA Tech Wabag Limited)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

VA Tech Wabag (Philippines) Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission on June 21, 2011, and started its commercial operations on the same date. The Company is incorporated to provide general, process and civil works and other services relating to water and wastewater treatment plant, pumping stations and piping networks.

The Company is a wholly owned subsidiary of VA Tech Wabag Limited (the parent company), a company incorporated and domiciled in India. The parent company is primarily engaged in the planning, completion and operation of drinking water and wastewater plants for both the municipal and industrial sectors. The parent company's shares of stock are listed in the National Stock Exchange of India Ltd.

The Company's registered office address, which is also its principal place of business, is located at 7th Floor, Peninsula Court Building, 8735 Paseo de Roxas Avenue, Makati City. The registered office address of the parent company is at No. 17, 200 Feet Thoraipakkam – Pallavaram Main Road, Sunnambu Kolathur, Chennai, IN-600 117, India.

The financial statements of the Company as at and for the fiscal year ended March 31, 2025 (including the comparative financial statements as at and for the fiscal year ended March 31, 2024) were authorized for issue by the Company's Board of Directors (BOD) on August 29, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income or losses in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS Accounting Standards

(a) Effective in Fiscal Year 2025 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, for its annual reporting period beginning April 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Leases – Lease Liability in a Sale and Leaseback

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current.* The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specify that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements.* The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

(iv) PFRS 16 (Amendment), *Leases – Lease Liability in a Sale and Leaseback.* The amendments clarify the subsequent measurement requirements to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective Subsequent to Fiscal Year 2025 but not Adopted Early

There are new standard and amendments to existing standards effective for annual periods subsequent to fiscal year 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions:

(i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

(ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 Financial Instruments

(a) Financial Assets

All of the Company's financial assets are classified as financial assets at amortized cost which are presented in the statement of financial position as Cash in Banks, Contract and Other Receivables (excluding Advances to suppliers), and Refundable Deposits.

Impairment of Financial Assets

The Company applies the simplified approach in measuring expected credit loss (ECL) for all contract and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Company uses its historical experience, external indicators, and forward-looking information to calculate the ECL using the provision matrix. The Company also assesses impairment of contract and other receivables on a collective basis as they possess shared credit risk characteristics.

(b) Financial Liabilities

Financial liabilities are presented in the statement of financial position as Trade and Other Payables [except tax-related payables, Advances from customers and others (with respect to salary loans)], Interest-bearing Loans and Borrowings, Due to Related Parties, and Lease Liabilities.

2.4 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Transportation equipment	5 years
Office furniture and equipment	3 years

Amortization of leasehold improvements is recognized over the estimated useful lives of improvements of two years or the term of the lease, whichever is shorter.

2.5 Revenue and Expense Recognition

Revenue arises mainly from rendering of construction, marketing and engineering services.

The Company uses the practical expedient in PFRS 15, *Revenue from Contracts with Customers*, with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as at the end of the reporting period and the explanation of when such amount will be recognized.

The Company often enters into transactions involving construction services and other contracts containing performance obligations, such as engineering services, with counterparties. The significant judgment used in determining the timing of satisfaction of the Company's performance obligation is disclosed in Note 3.1*(b)*. In addition, the following specific recognition criteria must be met before revenue is recognized.

(a) *Revenue from construction services* – Revenue from construction services is recognized over time as the service is provided. The Company uses the percentage-of-completion (POC) method to determine the appropriate amount to recognize as contract revenue in a given period. Revenue recognized is presented as part of Contract Revenues in the statement of comprehensive income.

(b) *Revenue from engineering services* – Revenue from engineering services is recognized as the performance obligations are fulfilled over time. Revenue recognized is presented as part of Contract Revenues in the statement of comprehensive income.

(c) *Marketing services* – Revenue from marketing services is recognized over time until the performance of contractually agreed tasks have been substantially rendered. Revenue recognized is presented as part of Other Operating Income in the statement of comprehensive income.

The Company presents a contract asset when it transfers control of goods or performs services before the customer pays consideration or before payment is due. A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer.

The Company presents a contract liability when a customer pays the consideration, or the Company has the right to an amount of consideration that is unconditional (i.e., a receivable), before the Company transfers goods or performs services to the customer. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

The Company incurs incremental costs in obtaining customer contracts (i.e., biddings costs on construction contracts). These costs are expensed when incurred as these are incurred regardless whether the contract is obtained and is presented as part of Other Operating Expenses in the statement of comprehensive income.

The Company also incurs costs in fulfilling contracts with customers. These costs are divided into: (i) costs that give rise to an asset; and, (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company first considers any other applicable standards. If other standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

2.6 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos, its functional currency. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

2.7 Leases – Company as a Lessee

Subsequent to initial recognition, the Company amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.8 Impairment of Non-financial Assets

The Company's property and equipment, right-of-use assets, and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

2.9 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan, certain defined contribution plans, and other employee benefits. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of ECL on Contract and Other Receivables

The Company uses a provision matrix to calculate ECL for contract and other receivables. The provision rates are based the payment profiles of sales over a period of 36 months, and the corresponding historical credit losses experienced within such period. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's contract and other receivables are disclosed in Note 19.2*(b)*.

(b) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenue from construction services shall be recognized over time. In making its judgment, the Company uses the POC method to determine the appropriate amount to recognize as contract revenue in a given period. The Company provides the construction services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of construction services as it performs.

In determining the best method of measuring the progress of the Company's rendering of construction services, management considers the input method under PFRS 15 because of the direct relationship between the Company's effort, in terms of incurred contract costs, and the transfer of service to the customer.

(c) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value-added taxes (VAT)].

(d) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Relevant disclosure of provisions and contingencies are presented in Note 18.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition Using the POC Method

The Company uses the POC method in accounting for its construction contract revenues and costs. The use of the POC method requires the Company to estimate the stage of completion based on its efforts or inputs (i.e., actual costs incurred) to the satisfaction of a performance obligation relative to the total expected construction costs to be incurred on a per project basis.

Review of the benchmarks set by management necessary for the determination of POC is done regularly. Actual data is being compared to the related benchmarks and critical judgment is exercised to assess the reliability of the POC procedures which are currently in place and make the necessary revisions in the light of current progress. If the proportion of the POC projects or the total estimated costs per project differs from management's estimates, the amount of profit or loss would have changed.

(b) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that required the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of the customer defaulting and resulting losses).

The Company uses credit loss rate approach to calculate ECL for contract and other receivables. The provision rates are based on historical credit loss with forward-looking information (i.e., forecast of economic condition). The details on how the credit loss rate approach is applied is detailed in Note 19.2*(b)*.

(d) *Estimation of Useful Lives of Property and Equipment and Right-of-use Assets*

The Company estimates the useful lives of property and equipment and right-of-use assets 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. For the right-of-use assets, the Company bases the useful lives on the lease terms agreed upon in each lease contract.

The carrying amounts of property and equipment and right-of-use assets are analyzed in Notes 6 and 7.1, respectively. Based on management's assessment as at March 31, 2025 and 2024, there is no change in estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes 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 values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment loss is required to be provided on the Company's non-financial assets in fiscal years 2025 and 2024.

(f) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of the reporting period 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 carrying value of deferred tax assets as at March 31, 2025 and 2024 is fully recoverable within the next two to three years based on management's analysis and estimate (see Note 15).

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The estimated post-employment benefit obligation and expense and analysis of movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation, are presented in Note 14.2

4. CONTRACT AND OTHER RECEIVABLES

This account is composed of the following:

(Amounts in PHP)	**2025**	2024
Construction contract receivables:		
Unbilled	**476,681570**	516,141,161
Billed	**58,535,485**	236,159,346
	535,217,055	752,300,507
Advances to suppliers	**92,338,972**	110,042,115
Others	**2,143,334**	2,016,252
	629,699,361	864,358,874
Allowance for impairment	**(7,852,655)**	(396,915)
	621,846,706	863,961,959

Construction contract receivables pertain to receivables from customers for contract revenue recognized over the period of the contract based on the POC. Portion of this remain unbilled due to pending required documentations as set out in the agreements. These documents include signed contract and approved unit cost estimate for variation order, testing certificates and manuals.

The contract revenues were presented in the statements of comprehensive income as Contract Revenues amounting to P187.9 million and P369.9 million for the fiscal years ended March 31, 2025 and 2024, respectively (see Note 10). Contract costs incurred and recognized related to contracts in progress for the fiscal years ended March 31, 2025 and 2024 amounted to P186.4 million and P367.7 million, respectively, and is presented as Contract Costs in the statements of comprehensive income (see Note 11.2).

Advances to suppliers pertain to advances made for construction materials and other items used in operations. These include international and domestic suppliers.

Other receivables include salary loans provided by the Company to its employees, and provisions. The salary loans will be paid through salary deduction.

The Company's contract and other receivables were assessed for any ECL using the provisional matrix determined by the management [see Note 19.2*(b)*]. Based on the matrix, the Company recognized a provision for ECL amounting to P7.9 million and P0.4 million as of March 31, 2025 and 2024, respectively.

A reconciliation of the allowance for impairment of contract and other receivables are shown below.

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**396,915**	396,915
Impairment during the year	11.1	**7,455,740**	-
Balance at end of year		**7,852,655**	396,915

In 2025, the Company recognized additional allowance for impairment amounting to P7.5 million which is presented as part of Impairment loss under Other Operating Expenses in the 2025 statement of comprehensive income. In 2025, the Company also directly wrote off certain contract receivables amounting to P46.8 million as the management believes that this is no longer recoverable. The related impairment loss is presented as part of Impairment loss under Other Operating Expenses in the 2025 statement of comprehensive income (see Note 11.1). There is no similar transaction in 2024.

5. OTHER ASSETS

The composition of this account is shown below.

(Amounts in PHP)	Note	**2025**	2024
Current:			
Creditable withholding tax		**50,573,564**	44,377,370
Deferred input VAT		**18,088,374**	38,725,323
Input VAT		**18,082,597**	18,721,439
Prepaid taxes		**3,352,985**	5,434,787
Prepaid insurance		**60,097**	9,662
Advances for liquidation		**-**	2,238,264
		90,157,617	109,506,845
Allowance for impairment		**(7,290,496)**	(7,290,496)
		82,867,121	102,216,349
Non-current –			
Refundable deposits	7	**1,231,562**	2,161,336
		84,098,683	104,377,685

Prepaid taxes include custom duties paid in advance, as well as claims for withholding taxes for which the related certificates are yet to be collected from customers, by the Company.

Advances for liquidation pertain to advances to employees for the daily expenditures of the Company.

Prepaid insurance pertains to insurance policies covering the Company's performance bonds related to its ongoing projects.

Refundable deposits arise from construction projects and lease contracts. Deposits related to construction projects pertain to container deposits and deposits for site accommodations which are recouped upon project completion. Security deposits related to lease agreements are expected to be recouped at the end of the lease term (see Note 7).

Other assets are assessed for impairment. As at March 31, 2025 and 2024, management assessed that certain unsupported creditable withholding taxes are impaired; hence, a loss on impairment was recognized under Other Operating Expenses in the 2024 statement of comprehensive income (see Note 11.1).

A reconciliation of the allowance for impairment of these assets are shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**7,290,496**	6,965,567
Impairment during the year	**-**	324,929
Balance at end of year	**7,290,496**	7,290,496

6. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2025 and 2024 are as follows:

(Amounts in PHP)	**Transportation Equipment**	**Office Furniture and Equipment**	**Leasehold Improvements**	**Total**
March 31, 2025				
Cost	8,825,470	13,916,434	11,493,402	34,235,306
Accumulated depreciation and amortization	(7,912,109)	(13,737,363)	(11,435,441)	(33,084,913)
Net carrying amount	**913,361**	**179,071**	**57,961**	**1,150,393**
March 31, 2024				
Cost	8,825,470	13,884,300	11,493,402	34,203,172
Accumulated depreciation and amortization	(7,912,109)	(13,666,820)	(11,435,441)	(33,014,370)
Net carrying amount	913,361	217,480	57,961	1,188,802
April 1, 2023				
Cost	9,582,613	13,884,300	11,493,402	34,960,315
Accumulated depreciation and amortization	(8,608,803)	(13,592,767)	(11,435,441)	(33,637,011)
Net carrying amount	973,810	291,533	57,961	1,323,304

A reconciliation of the carrying amounts of property and equipment at the beginning and end of fiscal years 2025 and 2024 is shown below.

(Amounts in PHP)	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Total
Balance at April 1, 2024, net of accumulated depreciation and amortization	913,361	217,480	57,961	1,188,802
Additions	-	32,134	-	32,134
Depreciation and amortization charges for the year	-	(70,543)	-	(70,543)
Balance at March 31, 2025, net of accumulated depreciation and amortization	**913,361**	**179,071**	**57,961**	**1,150,393**
Balance at April 1, 2023 , net of accumulated depreciation and amortization	973,810	291,533	57,961	1,323,304
Depreciation and amortization charges for the year	(60,449)	(74,053)	-	(134,502)
Balance at March 31, 2024, net of accumulated depreciation and amortization	913,361	217,480	57,961	1,188,802

In 2024, the Company disposed certain fully depreciated transportation equipment with proceeds of P0.2 million and gain on sale of the same amount. This is presented as part of Other Operating Income in the 2024 statement of comprehensive income (see Note 12). There was no similar transaction in 2025.

Depreciation and amortization is presented under Other Operating Expenses in the statements of comprehensive income (see Note 11.1).

7. LEASES

The Company is a lessee under non-cancellable operating leases covering office spaces, each with terms of one year with renewal options. Each lease is reflected in the statement of financial position as a right-of-use asset and as lease liability. The Company classifies its right-of-use assets and lease liabilities as separate line items in the statements of financial position.

In December 2021, the Company secured a new lease contract with lease terms of five years and with renewal options which resulted to recognition of new right-of-use asset and lease liability.

The required security deposits for the lease agreements are presented as part of Refundable deposits under the Non-current Asset in the statements of financial position (see Note 5).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee.

The Company is prohibited from selling or pledging the underlying leased assets as security. Further, the Company is to incur maintenance fees on such items in accordance with the lease contracts.

7.1 Right-of-use Assets

The carrying amounts of the Company's right-of-use assets as at March 31 and the movements during the period are shown below.

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**4,482,779**	6,112,881
Amortization	11.1	**(1,630,102)**	(1,630,102)
Balance at end of year		**2,852,677**	4,482,779

Amortization is presented as part of Depreciation and amortization under Other Operating Expenses in the statements of comprehensive income (see Note 11.1).

7.2 Lease Liabilities

Lease liabilities are presented in the statements of financial position as follows:

(Amounts in PHP)	**2025**	2024
Current	**1,742,251**	1,647,845
Non-current	**1,371,883**	3,114,134
	3,114,134	4,761,979

The movements in the lease liabilities recognized in the statements of financial position are as follows:

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**4,761,979**	6,320,533
Repayment of lease liabilities including interest		**(1,872,000)**	(1,872,000)
Accretion of interest	13	**224,155**	313,446
Balance at end of year		**3,114,134**	4,761,979

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as at March 31, 2025 and 2024 are as follows:

(Amounts in PHP)	**Within 1 Year**	**1 to 2 Years**	**2 to 3 Years**	**Total**
March 31, 2025				
Lease payments	1,872,000	1,404,000	-	3,276,000
Finance charges	(129,749)	(32,117)	-	(161,866)
Net present values	**1,742,251**	**1,371,883**	**-**	**3,114,134**
March 31, 2024				
Lease payments	1,872,000	1,872,000	1,404,000	5,148,000
Finance charges	(224,155)	(129,749)	(32,117)	(386,021)
Net present values	1,647,845	1,742,251	1,371,883	4,761,979

7.3 Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize lease liabilities for short-term leases. Payments made under such leases are expensed on a straight-line basis. The Company has no lease commitments in relation to these lease agreements.

The expenses relating to short-term lease agreements amounted to P3.7 million and P5.3 million in 2025 and 2024, respectively, and is presented as Rentals under Other Operating Expenses in the statements of comprehensive income (see Note 11.1).

7.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P1.9 million in 2025 and 2024. Interest expense in relation to lease liabilities amounted to P0.2 million and P0.3 million in 2025 and 2024, respectively, and is presented as part of Interest expense under Other Operating Expenses in the statements of comprehensive income (see Note 13).

8. TRADE AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	**2025**	2024
Trade payables	**200,127,720**	356,475,723
Accrued expenses	**127,599,004**	153,207,642
Withholding tax payable	**12,430,710**	31,705,558
Others	**4,011,779**	844,866
	344,169,213	542,233,789

Other payables include other statutory and government dues.

9. INTEREST-BEARING LOANS AND BORROWINGS

In prior years, the Company obtained unsecured, short-term interest-bearing loans from local banks for working capital requirements. These loans were subject to annual interest rates ranging from 6.00% to 6.5% and 6.00% to 9.00% for the fiscal years ended March 31, 2025 and 2024, respectively.

On November 8, 2023, the Company restructured medium term loans, including accrued interest which gave rise to an insignificant amount of loss on restructuring and rendered the loan due and demandable in June 2024. The outstanding balances as of March 31, 2025 and 2024 amounting to P47.0 million and P44.9 million, respectively, is presented under Current Liabilities section of the statements of financial position.

The reconciliation of the amount of the Company's interest-bearing loans and borrowings as at March 31 is shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**44,896,360**	67,513,129
Effect of foreign exchange	**2,106,865**	-
Repayments of loans	**-**	(22,616,769)
Balance at end of year	**47,003,225**	44,896,360

Interest expense incurred on these loans in 2025 and 2024 amounted to P4.2 million and P3.1 million, respectively, and is presented as part of Finance Costs in the statements of comprehensive income (see Note 13).

10. REVENUES

Presented below are the details of revenues, which are concentrated in Metro Manila, earned by the Company for the year ended March 31.

(Amounts in PHP)	**2025**	2024
Ongoing projects	**176,885,467**	235,417,496
Completed projects	**5,817,734**	134,451,068
	182,703,201	369,868,564

The Company is presently engaged in services relating to water and wastewater treatment plant, pumping stations, and pumping networks, which are recognized over time (see Note 1.1).

11. OPERATING EXPENSES

11.1 Operating Expense by Nature

The details of operating expenses by nature are shown below.

(Amounts in PHP)	Notes	**2025**	2024
Material cost	16.2	**111,112,701**	181,291,720
Impairment loss	4, 5	**54,223,301**	324,929
Salaries and employee benefits	14.1,16.3	**43,621,042**	57,498,286
Unrealized foreign currency loss		**9,901,628**	12,007,662
Outside services		**7,073,563**	102,364,926
Freight charges		**5,363,117**	6,969,954
Professional fees		**3,727,626**	8,163,511
Rentals	7.3	**3,713,743**	5,312,305
Transportation, travel and representation		**3,434,040**	4,197,951
Processing fees		**2,692,589**	1,161,999
Taxes and licenses		**1,860,659**	569,106
Depreciation and amortization	6, 7.1	**1,700,645**	1,764,604
Utilities		**1,097,276**	7,465,077
Repairs and maintenance		**555,611**	1,430,116
Bank charges		**312,249**	376,127
Insurance		**180,628**	3,595,880
Miscellaneous		**21,032,930**	31,691,383
		271,603,348	426,185,536

The operating expenses are classified in the statements of comprehensive income as follows:

(Amounts in PHP)	Note	**2025**	2024
Contract costs	11.2	**181,188,353**	367,691,521
Other operating expenses		**90,414,995**	58,494,015
		271,603,348	426,185,536

11.2 Contract Costs

The details of contract costs are as follows:

(Amounts in PHP)	Notes	**2025**	2024
Material cost	16.2	**115,285,437**	181,291,720
Salaries and employee benefits	14.1	**33,783,423**	36,067,878
Outside services		**7,073,563**	102,364,927
Freight charges		**5,363,117**	6,969,954
Processing fees		**2,692,589**	1,161,999
Transportation, travel, and representation		**2,263,605**	1,972,385
Utilities		**2,074,467**	6,127,292
Rentals		**1,706,517**	1,803,063
Repairs and maintenance		**1,533,804**	589,305
Insurance		**167,736**	3,587,412
Bank charges		**-**	45,660
Miscellaneous		**9,244,095**	25,709,926
	11.1	**181,188,353**	367,691,521

Freight charges, processing fees, and bank charges are expenses directly related to the Company's importations.

Transportation, travel and representation expense include expenses incurred by the Company's consultants during the design phase of the project.

12. OTHER OPERATING INCOME

The details of other operating income are shown below.

(Amounts in PHP)	Notes	**2025**	2024
Income from other services	16.1, 16.2	**49,352,448**	88,370,609
Gain on sale of equipment	6	**-**	200,000
Others		**-**	55
		49,352,448	88,570,664

In 2025 and 2024, income from other services includes marketing services rendered to related parties amounting to P17.5 million and P83.1 million, respectively (see Notes 16.1 and 16.2). Income from other services also consists of business development services, writebacks, and scrap sales.

13. FINANCE COSTS

The details of this account are as follows.

(Amounts in PHP)	Notes	**2025**	2024
Interest on loans	9	**4,191,467**	3,076,808
Interest on lease	7.2	**224,155**	313,446
Interest on post-employment defined benefit	14.2	**158,176**	136,323
		4,573,798	3,526,577

14. EMPLOYEE BENEFITS

14.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

(Amounts in PHP)	Notes	**2025**	2024
Salaries and wages		**43,263,760**	57,137,827
Post-employment benefits	14.2	**357,282**	360,459
	11.1	**43,621,042**	57,498,286

The amount of salaries and employee benefits is allocated as follows:

(Amounts in PHP)	Note	**2025**	2024
Other operating expenses		**9,837,619**	21,430,408
Contract costs	11.2	**33,783,423**	36,067,878
	11.1	**43,621,042**	57,498,286

14.2 Post-employment Defined Benefits

(a) Characteristics of the Post-employment Defined Benefit Plan

The Company maintains a non-contributory defined benefit retirement plan covering all regular full-time employees and is computed using the projected unit credit method.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Company's BOD. Normal retirement benefit is an amount equivalent to 100% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment defined benefit costs and amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2025, including the comparative year 2024.

In 2025 and 2024, post-employment defined benefit obligation amounting to P2.7 million and P2.5 million, respectively, is recognized under the non-current liabilities in the statements of financial position.

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**2,530,816**	2,100,501
Current service cost	**357,282**	360,459
Interest cost	**158,176**	136,323
Benefit paid directly from book reserve	**-**	(734,051)
Remeasurements:		
Actuarial losses (gains) arising from:		
Experience adjustments	**(320,587)**	598,901
Changes in financial assumptions	**(27,675)**	68,683
Balance at end of year	**2,698,012**	2,530,816

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

(Amounts in PHP)	**2025**	2024
Reported in profit or loss:		
Current service cost	**357,282**	360,459
Interest expense	**158,176**	136,323
	515,458	496,782
Reported in other comprehensive loss (income):		
Actuarial losses (gains) arising from:		
Experience adjustments	**(320,587)**	598,901
Changes in financial assumptions	**(27,675)**	68,683
	(348,262)	667,584

Current service costs are presented as part of Salaries and employee benefits while the net interest expense is presented as part of Other Operating Expenses in the statements of comprehensive income (see Note 11.1).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment defined benefit obligation, the following significant actuarial assumptions were used:

	2025	2024
Discount rate	**6.34%**	6.25%
Salary increase rate	**2.00%**	2.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 14.8 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described as follows:

(a) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

		Impact on Post-employment Defined Benefit Obligation	
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
March 31, 2025			
Discount rate	**+/- 1.0%**	**(280,982)**	**332,731**
Salary increase rate	**+/- 1.0%**	**344,516**	**294,587**
March 31, 2024			
Discount rate	+/- 1.0%	(268,873)	318,527
Salary increase rate	+/- 1.0%	329,506	281,670

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the post-employment defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(b) Funding Arrangements and Expected Contributions

As at March 31, 2025 and 2024, the Company has no formal plan of funding its post-employment defined benefit obligation yet. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

The expected maturity of undiscounted expected benefits payment from the plan for the next ten years as at March 31 are presented as follows:

(Amounts in PHP)	**2025**	2024
Within two years	**721,378**	-
Within three years	**163,725**	724,641
Within four years	**-**	164,854
Within five years	**362,641**	431,456
From six to ten years	**1,026,808**	366,162
	2,274,552	1,687,113

The weighted average duration of the defined benefit obligation at the end of the reporting period is 11.4 years.

15. TAXES

The components of tax expense as reported in the statements of comprehensive income are as follows:

(Amounts in PHP)	**2025**	2024
Reported in profit or loss:		
Current tax expense –		
Minimum corporate income tax (MCIT) at 2%	**1,015,462**	1,588,085
Deferred tax expense:		
Relating to origination and reversal of temporary difference	**823,974**	6,481,319
	1,839,436	8,069,404
Reported in other comprehensive loss (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	**87,066**	(166,896)

The reconciliation of tax on pretax loss computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income is as follows:

(Amounts in PHP)	**2025**	2024
Tax on pretax income (loss) at 25%	**(11,030,374)**	7,181,778
Expiration of MCIT	**969,696**	208,224
Tax effect of non-deductible expenses	**11,900,114**	679,402
	1,839,436	8,069,404

The net deferred tax assets relate to the following as at March 31:

	Statements of Financial Position		Statements of Comprehensive Income			
			Profit or Loss		Other Comprehensive Loss (Income)	
(Amounts in PHP)	**2025**	2024	**2025**	2024	**2025**	2024
MCIT	**4,489,207**	4,651,665	**162,458**	(1,379,861)	**-**	-
Net operating loss carryover(NOLCO)	**3,693,848**	5,817,219	**2,123,371**	6,925,901	**-**	-
Impairment of receivable	**1,963,164**	99,229	**(1,863,935)**	-	**-**	-
Other impairment	**1,822,624**	1,822,624	**-**	(81,232)	**-**	-
Retirement benefit obligation	**674,503**	632,704	**(128,865)**	59,317	**87,066**	(166,896)
Unrealized foreign exchange gain (loss)	**(207,925)**	318,584	**526,509**	975,081	**-**	-
Leases	**65,364**	69,800	**4,436**	(17,887)	**-**	-
Net deferred tax assets	**12,500,785**	13,411,825				
Net deferred tax expense (income)			**823,974**	6,481,319	**87,066**	(166,896)

The Company is subject to MCIT computed at 2.00% and 1.75% of gross income in 2025 and 2024, respectively, net of allowable deductions as defined under the tax regulations or regular corporate income tax, whichever is higher. In 2025 and 2024, the Company recognized MCIT as the Company is in tax loss position in both years.

The movements in the Company's MCIT is presented below.

Year Incurred	Amount	Applied/ Expired	Remaining Balance	Valid Until
2025	1,015,462	-	1,015,462	2028
2024	1,588,085	-	1,588,085	2027
2023	1,885,660	-	1,885,660	2026
2022	969,696	(969,696)	-	
	5,458,903	**(969,696)**	**4,489,207**	

The Company incurred NOLCO in 2021, which can be claimed as deduction from gross income until 2026, in accordance with R.A. No. 11494, *Bayanihan to Recover as One Act*. As per Revenue Memorandum Circular (RMC) No. 137-2020, the NOLCO incurred in 2023 and 2021 can be claimed until 2026.

Year Incurred	Amount	Applied/ Expired	Remaining Balance	Valid Until
2023	2,731,497	-	2,731,497	2026
2021	48,240,981	(36,197,085)	12,043,896	2026
	50,972,478	**(36,197,085)**	**14,775,393**	

For the fiscal years ended March 31, 2025 and 2024, the Company opted to claim itemized deductions for tax purposes.

16. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, entities under common ownership, key management personnel and others. The summary of the Company's outstanding balances and significant transactions with its related parties as at and for the fiscal years ended March 31, 2025 and 2024 are presented below.

(Amounts in PHP)		2025		2024	
	Note	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Parent Company:	16.1				
Services rendered		-	-	83,066,736	-
Purchases of construction materials*		-	(125,661,737)	-	(123,157,043)
Technical and consultancy services*		-	(64,297,156)	-	(63,064,937)
Reimbursements		94,205	-	-	-
Under Common Ownership:	16.2				
Services rendered		17,450,800	-		
Advances obtained*		28,362,804	(44,322,577)	-	(68,426,481)
Purchases of construction materials*		-	(13,543,130)	2,771,409	(13,218,010)
Key Management Personnel –	16.3				
Key management compensation		2,235,280	-	10,441,037	-

**Movement of outstanding balance is due to foreign exchange adjustments*

The outstanding payables (net of overpayments) from these transactions, shown as Due to Related Parties in the statements of financial position, amounted to P247.8 million and P267.9 million as at March 31, 2025 and 2024, respectively. The outstanding liabilities to related parties are unsecured, noninterest-bearing and generally payable in cash upon demand.

16.1 Transactions with Parent Company

In 2024, the Company provided marketing and engineering services to the parent company on some of their projects. Income earned from these transaction in 2024 amounted to P83.1 million, and are presented as part of Other Operating Income in the 2024 statement of comprehensive income (see Note 12). There are no outstanding receivables from this transaction as at March 31, 2024. There was no similar transaction in 2025.

In prior years, the Company purchased construction materials from its parent company in prior years. The outstanding payable in relation to these purchases amounted to P125.7 million and P123.2 million as at March 31, 2025 and 2024, respectively, and are presented as part of Due to Related Parties in the statements of financial position.

The parent company also rendered technical and consultancy services to the Company in prior years. The outstanding payable in relation to these services amounted to P64.3 million and P63.1 million as at March 31, 2025 and 2024, respectively, and are presented as part of Due to Related Parties in the statements of financial position.

In 2025, the parent company incurred expenses for its employees' project-related works in the Philippines, which were initially paid by the Company on behalf of the parent company, resulting in a reimbursement claim amounting to P0.1 million. There are no outstanding receivables from this transaction as at March 31, 2025. No similar transaction occurred in 2024.

16.2 Transactions with Related Parties Under Common Ownership

In prior years, the Company obtained cash advances from related parties under common ownership, for working capital requirements. The outstanding balances as at March 31, 2025 and 2024 is presented as part of Due to Related Parties in the statements of financial position. In 2025, certain payables amounting to P28.4 million were written off from the books as agreed among the parties. The Company recognized income from the written off payables which is presented as part of Other Operating Income in the 2025 statement of comprehensive income (see Note 12). There is no similar transaction in 2024.

In 2025, the Company provided marketing and engineering services to VA Tech Wabag Singapore amounting to P17.5 million. These are presented as part of Other Operating Income in the 2025 statement of comprehensive income (see Note 12). There are no outstanding receivables from this transaction as at March 31, 2025. No similar transaction occurred in 2024.

The Company also purchased construction materials from VA Tech Wabag Swiss amounting to P2.8 million in 2024. These purchases are included as part of Material cost under Contract Costs in the 2024 statement of comprehensive income (see Note 11). There is no similar transaction in 2025. The outstanding payables in relation to these purchases amounted to P13.5 million and P13.2 million as at March 31, 2025 and 2024, respectively, and are presented as part of Due to Related Parties in the statements of financial position.

16.3 Key Management Personnel Compensation

The total remuneration (including salaries and benefits) of the Company's managers and other members of key management amounted to P2.2 million and P10.4 million for the fiscal years 2025 and 2024, respectively. These are presented as part of Salaries and wages under Other Operating Expenses in the statements of comprehensive income (see Note 11.1).

(Amounts in PHP)	**2025**	2024
Short-term benefits	**2,190,575**	10,232,216
Post-employment benefits	**44,705**	208,821
	2,235,280	10,441,037

17. EQUITY

17.1 Capital Stock

The Company has 15,000,000 shares of authorized capital stock, of which 8,570,200 shares are issued and outstanding, with a par value of P1 per share, as at March 31, 2025 and 2024.

As at March 31, 2025 and 2024, the Company has only one stockholder owning 100 or more shares of the Company's capital stock.

17.2 Retained Earnings

On April 27, 2018, the Company's BOD authorized the appropriation of P50.0 million for the rehabilitation, retrofitting and process improvement of La Mesa Water Treatment Plant 2 which is initially expected to be completed in fiscal year 2023. On March 31, 2024, reassessment was made and the project is subsequently expected to be completed on September 30, 2025, hence, the appropriation is retained. Subsequently, on October 22, 2024, the BOD approved the reversal of P15.0 million from the appropriated retained earnings previously earmarked for fiscal years 2023 to 2024.

As at March 31, 2025 and 2024, the total appropriated retained earnings amounted to P115.0 million and P130.0 million, respectively. The Company intends to release the remaining appropriated retained earnings to unrestricted retained earnings in the succeeding fiscal years, subject to the completion of the related projects and further evaluation by management.

17.3 Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods is summarized below.

(Amounts in PHP)	**2025**	2024
Total liabilities	**644,809,184**	862,289,415
Total equity	**82,195,419**	127,895,156
Debt-to-equity ratio	**7.84 : 1.00**	6.74 : 1:00

18. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies arising from the Company's operations. As at March 31, 2025 and 2024, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

19. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial risks.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described in the succeeding pages.

19.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating and investing activities.

(a) Foreign Currency Risk

Exposures to currency exchange rates arise from trade and other payables and due to related parties which are primarily denominated in United States (U.S.) dollar, and Euro. The Company also holds U.S. dollar-denominated cash.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are regularly monitored. Foreign currency denominated financial assets and financial liabilities in U.S. dollars and Euro translated into Philippine pesos at the respective closing rates are as follows:

(Amounts in PHP)	**U.S. Dollar**	**Euro**
March 31, 2025		
Financial assets	2,802,934	-
Financial liabilities	(116,584,260)	(3,619,160)
	(113,781,326)	**(3,619,160)**
March 31, 2024		
Financial assets	9,716,161	-
Financial liabilities	(112,656,207)	(3,449,942)
	(102,940,046)	(3,449,942)

The following table illustrates the sensitivity of the profit or loss before tax and equity with respect to changes in the value of Philippine peso against foreign currencies. The percentage changes have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level.

	2025			2024		
(Amounts in PHP)	**Reasonably possible change in rate**	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
USD - Php	**14.34%**	**(16,320,710)**	**(12,240,532)**	14.34%	(14,761,603)	(11,071,202)
Euro - Php	**23.90%**	**(864,927)**	**(648,695)**	23.86%	(823,156)	(617,367)

The effect would be the reverse if the Philippine peso would appreciate against the other currencies.

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

(b) Interest Rate Risk

The Company has limited exposure to changes in market interest rates through its cash in banks, which are mostly short-term and are subject to variable interest rates. These financial instruments have historically shown small or measured changes in interest rates. All other financial assets and financial liabilities have fixed rates.

19.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting credits to customers and placing deposits with banks. The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

Where available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown on the statements of financial position (or in the detailed analysis provided in the notes to financial statements), summarized as follows:

(Amounts in PHP)	Notes	**2025**	2024
Cash in banks		**4,555,359**	2,761,521
Contract and other receivables	4	**537,360,388**	754,316,759
Refundable deposits	5	**1,231,562**	2,161,336
		543,147,309	759,239,616

None of the financial assets are secured by collateral or other credit enhancements, except for cash in banks described as follows:

(a) Cash in Banks

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution. Effective March 15, 2025, the PDIC increased the maximum coverage to P1.0 million per depositor per banking institution.

(b) Contract and Other Receivables

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all contract and other receivables.

To measure the ECL, these financial assets have been grouped based on shared credit risk characteristics. The other receivables have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company has identified the interest rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor. The application of ECL methodology resulted to an adjustment on the Company's financial statements as at March 31, 2025 and 2024.

On that basis, the loss allowance as at March 31, 2025 and 2024 was determined based on months past due, as follows for both contract and other receivables:

	2025	2024
91 to 180 days past due	**-**	2,827,702
Over 180 days past due	**48,453,543**	4,017,953
	48,453,543	6,845,655
Loss allowance	**7,852,655**	396,915

(c) *Refundable deposits*

The Company is not exposed to any significant credit risk exposure, since the counterparties are reputable lessors with sound liquid position.

19.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities, as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day period. Funding for long-term liquidity needs is additionally secured from related parties.

The Company's financial liabilities (except lease liabilities – see Note 7.2) have contractual maturities of less than 12 months as presented below.

(Amounts in PHP)	Notes	**2025**	2024
Trade and other payables	8	**327,726,724**	510,528,231
Interest-bearing loans and borrowings	9	**47,379,170**	47,308,100
Due to related parties	16	**247,824,600**	267,866,471
		622,930,494	825,702,802

These contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

20. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The Company's financial assets and financial liabilities as at March 31, 2025 and 2024 that are carried at amortized cost have been determined by management to have carrying amounts approximate or equal their fair values due to their short-term nature. For those with maturities beyond one year, management also opted not to discount these financial instruments as the effects of discounting is deemed immaterial. Accordingly, the fair values of financial assets and financial liabilities are no longer presented.

See Note 2.3 for a description of the accounting policies for each category of financial instrument, including the determination of fair values. A description of the Company's risk management objectives and policies for financial instrument is provided in Note 19.

20.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy levels are presented as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3. The Company has no financial assets and financial liabilities measured at fair value or that are not carried at fair value but are required to be disclosed as at March 31, 2025 and 2024. Nevertheless, if its financial instruments are presented in the fair value hierarchy, only cash can be considered Level 1; all the rest are considered Level 3.

20.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2025 and 2024 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. There is no potential offsetting as of March 31, 2025 and 2024.

21. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding page is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations (RR) to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are as follows:

(a) Output VAT

In fiscal year 2025, the Company declared output VAT amounting to P39,553,723 arising from rendering of services amounting to P329,614,356. The tax bases for the revenues per VAT returns are based on the Company's gross receipts particularly from March 2024 to April 2024 and based on the Company's progress billings to clients from May 2024 onwards pursuant to R.A. 11976, *Ease of Paying Taxes*, effective April 27, 2024; hence, these may not be the same as the revenues reported in the 2025 statement of comprehensive income which is based on the POC method.

There is no outstanding output VAT payable as at March 31, 2025.

(b) Input VAT

The movements in input VAT in 2025 are summarized below.

(Amounts in PHP)

Balance at beginning of period	18,721,439
Services lodged under cost of services	25,944,036
Domestic purchases of goods other than capital goods	4,648,456
Capital goods	8,322,389
Applied against output VAT	(39,553,723)
	18,082,597

The balance of Input VAT as at March 31, 2025, presented as part of Other Current Assets account in the 2025 statement of financial position.

(c) Taxes on Importation

In fiscal year 2025, the total landed cost of the Company's importations for use in business amounted to P65,875,233. This includes customs duties and tariff fees totaling P2,692,589 as part of Processing fees under Contract Costs in the 2025 statement of comprehensive income.

(d) Excise Tax

The Company did not have any transactions in fiscal year 2025 which are subject to excise tax.

(e) Documentary Stamp Tax

The Company did not have any transactions in fiscal year 2025 which have been subjected to documentary stamp tax.

(f) Taxes and licenses

The details of taxes and licenses in fiscal year 2025 are as shown below *(Amounts in PHP)*:

Business permits	1,657,269
Others	203,390
	1,860,659

Taxes and licenses are presented as part of Other Operating Expenses in the 2025 statement of comprehensive income.

(g) Withholding Taxes

The details of total withholding taxes for the fiscal year 2025 are shown below *(Amounts in PHP)*:

Compensation and employee benefits	1,668,170
Expanded	4,307,513
	5,975,683

The Company did not have any income payment subject to final withholding taxes in fiscal year 2025.

The outstanding payable on these withholding taxes amounting to P12,430,710 is presented as Withholding tax payable under Trade and Other Payables account in the 2025 statement of financial position.

(h) Deficiency Tax Assessments and Tax Cases

In 2025, the Company paid deficiency taxes amounting to P254,403, P2,736,089 and P2,377,077, which include basic taxes and interest for taxable years 2024, 2023, and 2022, respectively. These amounts are presented as part of Miscellaneous under Operating Expenses in the 2025 statement of comprehensive income.