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Report of Independent Auditors

The Board of Directors
Sun Pharma Philippines, Inc.
(A Wholly Owned Subsidiary of Sun Pharma Global FZE)
Unit 604, Liberty Center Building
104 H.V. Dela Costa Street
Salcedo Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Pharma Philippines, Inc. (the Company), which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in capital deficiency and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, 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 *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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has substantial deficit of P376.7 million and P393.2 million as at March 31, 2020 and 2019, respectively. As stated in Note 1, this condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In response to this matter, management continues to strengthen its strategy to expand its market in order for the Company to increase its sales and eventually generate profit. Management believes that the Company will be able to recover from losses in the next succeeding years. In 2020, the Company generated net profit amounting to P16.5 million. We performed audit procedures to evaluate management's representation as to feasibility and reasonableness under the circumstances. Accordingly, the accompanying Company's financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the settlement of liabilities in the normal course of business. In connection with our audit, we have performed audit procedures to evaluate management's assumptions as to the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 year ended March 31, 2020 required by the Bureau of Internal Revenue as disclosed in Note 22 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. 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: Jerald M. Sanchez
Partner

CPA Reg. No. 0121830
TIN 307-367-174
PTR No. 8116557, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 121830-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
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May 13, 2020

SUN PHARMA PHILIPPINES, INC.
(A Wholly Owned Subsidiary of Sun Pharma Global FZE)
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
A S S E T S			
CURRENT ASSETS			
Cash	4	P 50,793,227	P 16,334,613
Trade and other receivables - net	5	105,703,421	92,655,672
Inventories - net	6	80,880,212	71,957,494
Other current assets	7	1,655,075	3,145,248
Total Current Assets		239,031,935	184,093,027
NON-CURRENT ASSETS			
Property and equipment - net	8	16,052,754	10,715,726
Other non-current assets - net	7	2,466,177	1,829,497
Total Non-current Assets		18,518,931	12,545,223
TOTAL ASSETS		P 257,550,866	P 196,638,250
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Trade and other payables	9	P 272,894,331	P 217,599,732
Advances from parent company	15	350,825,043	362,756,558
Total Current Liabilities		623,719,374	580,356,290
NON-CURRENT LIABILITY			
Retirement benefit obligation	13	1,890,145	855,570
Total Liabilities		625,609,519	581,211,860
CAPITAL DEFICIENCY			
Capital stock	16	8,653,400	8,653,400
Deficit	2	(376,712,053)	(393,227,010)
Capital Deficiency		(368,058,653)	(384,573,610)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		P 257,550,866	P 196,638,250

See Notes to Financial Statements.

SUN PHARMA PHILIPPINES, INC.
(A Wholly Owned Subsidiary of Sun Pharma Global FZE)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
REVENUES - Net	10	**P 342,331,996**	P 277,751,990
COST OF GOODS SOLD	11	**179,642,482**	138,873,780
GROSS PROFIT		**162,689,514**	138,878,210
SELLING AND ADMINISTRATIVE EXPENSES	11	**161,952,883**	159,545,083
OPERATING INCOME (LOSS)		**736,631**	(20,666,873)
OTHER INCOME (CHARGES) - Net	12	**19,062,751**	(4,778,890)
PROFIT (LOSS) BEFORE TAX		**19,799,382**	(25,445,763)
TAX EXPENSE	14	**(3,284,425)**	(2,861,825)
NET PROFIT (LOSS)		**16,514,957**	(28,307,588)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**P 16,514,957**	(P 28,307,588)

See Notes to Financial Statements.

SUN PHARMA PHILIPPINES, INC.
(A Wholly Owned Subsidiary of Sun Pharma Global FZE)
STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Capital Stock (see Note 16)	**Deficit** (see Note 2)	**Total**
Balance at April 1, 2019	P 8,653,400	(P 393,227,010)	(P 384,573,610)
Net profit for the year	-	16,514,957	16,514,957
Balance at March 31, 2020	**P 8,653,400**	**(P 376,712,053)**	**(P 368,058,653)**
Balance at April 1, 2018	P 8,653,400	(P 364,919,422)	(P 356,266,022)
Net loss for the year	-	(28,307,588)	(28,307,588)
Balance at March 31, 2019	P 8,653,400	(P 393,227,010)	(P 384,573,610)

See Notes to Financial Statements.

SUN PHARMA PHILIPPINES, INC.
(A Wholly Owned Subsidiary of Sun Pharma Global FZE)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		**P 19,799,382**	(P 25,445,763)
Adjustments for:			
Net unrealized loss (gain) on foreign exchange transactions	15	**(15,975,926)**	4,659,646
Depreciation and amortization	7, 8	**4,819,460**	4,619,729
Loss on inventory obsolescence	6	**3,557,474**	7,590,977
Impairment loss on receivables	5	**2,112,606**	-
Gain on disposals of assets	8	**(1,119,559)**	(1,212,584)
Interest income	4, 5	**(225,299)**	(102,237)
Operating profit (loss) before working capital changes		**12,968,138**	(9,890,232)
Increase in trade and other receivables		**(15,160,355)**	(9,504,910)
Decrease (increase) in inventories		**(12,480,192)**	1,897,894
Decrease (increase) in other current assets		**2,000,311**	(1,914,633)
Increase in other non-current assets		**(636,680)**	(587,602)
Increase in trade and other payables		**59,339,010**	32,702,822
Increase in retirement benefit obligation		**1,034,575**	-
Cash generated from operations		**47,064,807**	12,703,339
Interest received	4, 5	**225,299**	102,237
Cash paid for taxes	14	**(3,693,545)**	(20,447)
Net Cash From Operating Activities		**43,596,561**	12,785,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	8	**(10,097,506)**	(8,519,160)
Proceeds from sale of property and equipment	8	**1,119,559**	1,212,584
Additions to intangible asset	7	**(160,000)**	(22,767)
Net Cash Used in Investing Activities		**(9,137,947)**	(7,329,343)
NET INCREASE IN CASH		**34,458,614**	5,455,786
CASH AT BEGINNING OF YEAR		**16,334,613**	10,878,827
CASH AT END OF YEAR		**P 50,793,227**	P 16,334,613

See Notes to Financial Statements.

SUN PHARMA PHILIPPINES, INC.
(A Wholly Owned Subsidiary of Sun Pharma Global FZE)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Sun Pharma Philippines, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission on December 8, 2011 primarily to engage in the business of marketing and distribution on wholesale of pharmaceutical, cosmetics and chemical products.

The Company is a wholly owned subsidiary of Sun Pharma Global FZE (the parent company), a free zone limited liability establishment incorporated in Sharjah Airport International Free Zone, Sharjah, United Arab Emirates (U.A.E.) pursuant to Emiri Decree No. 2 of 1995 and in accordance with the implementation procedures of the free zone establishment that is engaged in sourcing pharmaceutical formulations and active pharmaceutical ingredients mainly manufactured by Sun Pharmaceutical Industries Limited – India (the ultimate parent company) and supplying to the overseas related parties. The ultimate parent company is involved with manufacturing operations that are focused on producing generics, branded generics, speciality, over-the-counter products, anti-retrovirals, active pharmaceutical ingredients and intermediates in the full range of dosage forms, including tablets, capsules, injectables, ointments, creams and liquids.

The registered office address of the Company, which is also its principal place of business, is located at Unit 604, Liberty Center Building, 104 H.V. Dela Costa Street, Salcedo Village, Makati City. The registered office address of the parent company is located at Executive Suite Y-43, P.O. Box 122304, Sharjah, U.A.E., while the ultimate parent company is located at Sun House CTS No. 201 B/1, Western Express Highway, Goregaon, Mumbai 400063, India.

1.2 Status of Operations

The Company has reported substantial deficit of P376.7 million and P393.2 million as at March 31, 2020 and 2019, respectively. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In response to this matter, the Company's management continues to strengthen the strategy to expand its market in order for the Company to increase its sales and continuously generate profit through continuous intensive marketing of its products. Management believes that the Company will be able to recover from losses in the next succeeding years. In 2020, the Company generated net profit amounting to P16.5 million. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

1.3 Approval of Financial Statements

The financial statements of the Company as at and for the year ended March 31, 2020 (including the comparative financial statements as at and for the year ended March 31, 2019) were authorized for issue by the Company's Board of Directors (BOD) on May 13, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. 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). PFRS are adopted by the Financial Reporting Standards Council (FRSC) 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 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 and expense and other comprehensive income or loss 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, the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2020 that are Relevant to the Company

The Company adopted for the first time the following new PFRS, amendments, interpretations and annual improvements to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends

Discussed below are the relevant information about these pronouncements.

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement*. The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments now require that if an entity remeasures its net defined benefit liability or asset after a plan amendment, curtailment or settlement, it should also use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the change to the plan. The application of these amendments had no significant impact on the Company's financial statements.

(ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation*. The amendments clarify that prepayment features with negative compensation attached to financial assets may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PFRS 16, *Leases*. The new standard replaced PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standard Interpretations Committee (SIC) 15, Operating Leases – *Incentives*, and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. For lessees, it requires an entity to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and lease liability arising from contract that is, or contains, a lease.

Relative to the adoption of PFRS 16 in the Philippines, the FRSC also approved the issuance of the following:

- Philippine Interpretations Committee Questions and Answers (PIC Q&A) No. 2019-12, *Determining the Lease Term under PFRS 16*. This Q&A provides guidance in determining the lease term under the new leases standard. Such exercise may require significant judgment especially when the lease agreement contains an option to either extend or terminate the lease.

- PIC Q&A No. 2019-13, *PFRS 16*, *Determining the Lease Term of Leases that are Renewable Subject to Mutual Agreement of the Lessor and the Lessee*. This Q&A is a supplement to PIC Q&A No. 2019-12, providing guidance on determining the lease term under PFRS 16. This focuses on lease contracts that are renewable subject to mutual agreement of the parties.

The Company's sole lease pertains to a lease of office space with a lease term of one year and renewable subject to mutual agreement of the parties. Thus, the Company applied the optional exemption for short-term leases to not recognize right-of-use asset but to account for the lease expense on a straight-line basis over the lease term.

Despite the insignificance of the adoption of the new standards, the Company updated its accounting policies on leases as disclosed in Note 2.12(a).

(iv) IFRIC 23, *Uncertainty over Income Tax Treatments*. This interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. The application of this interpretation had no significant impact on the Company's financial statements.

(v) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*, is relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify existing requirements. The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

(b) Effective in Fiscal Year 2020 that are not Relevant to the Company

The following amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2019 but are not relevant to the Company's financial statements.

PAS 28 (Amendments)	:	Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
Annual Improvements to PFRS (2015-2017 Cycle)		
PAS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization
PFRS 3 and PFRS 11 (Amendments)	:	Business Combinations and Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operations

(c) Effective Subsequent to Fiscal Year 2020 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to fiscal year 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements.

(i) PAS 1 (Amendments), Presentation of Financial Statements, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Disclosure and Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, all of the Company's financial assets are classified and measured at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented as Cash, Trade and Other Receivables (except for advances to suppliers, and advances to employees that are subject for liquidation) and Refundable deposits (presented as part of Other Assets) in the statement of financial position.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash include cash on hand and demand deposits maintained in banks that are unrestricted and readily available for use in the operations of the Company.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Other Income (Charges).

(b) Impairment of Financial Assets

The Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade 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. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.4 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The costs of inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials is the current replacement cost.

2.5 Intangible Asset

Intangible asset pertains to computer software, which is presented as part of Other Non-current Assets account in the statement of financial position. Acquired computer software is capitalized on the basis of the costs incurred to acquire and install the specific software. These costs are amortized on a straight-line basis over the expected useful life of three to seven years. Costs associated with maintaining computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.6 Other Assets

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.7 Property and Equipment

All property and equipment are stated at cost less accumulated depreciation, and impairment in value, if any.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

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

Vehicles	3 - 5 years
Furniture and fixtures	5 - 10 years
Office equipment	3 - 5 years

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

An item of property and equipment, including the related accumulated depreciation, accumulated amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.8 Financial Liabilities

Financial liabilities, which include trade and other payables (except tax-related liabilities), and advances from parent company are recognized when the Company becomes a party to the contractual terms of the instrument.

Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Advances from parent company are availed to finance working capital requirements of the Company during the start of Company's operations.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.10 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 commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Revenue and Expense Recognition

Revenue comprises revenue from sale of pharmaceutical products.

To determine whether to recognize revenue, the Company follows a five-step process:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

Revenue from sale of goods is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Invoices for goods transferred are due upon receipt by the customer. The significant judgments in determining the timing of satisfaction of the performance obligation is disclosed in Note 3.1(a).

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

2.12 Leases – Company as a Lessee

(a) Accounting for Leases in Accordance with PFRS 16 (2019)

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company has only one lease contract as a lessee which pertains to a lease of office space for a period of one year, renewable upon mutual agreement of both parties. The Company elected to account for such lease using the practical expedient wherein 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.

(b) Accounting for Leases in Accordance with PAS 17 (2018)

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the profit or loss on a straight-line basis over the lease term.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.13 Foreign Currency Transactions and Translation

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

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.14 Impairment of Non-financial Assets

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

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements.

Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.15 Employee Benefits

The Company provides post-employment benefits to employees through contribution plans and defined benefit, and other employee benefits which are discussed below.

(a) Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity (i.e., Social Security System). The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired.

The liability recognized in the statement of financial position for the defined benefit post-employment plan is the present value of the defined benefit obligation.

In 2020 and 2019, the Company did not have a formal retirement benefit plan yet; however, it already started to compute and accrue retirement benefit obligation based on the provisions of Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, which covers all qualified employees.

2.16 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from 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.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.17 Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.18 Capital Deficiency

Capital stock represents the nominal value of shares that have been issued.

Deficit represent all current and prior period results of operations as reported in the profit or loss section of statement of comprehensive income.

2.19 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect 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 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 Timing of Satisfaction of Performance Obligations

The Company determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods has been transferred to the customer, i.e., generally when the customer has acknowledged delivery of the goods.

(b) Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is based on the Company's historical observed default rates. 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 trade and other receivables are disclosed in Note 18.3(b).

(c) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.10 and disclosures on relevant provisions and contingencies are presented in Note 17.

3.2 Key Sources of Estimation Uncertainty

Discussed in the succeeding pages 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) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 18.3.

(b) *Estimation of Amounts Involving Right of Return*

The Company's contract of sale has variable consideration which is the right of return given to the customers within a specified period. Given the large number of contracts of the same characteristics, the Company considered the expected value method under the provisions of PFRS 15 which better predicts the amounts of consideration it will be required to return and receive involving the customer's right of return.

The carrying amount of the return liabilities as at March 31, 2020 and 2019 is presented as part of Trade and Other Payables account in the statements of financial position (see Note 9).

(c) *Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account past experience and other factors affecting the net realizable value of inventory items. Future realization of the carrying amounts of inventories as presented in Note 6 is evaluated on a continuous basis throughout the year. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next reporting period.

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

The Company reviews its deferred tax assets at the end of each 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. Management assessed that the deferred tax assets as at March 31, 2020 and 2019 may not be fully utilized in the subsequent reporting periods. Accordingly, deferred tax assets were not recognized. The carrying value of deferred tax assets is disclosed in Note 14.

(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 (see Note 2.14). 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.

No impairment losses are necessary to be recognized in 2020 and 2019 on the Company's property and equipment, and other non-financial assets based on the management's assessment.

(f) *Estimation of Useful Lives of Intangible Asset, and Property and Equipment*

The Company estimates the useful lives of intangible asset, and 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.

The carrying amounts of intangible assets, and property and equipment are presented in Notes 7 and 8, respectively. Based on management's assessment as at March 31, 2020 and 2019, 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.

(g) *Valuation of Post-employment Benefit*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. In determining the post-employment obligation, management makes an estimate of salary increases, determine the appropriate discount rate to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

As at March 31, 2020, the Company does not have a formal post-employment benefit plan; however, it computes post-employment benefit obligation based on the provisions of R.A. No. 7641 which covers all regular full-time employees. Management believes that the obligation computed under R.A. No. 7641 will not materially differ had it been actuarially determined.

4. CASH

This account includes the following:

	2020	2019
Cash in bank	**P 50,758,227**	P 15,776,163
Cash on hand	**35,000**	558,450
	P 50,793,227	P 16,334,613

Cash in bank generally earns interest based on daily bank deposit rates. Interest earned from cash in bank is reported as part of Interest income under Other Income (Charges) in the statements of comprehensive income (see Note 12).

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	2020	2019
Trade receivables	**P 107,713,567**	P 92,686,951
Advances to employees	**553,383**	792,472
Advances to suppliers	**304,464**	7,200
Others	**178,972**	103,408
	108,750,386	93,590,031
Allowance for impairment	**(3,046,965)**	(934,359)
	P 105,703,421	P 92,655,672

Advances to employees includes salary advances given to certain employees subject to annual interest rate of 12%. Interest income earned from salary advances is recognized as part of Interest income under Other Income (Charges) in the statements of comprehensive income (see Note 12).

All of the Company's trade and other receivables have been reviewed for impairment. Certain trade receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. Trade receivables have contractual terms of 30 days and do not bear any interest.

A reconciliation of the allowance for impairment at the beginning and end of 2020 and 2019 is shown below.

	Note	2020	2019
Balance at beginning of year		**P 934,359**	P 1,289,369
Impairment loss	11	**2,112,606**	-
Write-off		**-**	(355,010)
Balance at end of year		**P 3,046,965**	P 934,359

6. INVENTORIES

The details of inventories as at March 31 are as follows:

	2020	2019
Finished goods:		
At cost	**P 80,829,342**	P 62,044,511
At net realizable value:		
Cost	**8,798,759**	18,429,811
Allowance for impairment	**(8,747,889)**	(8,516,828)
	50,870	9,912,983
	P 80,880,212	P 71,957,494

Movements in allowance for inventory obsolescence consist of:

	Note	2020	2019
Balance at beginning of year		**P 8,516,828**	P 2,533,954
Loss on inventory obsolescence	11	**3,557,474**	7,590,977
Write-off		**(3,326,413)**	(1,608,103)
Balance at end of year		**P 8,747,889**	P 8,516,828

7. OTHER ASSETS

This account is composed of the following:

	Notes	2020	2019
Current:			
Deferred input value-added tax (VAT)	23(b)	**P 458,913**	P 946,503
Refundable deposit	17.1	**578,687**	-
Creditable withholding tax		**409,120**	498,360
Prepaid expenses		**208,355**	1,700,385
		1,655,075	3,145,248
Non-current:			
Deferred input VAT	23(b)	**1,110,417**	-
Refundable deposits	17.1	**1,064,772**	1,639,527
Computer software - net		**290,988**	189,970
		2,466,177	1,829,497
		P 4,121,252	P 4,974,745

Prepaid expenses include prepayments for advertising, insurance, and supplies availed of by the Company.

Refundable deposits classified as non-current assets mainly include deposits for fleet cards and deposits to doctors.

Movements of computer software as at March 31, 2020 and 2019 are shown below.

	Note	2020	2019
Beginning balance, net of accumulated amortization		**P 189,970**	P 216,667
Additions		**160,000**	22,767
Amortization charges for the year	11	**(58,982)**	(49,464)
Ending balance, net of accumulated amortization		**P 290,988**	P 189,970

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and the accumulated depreciation of property and equipment at the beginning and end of 2020 and 2019 are shown below.

	Vehicles	Furniture and Fixtures	Office Equipment	Total
March 31, 2020				
Cost	P 23,794,574	P 2,426,795	P 2,858,175	P 29,079,544
Accumulated depreciation	(9,013,293)	(2,143,086)	(1,870,411)	(13,026,790)
Net carrying amount	**P 14,781,281**	**P 283,709**	**P 987,764**	**P 16,052,754**
March 31, 2019				
Cost	P 20,961,664	P 2,337,913	P 2,829,782	P 26,129,359
Accumulated depreciation	(11,719,153)	(2,044,300)	(1,650,180)	(15,413,633)
Net carrying amount	P 9,242,511	P 293,613	P 1,179,602	P 10,715,726
April 1, 2018				
Cost	P 20,528,372	P 2,337,912	P 2,627,997	P 25,494,281
Accumulated depreciation	(15,601,160)	(1,678,597)	(1,447,693)	(18,727,450)
Net carrying amount	P 4,927,212	P 659,315	P 1,180,304	P 6,766,831

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2020 and 2019 is shown below.

	Vehicles	Furniture and Fixtures	Office Equipment	Total
Balance at April 1, 2019 net of accumulated depreciation	P 9,242,511	P 293,613	P 1,179,602	P 10,715,726
Additions	9,939,160	88,882	69,464	10,097,506
Depreciation charges for the year	(4,400,390)	(98,786)	(261,302)	(4,760,478)
Balance at March 31, 2020 net of accumulated depreciation	**P 14,781,281**	**P 283,709**	**P 987,764**	**P 16,052,754**
Balance at April 1, 2018 net of accumulated depreciation	P 4,927,212	P 659,315	P 1,180,304	P 6,766,831
Additions	8,235,232	-	283,928	8,519,160
Depreciation charges for the year	(3,919,933)	(365,702)	(284,630)	(4,570,265)
Balance at March 31, 2019 net of accumulated depreciation	P 9,242,511	P 293,613	P 1,179,602	P 10,715,726

The amount of depreciation charges in 2020 and 2019 is presented as part of Depreciation and amortization under Selling and Administrative Expenses in the statements of comprehensive income (see Note 11).

The Company recognized gain on disposals of various fully depreciated property and equipment totaling P1.1 million and P1.2 million in 2020 and 2019, respectively, which is presented as Gain on disposals of assets under Other Income (Charges) in the statements of comprehensive income (see Note 12).

As at March 31, 2020 and 2019, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operation amounted to P4.4 million and P5.5 million, respectively.

9. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2020**	2019
Trade payables	15.1	**P 252,784,418**	P 193,514,781
Return liabilities		**1,432,540**	1,767,016
Salaries & wages payable		**647,001**	683,635
Withholding tax		**635,490**	402,974
Output VAT	23(a)	**271,972**	1,247,003
Others		**17,122,910**	19,984,323
		P 272,894,331	P 217,599,732

10. REVENUES

The breakdown of revenues is presented below.

	2020	2019
Sales	**P 347,990,507**	P 286,321,108
Sales returns and allowances	**(4,860,012)**	(7,715,325)
Sales discounts	**(798,499)**	(853,793)
	P 342,331,996	P 277,751,990

A summary of additional disaggregation from the revenues are shown below.

	2020	2019
Central nervous system drugs	**P 223,883,407**	P 191,515,639
Oncology drugs	**124,107,100**	94,805,469
	P 347,990,507	P 286,321,108

11. OPERATING EXPENSES BY NATURE

The Company's operating expenses are as follows:

	Notes	2020	2019
Net purchases	15.1	**P 188,565,200**	P 129,384,909
Selling and distribution		**84,971,242**	84,147,922
Salaries and employee benefits	13, 15.3	**41,131,121**	38,690,265
Change in inventories		**(8,922,718)**	9,488,871
Transportation and travel		**7,727,185**	6,501,911
Depreciation and amortization	7, 8	**4,819,460**	4,619,729
Insurance		**3,926,819**	2,737,669
Loss on inventory obsolescence	6	**3,557,474**	7,590,977
Professional fees		**3,411,742**	3,355,610
Rentals	17.1	**2,630,362**	2,526,427
Taxes and licenses	23(f)	**2,473,177**	2,145,967
Impairment loss	5	**2,112,606**	-
Communications		**2,106,238**	2,002,671
Repairs and maintenance		**928,897**	1,290,328
Office supplies		**411,406**	469,922
Utilities		**410,504**	430,642
Penalties		**3,375**	96,843
Others		**1,331,275**	2,938,200
		P 341,595,365	P 298,418,863

Others include bank charges, registration fees, and other miscellaneous expenses.

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

	2020	2019
Cost of goods sold	**P 179,642,482**	P 138,873,780
Selling and administrative expenses	**161,952,883**	159,545,083
	P 341,595,365	P 298,418,863

12. OTHER INCOME (CHARGES)

This account consists of:

	Notes	2020	2019
Other income:			
Foreign exchange gain - net	15.1, 15.2	**P 17,698,040**	P -
Gain on disposals of assets	8	**1,119,559**	1,212,584
Interest income	4, 5	**225,299**	102,237
Others		**19,853**	211,114
		19,062,751	1,525,935
Other charges –			
Foreign exchange loss - net	15.1, 15.2	**-**	(6,304,825)
		P 19,062,751	(P 4,778,890)

13. EMPLOYEE BENEFITS

13.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2020	2019
Short-term employee benefits	15.3	**P 40,145,383**	P 38,690,265
Post-employment defined benefits	13.2, 15.3	**985,738**	-
	11	**P 41,131,121**	P 38,690,265

13.2 Post-employment Defined Benefit

In 2020 and 2019, the Company did not engage an actuary to determine the post-employment benefit obligation since the management assessed that the amount accrued using R.A. No. 7641 is not materially different if actuarially determined. The retirement benefit obligation and its related expenses are not material to the Company's financial statements.

Post-employment benefit expense is presented as part of Salaries and employee benefits under Selling and Administrative Expenses in the 2020 statement of comprehensive income (see Note 13.1). As at March 31, 2020 and 2019, retirement liability amounting to P1.9 million and P0.9 million, respectively, is presented as Retirement Benefit Obligation in the statements of financial position.

14. TAXES

The components of tax expense as reported in profit or loss follow:

	2020	2019
Current tax expense:		
Minimum corporate income tax (MCIT) at 2%	**P 3,273,268**	P 2,841,378
Final tax at 20% and 15%	**11,157**	20,447
	P 3,284,425	P 2,861,825

A reconciliation of tax on pretax income (loss) computed at the applicable statutory tax rates to tax expense reported in profit or loss follows:

	2020	2019
Tax on pretax loss (income) at 30%	**P 5,939,815**	(P 7,633,729)
Adjustment for income subjected to final tax	**(5,755)**	(10,224)
Tax effects of:		
Unrecognized deferred tax assets on:		
Temporary differences	**(4,461,271)**	6,930,868
Excess MCIT over regular corporate income tax (RCIT)	**1,810,623**	2,841,378
Non-deductible expenses	**1,013**	733,532
	P 3,284,425	P 2,861,825

Presented below are the total unrecognized net deferred tax assets as at March 31, 2020 and 2019.

	Tax Base		Tax	
	2019	2018	**2019**	2018
Unrealized foreign exchange gain (loss)	**(P 15,975,926)**	P 4,659,646	**(P 4,792,778)**	P 1,397,894
Net operating loss carry-over (NOLCO)	**15,819,438**	76,739,402	**4,745,831**	23,021,821
Allowance for inventory obsolescence	**8,747,889**	8,516,828	**2,624,367**	2,555,048
Excess MCIT	**7,458,039**	6,807,577	**7,458,039**	6,807,577
Allowance for impairment loss	**3,046,965**	934,359	**914,090**	280,308
Retirement benefit obligation	**1,890,145**	855,570	**567,043**	256,671
Return liability	**1,432,540**	1,767,016	**429,762**	530,105
Inventory written-off	**3,326,413**	605,510	**997,924**	181,653
	P 25,745,503	P100,885,908	**P 12,944,278**	P 35,031,077

The Company is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations or RCIT, whichever is higher. The MCIT may be claimed as tax credit against the Company's future income tax payable within three years from the year it was incurred. The Company reported MCIT as it is higher than the RCIT both in 2020 and 2019.

Details of the Company's excess MCIT which can be applied as a deduction against future taxable income are as follows:

Year Incurred	**Amount**	**Expired**	**Balance**	**Valid Until**
2020	P 1,810,623	P -	P 1,810,623	2023
2019	2,841,378	-	2,841,378	2022
2018	2,806,038	-	2,806,038	2021
2017	1,160,161	(1,160,161)	-	
	P 8,618,200	**(P 1,160,161)**	**P 7,458,039**	

Details of the NOLCO of the Company, which can be claimed as deductions from future taxable income within three years from the year NOLCO was incurred, are as follows:

Year Incurred	Amount	Expired	Balance	Valid Until
2019	P 10,693,360	P -	P 10,693,360	2022
2018	5,126,078	-	5,126,078	2021
2017	60,919,964	(60,919,964)	-	
	P 76,739,402	**(P 60,919,964)**	**P 15,819,438**	

In 2020 and 2019, the Company opted to continue claiming itemized deductions.

15. RELATED PARTY TRANSACTIONS

The Company's related parties include the ultimate parent company, parent company, and the Company's key management personnel.

The summary of the Company's transactions and outstanding balances with its related parties are as follows:

		2020		2019	
Related Party	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Ultimate parent company –					
Purchase of inventories	15.1	**(P 188,565,200)**	**(P246,695,755)**	(P 129,384,909)	(P193,514,781)
Parent company –					
Advances	15.2	**(11,931,515)**	**(350,825,043)**	(3,938,224)	(362,756,558)
Key management personnel –					
Compensation	15.3	**(7,674,662)**	**(461,170)**	(6,202,088)	(822,557)

15.1 Purchase of Inventories

The Company purchases from its ultimate parent company inventories sold to its distributors and product samples distributed to sales representatives as part of the Company's marketing and promotional activities (see Note 11). The related outstanding payables are presented as Trade payables under Trade and Other Payables account in the statements of financial position (see Note 9). The payables are generally unsecured, noninterest-bearing, and payable in cash within three months.

In 2020 and 2019, the Company recognized unrealized gain and unrealized loss amounting to P4.0 million and P0.7 million, respectively, related to outstanding liabilities from these transactions, which is presented as part of Foreign exchange gain (loss) under Other Income (Charges) in the statements of comprehensive income (see Note 12).

15.2 Advances from Parent Company

The Company obtains advances from parent company that are unsecured, noninterest-bearing and payable on demand or through offsetting arrangements. The advances were used as working capital requirements of the Company.

The analysis of advances from parent company, presented as Advances from Parent Company in the statements of financial position, is shown below.

	Note	2020	2019
Balance at beginning of year		**P 362,756,558**	P 358,818,334
Cash flows from a non-cash financing activity - Unrealized foreign exchange loss (gain)	12	**(11,931,515)**	3,938,224
Balance at end of year		**P 350,825,043**	P 362,756,558

15.3 Key Management Personnel Compensation

The details of the compensation of key management personnel are summarized below.

	2020	2019
Short-term employee benefits	**P 7,213,492**	P 6,202,088
Post-employment defined benefits	**461,170**	-
	P 7,674,662	P 6,202,088

Key management compensation are included as part of Salaries and employee benefits under Selling and Administrative Expenses in the statements of comprehensive income (see Notes 11 and 13.1). Post-employment defined benefit obligation remained outstanding as at March 31, 2020 and 2019, and is presented as part of Retirement Benefit Obligation in the statements of financial position (see Note 13.2).

16. CAPITAL STOCK

The Company's authorized capital stock is P10.0 million divided into 100,000 shares at P100 par value per share. The Company's subscribed and outstanding capital stock as at March 31, 2020 and 2019 amounted to P8.7 million divided into 86,534 shares at P100 par value per share.

As at March 31, 2020 and 2019, the Company has only one stockholder owning 100 or more shares of the Company's capital stock.

17. COMMITMENTS AND CONTINGENCIES

17.1 Lease Commitment – Company as a Lessee

The Company is a lessee under non-cancellable lease agreement covering the office of the Company. The lease has term of one year, with renewal option subject to mutual consent of both parties, and include average escalation rate of 5%. The future minimum lease payments under this non-cancellable lease within one year as at March 31, 2020 and 2019 amounted to P2.2 million and P0.9 million, respectively.

The total rentals from this operating lease amounted to P2.6 million and P2.5 million in 2020 and 2019, respectively, and is presented as Rentals under Selling and Administrative Expenses account in the statements of comprehensive income (see Note 11).

Refundable deposit related to this lease commitment amounted to P0.6 million and P0.4 million as at March 31, 2020 and 2019, and is presented as part of Other Assets account in the statements of financial position (see Note 7).

17.2 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. Management believes that losses, if any, that may arise from these contingencies will not have any material effect on the financial statements.

18. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are interest rate risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its parent company, in close cooperation with the Company's BOD, and focuses on securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

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

18.1 Interest Rate Risk

As at March 31, 2020 and 2019, the Company has limited exposure to changes in market interest rates through its cash. This financial instrument has shown small or measured changes in interest rates. All other financial assets have fixed rates.

18.2 Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's overseas advances and purchases, which are primarily denominated in United States (U.S.) dollars.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial liabilities, translated from U.S. dollars into Philippine pesos at the closing rate follow:

	2020	2019
Short-term exposure:		
Trade and other payables	**P 252,784,418**	P 193,514,781
Advances from parent company	**350,825,043**	362,756,558
	P 603,609,461	P 556,271,339

The table below illustrates the sensitivity of the Company's income (loss) before tax with respect to changes in Philippine peso against U.S. exchange rate. The percentage changes in rates 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.

	2020			2019		
	Reasonably possible change in rate	Effect in income before tax	Effect in capital deficiency before tax	Reasonably possible change in rate	Effect in loss before tax	Effect in capital deficiency before tax
PhP - USD	+12.32%	(P 74,364,686)	P 52,055,280	+12.84%	P 71,425,240	P 49,997,668
PhP - USD	-12.32%	74,364,686	(52,055,280)	-12.84%	(71,425,240)	(49,997,668)

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

18.3 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 selling goods and services to customers including related parties and placing deposits with banks.

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

	Notes	2020	2019
Cash in bank	4	P 50,758,227	P 15,776,163
Trade and other receivables - net	5	105,324,448	92,276,456
Refundable deposits	7	1,643,459	1,639,527
		P 157,726,134	P 109,692,146

The Company continuously monitors defaults of customers identified individually and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

(a) *Cash in bank*

The credit risk for cash in bank is considered negligible since the counterparty is reputable bank with high quality external credit rating. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

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

To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and 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 provision matrix as determined by management. The 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 inflation in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

On that basis, the loss allowance as at March 31, 2020 and 2019 was determined based on days past due, as follows for both trade and other receivables:

	Not more than 180 days	181 to 360 days	Over 360 days	Total
March 31, 2020				
Expected loss rate	**0%**	**52%**	**99%**	
Gross carrying amount:				
Trade receivables	**P 103,934,022**	**P 1,491,905**	**P 2,287,640**	**P 107,713,567**
Other receivables	**657,846**	**-**	**-**	**657,846**
Loss allowance	**-**	**772,098**	**2,274,867**	**3,046,965**
March 31, 2019				
Expected loss rate	0%	49%	99%	
Gross carrying amount:				
Trade receivables	P 90,984,504	P 1,500,947	P 201,500	P 92,686,951
Other receivables	523,864	-	-	523,864
Loss allowance	-	734,568	199,791	934,359

(c) *Refundable Deposits*

In respect of refundable deposits, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information, management consider the credit quality of refundable deposit to be good.

None of the financial assets are secured by collateral or other credit enhancements.

18.4 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring 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 45-day period.

As at March 31, 2020 and 2019, the Company's financial liabilities amounting to P621.4 million and P576.9 million, respectively, are payable within one year.

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

19.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

	Notes	**2020** Carrying Values	**2020** Fair Values	2019 Carrying Values	2019 Fair Values
Financial Assets					
At amortized cost:					
Cash	4	**P 50,793,227**	**P 50,793,227**	P 16,334,613	P 16,334,613
Trade and other receivables - net	5	**105,324,448**	**105,324,448**	92,276,456	92,276,456
Refundable deposits	7	**1,643,459**	**1,643,459**	1,639,527	1,639,527
		P 157,761,134	**P 157,761,134**	P 110,250,596	P 110,250,596
Financial Liabilities					
At amortized cost:					
Trade and other payables	9	**P 270,554,329**	**P 270,554,329**	P 214,182,739	P 214,182,739
Advances from parent company	15.3	**350,825,043**	**350,825,043**	362,756,558	362,756,558
		P 621,379,372	**P 621,379,372**	P 576,939,297	P 576,939,297

See Note 2.3 and 2.8 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 18.

19.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2020 and 2019 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis.

20. FAIR VALUE MEASUREMENT AND DISCLOSURES

20.1 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, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- 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.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies 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.

20.2 Financial Instruments Measurement at Amortized Cost for which Fair Value is Disclosed

Due to the short-term duration, the carrying values of the Company's financial assets and financial liabilities approximate their fair values as at the end of the reporting period (see Note 19.1). Among the financial assets and financial liabilities of the Company, only cash is classified as Level 1 under fair value hierarchy, while the rest are Level 3.

21. 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 products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company's total capital deficiency as at March 31, 2020 and 2019 amounted to P368.1 million and P384.6 million, respectively.

22. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION

R.A. Act No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (the Revised Corporation Code), took effect on March 8, 2019. The new provisions of the Revised Corporation Code or any amendments thereof have no significant impact to the Company's financial statements.

23. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) No. 15-2010 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

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

(a) Output VAT

In 2020, the Company declared output VAT as follows:

	Tax Base	Output VAT
Sale of goods:		
Taxable revenues	P 342,627,573	P 41,115,309
Exempt revenues	262,261	-
Other income	1,119,559	134,347
Total	**P 344,009,393**	**P 41,249,656**

Pursuant to Section 108(B), *Zero-rated VAT on Sale of Service*, and Section 109, *VAT Exempt Transactions*, of the National Internal Revenue Code of 1997, the Company had no zero-rated and VAT exempt sales/receipt for 2019.

In 2020, the Company's output VAT was settled through application of available input VAT and through cash payment amounting to P13.0 million. Accordingly, the Company has P0.3 million outstanding output VAT payable, which is recognized as part of Trade and Other Payables in the 2020 statement of financial position (see Note 9).

(b) Input VAT

The movements in input VAT for the fiscal year ended March 31, 2020 are summarized below.

Balance at beginning of year	P -
Importation of goods	21,208,761
Purchase of services	3,513,429
Purchase of capital goods	2,090,186
Applied against output VAT	(26,812,376)
	P -

The total deferred input VAT amounted to P1.6 million as at March 31, 2020, and is presented as part of Other Assets account in the 2020 statement of financial position (see Note 7).

(c) *Customs Duties*

The Company paid for customs duties amounting to P1.0 million for the importation of goods for the fiscal year ended March 31, 2020.

(d) *Excise Tax*

The Company does not have any transaction which is subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The Company did not pay any DST for the fiscal year ended March 31, 2020.

(f) *Taxes and Licenses*

The summary of Taxes and licenses, reported under Selling and Administrative Expenses in the 2020 statement of comprehensive income (see Note 11), is broken down as follows:

Municipal licenses and permits	P	2,462,677
Community tax certificate		10,500
	P	**2,473,177**

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended March 31, 2020 follow:

Compensation and benefits	P	7,066,192
Expanded		1,213,227
	P	**8,279,419**

In 2020, the Company has no final tax paid since it does not have any transactions subject to final tax except interest income from cash in bank.

(h) *Deficiency Tax Assessment and Tax Cases*

As at March 31, 2020, the Company does not have any final deficiency tax assessment from the BIR nor does it have cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable year.