

Wipro Digital ApS

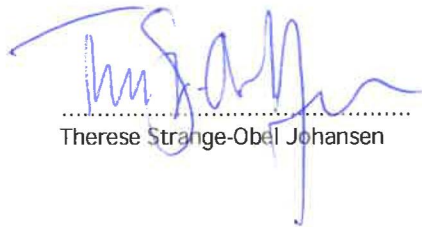
Bygmestervej 61, DK-2400 København NV

CVR no. 36 95 28 06

Annual report 2018/19

Approved at the Company's annual general meeting

Chairman:



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Therese Strange-Obel Johansen



EY

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working world



Contents

Statement by the Executive Board	2
Independent auditors' report	3
Management's review	6
Company details	6
Group chart	7
Financial highlights for the Group	8
Operating review	9
Consolidated financial statements and parent company financial statements for the period 1 April – 31 March	11
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Notes to the financial statements	15

Statement by the Executive Board

Today, the Executive Board have discussed and approved the annual report of Wipro Digital ApS for the financial year 1 April 2018 - 31 March 2019

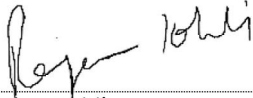
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2019 and of the results of the Group's and the Parent Company's operations for the financial year 1 April 2018 - 31 March 2019.

Further, in my opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 28 May 2019
Executive Board:

A handwritten signature in black ink, appearing to read 'Rajan Khbli', written over a horizontal dotted line.

Rajan Khbli

Independent auditors' report

To the shareholder of Wipro Digital ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Wipro Digital ApS for the financial year 1 April 2018 – 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, 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 Group's and the Parent 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 in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Group's and the Parent 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 28 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Claus Hammer-Pedersen', written in a cursive style.

Claus Hammer-Pedersen
State Authorised
Public Accountant
mne21334



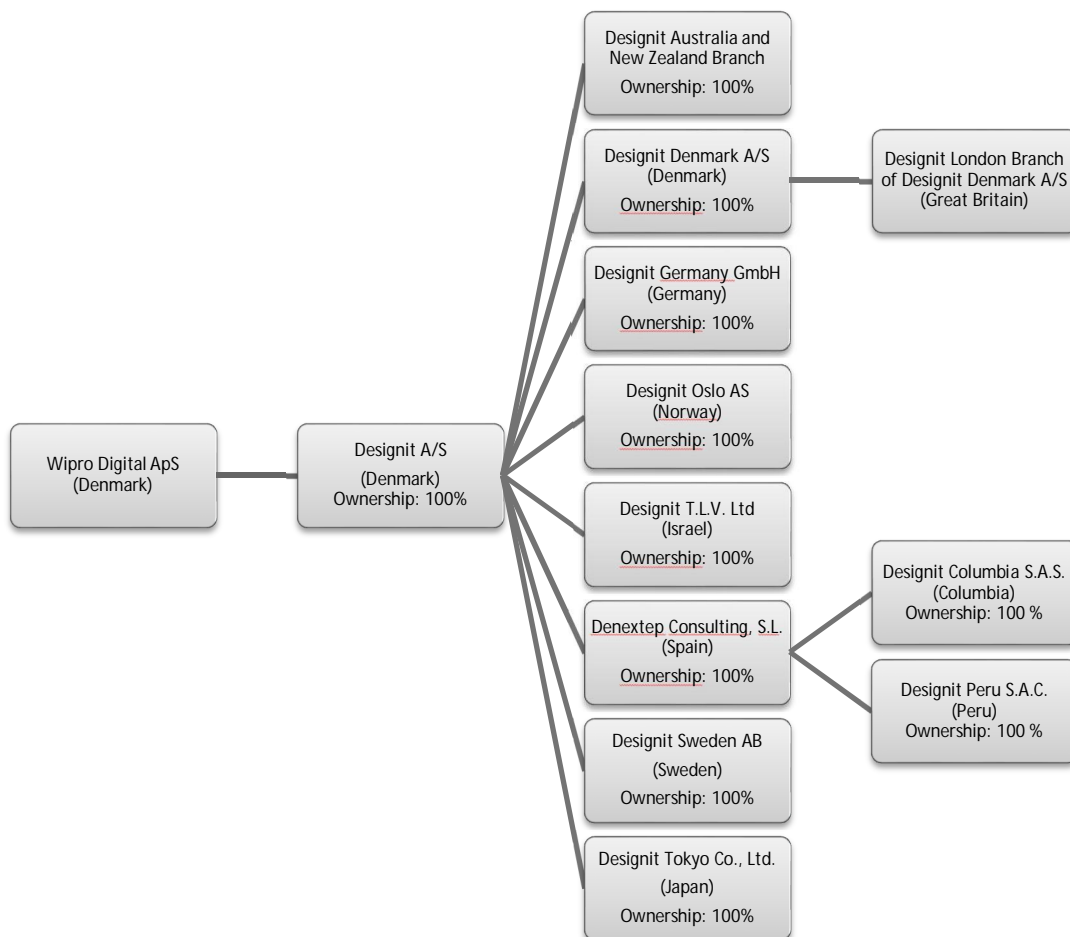
Management's review

Company details

Name	Wipro Digital ApS
Address, zip code, city	Bygmestervej 61, DK-2400 København NV
CVR no.	36 95 28 06
Established	29 June 2015
Registered office	København (Copenhagen)
Financial year	1 April 2018 - 31 March 2019
Executive Board	Rajan Kohli
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2018/19	2017/18	2016/17
Key figures			
Revenue	325,089	339,391	317,393
Gross profit	221,393	215,340	217,215
Ordinary operating profit	-17,056	-75,803	-145,121
Net financial income and expense	1,648	-21,699	-11,225
Loss for the year	-14,898	-111,711	-156,330
Total assets			
Total assets	405,702	406,736	491,391
Portion relating to investment in property, plant and equipment	16,741	15,195	16,874
Equity	297,303	290,647	-19,444
Financial ratios			
Solvency ratio	73,28	71,46	-3,96
Return on equity	-5,07	-82,38	-34,22
Average number of full-time employees			
Average number of full-time employees	493	530	503

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Solvency ratio	$\frac{\text{Equity at end of the year} \times 100}{\text{Equity and liabilities}}$
Return on equity	$\frac{\text{Loss for the year} \times 100}{\text{Average equity}}$

Management's review

Operating review

Principal activities of the Group

The Wipro Digital ApS Group helps ambitious companies make innovation happen. Our inter disciplinary teams work with our clients creating compelling products, services and experiences driving customer engagement and realising business growth.

Development in activities and financial matters

Profit/loss for the year

The operating results of the subsidiaries have shown significant improvement driven by the sale of Designit New York and improvement in operating performance. Designit continue to invest in its customer base in London.

Outlook

The services offered by the Wipro Digital ApS Group are in high demand in all markets. Based on this demand, the Wipro Digital ApS Group expects continued growth and improved profitability from its future operations.

It is our expectation that we, in financial year 2019/20, will start to see a positive outcome from our investments in our markets.

Risks

General risks

The Wipro Digital ApS Group's main operational risks relate to the ability to consistently deliver high quality work to all customers in order to be consistent with the values that the Wipro Digital ApS Group uses to position itself in the market. Furthermore, it is important for the Wipro Digital ApS Group to stay ahead of the trends and tendencies in design and interactive solutions.

Currency risks

The Company's ongoing trade with foreign customers, investments in foreign branches and intercompany balances exposes its profit/loss, cash flows and capital to fluctuations in currency rates. On an ongoing basis the group's management assess whether actions are necessary to lower the risk exposure.

Currency adjustments of investments in subsidiaries and associated companies that are separate entities are recognised directly in equity. Currency risks related to these are not hedged, as it is our view that hedging of such long-term investments would not be desirable from an overall risk and cost perspective.

Interest rate risks

Net interest-bearing debt does not constitute a significant amount. Moderate changes in interest rates will therefore not have any significant effect on earnings. There is, therefore, no hedge against interest rate risks.

Management's review

Operating review

Intellectual capital

In order to be able to provide the right solutions to its customers, it is essential for the Wipro Digital ApS Group to recruit and retain highly skilled and talented employees. The Wipro Digital ApS Group's HR practices have been developed to support management in attracting, developing and retaining the employees needed to ensure access to both the latest knowledge and quick adaptability of the organisation.

Environmental considerations

The Wipro Digital ApS Group's activities are based on environmentally sound operations. We believe that the Wipro Digital ApS Group's activities do not result in any significant environmental impact.

Research and development activities

The Wipro Digital ApS Group does not do independent research. We are, however, constantly developing and improving new and existing practices.

Corporate Social Responsibility

Wipro Digital ApS does not have policies related to human rights, social and labour conditions, anti-corruption, environment and climate. The reason is that it is handled by the Wipro Group. For more information about the group's work with sustainability, we refer to the current CSR report <https://www.wipro.com/sustainability/>

Gender composition of top management

Wipro Digital ApS have no board of directors. The top management of the Wipro Digital ApS group consists of four persons of which none is female. The gender composition at the top management level in the Group is not equal, mainly because the group have not been able to find suitable candidates. When there is a change in top management, the Wipro Digital Group always evaluates the competencies of the applicants regardless of gender.

The Group's overall goal is to ensure that at all times the Executive Board and management team are made up of the most suitable candidates, irrespective of gender. In setting goals for the share of women in the top management, the Group has laid down a policy which describes that by 2023 the group wishes to increase the number of females in the top management with one person.

The management team consists of 70 % men and 30 % women. It is Wipro Digital's policy to promote gender equality in the management team. The company pursues to develop and ensure diversity. This objective is also valid for the managerial positions. In the recruitment process for leading positions, HR has to ensure that candidates from the underrepresented gender are represented, if possible.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Income statement

Note	DKK	Consolidated		Parent company	
		2018/19	2017/18	2018/19	2017/18
2	Revenue	325,088,728	339,391,373	0	0
3	Other external cost	-103,695,790	-124,051,784	-1,204,780	-121,750
	Gross profit	221,392,938	215,339,589	-1,204,780	-121,750
4	Staff costs	-248,073,056	-258,474,565	0	0
9,10	Depreciation and impairment losses	-52,344,676	-56,014,510	0	0
5	Other operating income	61,968,733	23,345,996	0	0
	Ordinary operating loss	-17,056,061	-75,803,490	-1,204,780	-121,750
	Share of profit/loss in subsidiaries				
11	after tax	0	0	-14,184,825	-100,739,560
6	Financial income	6,930,469	7,585,351	66,294	201,121
7	Financial expenses	-5,282,865	-29,284,689	-53,150	-11,028,986
	Loss before tax	-15,408,457	-97,502,828	-15,376,461	-111,689,175
8	Tax on loss	510,298	-14,208,270	478,302	-21,923
	Loss for the year	-14,898,159	-111,711,098	-14,898,159	-111,711,098

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Balance sheet

Note	DKK	Consolidated		Parent company	
		2018/19	2017/18	2018/19	2017/18
		ASSETS			
		Non-current assets			
9	Intangible assets				
	Other intangible assets	88,596,352	102,940,100	0	0
	Goodwill	137,623,988	166,754,603	0	0
		<u>226,220,340</u>	<u>269,694,703</u>	<u>0</u>	<u>0</u>
10	Property, plant and equipment				
	Leasehold improvements	12,605,464	9,817,339	0	0
	Fixtures and fittings, other plant and equipment	4,135,731	5,377,416	0	0
		<u>16,741,195</u>	<u>15,194,755</u>	<u>0</u>	<u>0</u>
	Investments				
11	Investments in subsidiaries	0	0	295,845,148	292,614,417
	Other receivables	4,262,841	4,302,373		0
		<u>4,262,841</u>	<u>4,302,373</u>	<u>295,845,148</u>	<u>292,614,417</u>
	Total non-current assets	<u>247,224,376</u>	<u>289,191,831</u>	<u>295,845,148</u>	<u>292,614,417</u>
	Receivables				
	Trade receivables	35,548,545	75,534,193	0	0
12	Work in progress for third parties	10,657,168	16,323,019	0	0
	Receivables from affiliated companies	73,353,646	0	1,424,870	325,525
	Other receivables	2,890,046	2,572,469	0	880,278
	Prepayments	6,250,520	7,042,714	0	0
14	Deferred tax asset	1,531,836	3,632,484	0	0
		<u>130,231,761</u>	<u>105,104,879</u>	<u>1,424,870</u>	<u>1,205,803</u>
	Cash at bank and in hand	<u>28,245,498</u>	<u>12,439,613</u>	<u>3,644,460</u>	<u>227,639</u>
	Total current assets	<u>158,477,259</u>	<u>117,544,492</u>	<u>5,069,330</u>	<u>1,433,442</u>
	TOTAL ASSETS	<u><u>405,701,635</u></u>	<u><u>406,736,323</u></u>	<u><u>300,914,478</u></u>	<u><u>294,047,859</u></u>

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Balance sheet

Note	DKK	Consolidated		Parent company	
		2018/19	2017/18	2018/19	2017/18
		EQUITY AND LIABILITIES			
		Equity			
13	Share capital	56,000	55,000	56,000	55,000
	Retained earnings	297,247,237	290,592,018	297,247,237	290,592,018
	Total equity	297,303,237	290,647,018	297,303,237	290,647,018
	Provisions				
14	Deferred tax liability	44,326	23,031	0	0
	Total provisions	44,326	23,031	0	0
	Liabilities other than provisions				
	Current liabilities				
	Prepayments from customers	1,374,974	2,998,905	0	0
	Trade payables	12,012,935	5,366,925	287,389	0
	Payables to affiliated companies	55,809,687	60,709,795	3,317,528	9,611
	Corporation tax	0	1,781,760	0	0
	Other payables	39,156,476	45,208,889	6,324	3,391,230
	Total liabilities other than provisions	108,354,072	116,066,274	3,611,241	3,400,841
	TOTAL EQUITY AND LIABILITIES	405,701,635	406,736,323	300,914,478	294,047,859
1	Accounting policies				
15	Contractual obligations and contingencies, etc.				
16	Related party disclosures				

Consolidated financial statements and parent company financial statements for
the period 1 April – 31 March

Statement of changes in equity

		Consolidated		
Note	DKK	Share capital	Retained earnings	Total
	Equity at 1 April 2018	55,000	290,592,018	290,647,018
	Capital increase	1,000	22,498,910	22,499,910
17	Transferred, see profit appropriation	0	-14,898,159	-14,898,159
	Foreign currency translation adjustments, foreign subsidiaries	0	-945,532	-945,532
	Equity at 31 March 2019	56,000	297,247,237	297,303,237

		Parent company		
Note	DKK	Share capital	Retained earnings	Total
	Equity at 1 April 2018	55,000	290,592,018	290,647,018
	Capital increase	1,000	22,498,910	22,499,910
17	Transferred, see profit appropriation	0	-14,898,159	-14,898,159
	Foreign currency translation adjustments, foreign subsidiaries	0	-945,532	-945,532
	Equity at 31 March 2019	56,000	297,247,237	297,303,237

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

1 Accounting policies

The annual report of Wipro Digital ApS for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C large sized entities.

The accounting policies applied by the Company are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Wipro Digital ApS, and subsidiaries in which Wipro Digital ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 10 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

1 Accounting policies

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Income statement

Revenue

When entering into sales contracts that consist of several separate components, the contract amount is allocated by the individual components based on the relative fair value approach. The separate components are recognised as revenue when the criteria applicable to sale of goods, services or construction contracts have been met.

A contract is allocated by individual components when the fair value of these individual components can be reliably measured and when each component represents a separate value to the buyer. Sales components are deemed to represent a separate value to the buyer when the component is individually identifiable and is normally sold separately.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Revenue from work in progress for third parties

Work in progress for third parties is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income from work in progress cannot be estimated reliably, revenue is recognised only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

The stage of completion is determined by reference to the proportion of costs incurred to the latest cost estimate.

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

1 Accounting policies (continued)

Other external costs

Other external costs comprise cost of external labour, costs of sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities

The Company is jointly taxed with its parent company. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account scheme.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 10 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Development projects and other intangible assets

Development projects and other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised over the expected lifetime of the assets.

Goodwill	10 years
Other intangible assets	3-9 years

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

1 Accounting policies (continued)

Gains and losses on the disposal of assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leasehold improvements, plant and equipment

Leasehold improvements and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any residual value after the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements	3-5 years
Fixtures and fittings, tools and equipment	3-5 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured under the equity method.

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost.

On acquisition of subsidiaries, the acquisition method is applied, see Consolidated financial statements above.

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Work in progress for third parties

Work in progress for third parties are measured at the selling price of the work performed less progress billings and anticipated losses. Work in progress entails a significant degree of design customisation of produced goods. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs incurred will be enforced if the contract is subsequently terminated.

The selling price is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognised as an expense and a provision immediately.

When income and expenses on a work in progress for third parties cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Where the selling price of work performed exceeds progress billings on work in progress and anticipated losses, the excess is recognised under receivables. If progress billings and anticipated losses exceed the selling price of a work in progress, the deficit is recognised under liabilities.

Prepayments from customers are recognised under liabilities.

Selling costs and costs incurred in securing contracts are recognised in profit or loss as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred tax assets, if any, are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Liabilities other than provisions

Financial liabilities, comprising bank loans, trade payables and payable to group enterprises, are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The Company is included in the consolidated financial statements of Wipro Limited and in accordance with section 86(4) of the Danish Financial Statements Act no cash flow statement has been prepared.

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

2 Segment information

DKK	Consolidated	
	2018/19	2017/18
Denmark	59,274,789	72,064,713
Norway	46,328,880	50,782,202
Germany	50,006,904	38,695,271
Great Britain	30,133,176	39,392,838
Spain	28,078,583	28,254,948
Israel	31,811,058	34,140,982
Sweden	40,233,154	23,928,911
Colombia	12,194,736	9,821,558
Japan	14,352,993	9,252,796
Peru	10,698,318	8,825,830
Australia and New Zealand	1,976,137	0
USA	0	24,231,324
	<u>325,088,728</u>	<u>339,391,373</u>

The group's activities does not differentiate significant from each other. With reference to Danish Financial Statement Act section 96 (1) the company have therefore not disclosed segment information of the group's activities.

3 Audit fee

DKK	Consolidated	
	2018/19	2017/18
Statutory audit	440,213	613,236
Audit-related services	0	0
Tax advisory services	216,868	154,152
Other services	91,700	74,148
	<u>748,781</u>	<u>841,536</u>

With reference to Danish Financial Statement Act section 96 (3) audit fee for the parent company is not disclosed.

4 Staff costs

DKK	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Wages and salaries	213,454,448	242,782,080	0	0
Pensions	10,246,734	6,715,157	0	0
Other social security costs	24,371,874	8,977,328	0	0
	<u>248,073,056</u>	<u>258,474,565</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>493</u>	<u>530</u>	<u>0</u>	<u>0</u>

With reference to Danish Financial Statement Act section 98 B (3) remuneration to management is not disclosed.

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

5 Other operating income

Other operating income includes profit from sale of New York Branch of DKK 63,689 thousand.

DKK	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
6 Financial income				
Foreign exchange gains	6,930,469	7,585,351	66,294	201,121
Other interest income	0	0	0	0
	<u>6,930,469</u>	<u>7,585,351</u>	<u>66,294</u>	<u>201,121</u>
7 Financial expenses				
Interest expense to affiliated companies	255,501	11,591,904	0	10,413,082
Foreign exchange losses	4,321,281	16,952,522	39,277	612,057
Other interest expense	706,083	740,263	13,873	3,847
	<u>5,282,865</u>	<u>29,284,689</u>	<u>53,150</u>	<u>11,028,986</u>
8 Tax on profit/loss for the year				
Current tax for year	3,511,408	-1,345,766	0	0
Adjustment of deferred tax	-2,121,943	-9,600,368	0	0
Adjustment previous years	1,724,281	-593,402	478,302	-21,923
Other taxes	-2,603,448	-2,668,734	0	0
	<u>510,298</u>	<u>-14,208,270</u>	<u>478,302</u>	<u>-21,923</u>

9 Intangible assets

DKK	Consolidated		
	Other intangible assets	Goodwill	Total
Cost at 1 April 2018	146,949,341	445,480,698	592,430,039
Additions	2,188,352	0	2,188,352
Cost at 31 March 2019	<u>149,137,693</u>	<u>445,480,698</u>	<u>594,618,391</u>
Impairment losses and amortisation at 1 April 2018	-44,009,241	-278,726,095	-322,735,336
Impairment loss and depreciation	-16,532,100	-29,130,615	-45,662,715
Impairment losses and amortisation at 31 March 2019	<u>-60,541,341</u>	<u>-307,856,710</u>	<u>-368,398,051</u>
Carrying amount at 31 March 2019	<u>88,596,352</u>	<u>137,623,988</u>	<u>226,220,340</u>

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

10 Property, plant and equipment

DKK	Consolidated		
	Leasehold improvements	Fixtures and fittings, other plant and equipment	Total
Cost at 1 April 2018	16,811,382	23,174,672	39,986,054
Additions	4,788,416	3,545,605	8,334,021
Disposals	0	-14,732,861	-14,732,861
Cost at 31 March 2019	21,599,798	11,987,416	33,587,214
Impairment losses and depreciation at 1 April 2018	-6,994,043	-17,216,060	-24,210,103
Adjustment to opening	1,468,393	-1,468,393	0
Depreciation	-3,468,684	-3,213,277	-6,681,961
Disposals	0	14,046,045	14,046,045
Impairment losses and depreciation at 31 March 2019	-8,994,334	-7,851,685	-16,846,019
Carrying amount at 31 March 2019	12,605,464	4,135,731	16,741,195

11 Investments in subsidiaries

DKK	Parent company	
	2018/19	2017/18
Cost at 1 April 2018	715,130,992	633,130,992
Additions	18,500,000	82,000,000
Cost at 31 March 2019	733,630,992	715,130,992
Value adjustments at 1 April 2018	-422,516,575	-301,425,996
Profit for the year	28,168,293	-79,484,998
Amortisation and impairment of goodwill	-42,353,118	-46,444,117
Foreign exchange adjustments	-1,084,444	4,838,536
Value adjustments at 31 March 2019	-437,785,844	-422,516,575
Carrying amount at 31 March 2019	295,845,148	292,614,417

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Designit A/S, Copenhagen, Denmark	100%	28,168	74.701

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

12 Work in progress for third parties

DKK	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Selling price of work performed	34,220,998	92,998,535	0	0
Progress billings / invoices received on account	-24,938,804	-79,674,421	0	0
	<u>9,282,194</u>	<u>13,324,114</u>	<u>0</u>	<u>0</u>
Recognised as follows:				
Ongoing contracts (assets - where work performed > progress billing)	10,657,168	16,323,019	0	0
Construction contracts (liabilities - where progress billing > work performed)	-1,374,974	-2,998,905	0	0
	<u>9,282,194</u>	<u>13,324,114</u>	<u>0</u>	<u>0</u>

13 Share capital

The share capital consists of 560 shares of DKK 100 each. All shares carry the same voting rights.

Analysis of changes in the share capital over the past 3 years.

	2018/19	2017/18	2016/17
Opening balance	55,000	52,000	51,000
Capital contribution	1,000	0	1,000
Capital increase	0	3,000	0
	<u>56,000</u>	<u>55,000</u>	<u>52,000</u>

14 Deferred tax

DKK	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Deferred tax at 1 April 2018	3,609,453	13,209,821	0	0
Adjustment of deferred tax	-2,121,943	-9,600,368	0	0
Deferred tax at 31 March 2019	<u>1,487,510</u>	<u>3,609,453</u>	<u>0</u>	<u>0</u>
Recognised as follows:				
Deferred tax asset	1,531,836	3,632,484	0	0
Deferred tax liability	-44,326	-23,031	0	0
	<u>1,487,510</u>	<u>3,609,453</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements for the period 1 April – 31 March

Notes to the financial statements

15 Contractual obligations and contingencies, etc.

The Parent Company is jointly taxed with its Danish subsidiary. As management company, the Company has joint and several unlimited liability, together with the subsidiary, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities. The jointly taxed entities' total known net liability in respect of income taxes and withholding taxes payable on dividend, interest and royalties amounted to DKK 0 thousand at 31 March 2019. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. could entail an increase in the entities' tax liability. The Group as a whole is not liable vis-à-vis any third parties.

The Group's Danish entities are jointly and severally liable for joint VAT registration.

Other contingent liabilities

The group has guarantee commitments of DKK 3,909 thousand at 31 March 2019 (2018: DKK 0).

Operating lease obligations

The Group's companies have entered into operating leases with a remaining obligation at 31 March 2019 of DKK 36,857 thousand (2018: DKK 30,168 thousand).

16 Related parties

Wipro Digital ApS' related parties comprise the following:

Parties exercising control

Wipro Holdings (UK) Limited, Devonshire House 60, Goswell Road, EC1M 7AD London, Great Britain, which holds the majority of the share capital in the entity.

Wipro Digital ApS is included in the consolidated financial statements of the ultimate parent company Wipro Limited, Sarjapur Road, Bangalore, Karnataka 560035, India. The consolidated financial statements of Wipro Limited are available at the company address.

Related party transactions

DKK'000	2018/19	2017/18
Group		
Sale of services to affiliated companies	83,492,448	88,867,443
Purchase of services from affiliated companies	3,043,512	0
Interests, affiliated companies	225,501	11,591,904
Payables to affiliated companies	55,809,687	60,709,795
Receivables from affiliated companies	73,353,646	0

17 Appropriation of loss

DKK'000	Parent	
	2018/19	2017/18
Recommended appropriation of loss	-14,898,159	-111,711,098
Transferred to reserves under equity	-14,898,159	-111,711,098