

**THE STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

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The management of **MINING CITY CORP.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year(s) ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

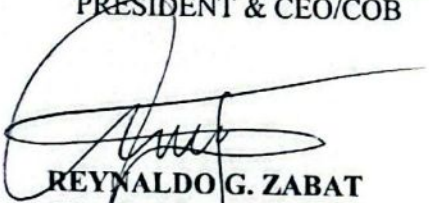
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

The Board of Directors (Trustees) reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

**REYNALDO G. ZABAT**, then independent auditor appointed by the stockholders, has audited the financial statements of the company in the accordance with Philippine Standards on Auditing, and its report to the stockholders or members, and has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**ALLAN DEL PILAR GALANG**  
PRESIDENT & CEO/COB

  
**ANGELA GUTAY**  
TREASURER

  
**REYNALDO G. ZABAT**  
CPA Certificate No. 22042  
TIN No. 115-012-527-000  
BGA/PRC Cert. No. 1574 valid until 01/28/2026  
BIR AN 04-001105-001-2023 valid until 08/10/2026  
PTR No. CBN-1934500  
06 January 2025  
City of Cabanatuan

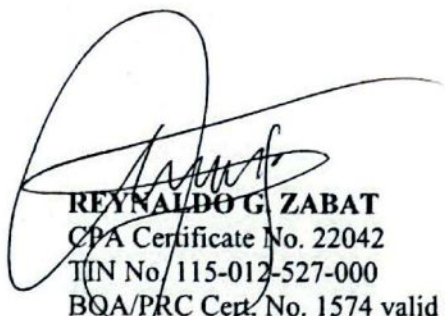
June 11, 2025  
Cabanatuan City

**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

**THE BOARD OF DIRECTOR AND STOCKHOLDERS  
MINING CITY CORP.  
BLK 7 DON JUICO ANUNAS ANGELES CITY PAMPANGA**

I have audited the accompanying financial statements of **MINING CITY CORP.** as of December 31, 2024 on which I have rendered my report dated June 11, 2025.

In compliance with SRC Rule 68, I am stating that the said company has five (4) Stockholder/s owning one hundred (100) or more shares each.



**REYNALDO G. ZABAT**  
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June 11, 2025  
Cabanatuan City

## **INDEPENDENT AUDITOR'S REPORT**

**MINING CITY CORP.**

**BLK 7 DON JUICO ANUNAS ANGELES CITY PAMPANGA**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

I have audited the financial statements of **MINING CITY CORP.** which comprise the statement of financial position as of Dec 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, *the financial position of the MINING CITY CORP. and (of) its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities. (PFRS for SMEs)*

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

#### **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 Philippine Financial Reporting Standards for Small and Medium-Sized Entities. 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 as related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgement and maintain professional skepticism throughout the audit. Also:

- Identify and assess the risks of material misstatements 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 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 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.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. MY conclusions IS based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentations, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- I 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 identify curing my audit.
- I also provide those charged with governance with a statement that I complied with relevant ethical requirements regarding independence, and to communicate with them all

- I also provide those charged with governance with a statement that I complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's reports unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

- My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

  
**REYNALDO G. ZABAT**

CPA Certificate No. 27042

TIN No. 115-012-527-000

BOA PRC Cert. No. 1574 valid until 01/28/2026

BIR AN 04-001105-001-2023 valid until 08/10/2026

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City of Cabanatuan

June 11, 2025

Cabanatuan City

**MINING CITY CORP.**  
BLK 7 DON JUICO ANUNAS ANGELES CITY PAMPANGA

**BALANCE SHEET**  
As of December 31, 2024

<b>ASSETS</b>	<b>Notes</b>	<b>2024</b>
<b>Current Assets</b>		
Cash		22,150,330
Account Receivable	6	-
<b>Total Current Assets</b>		<b>22,150,330</b>
Property, Plant and Equipment.	7	77,849,670
<b>Total Assets</b>		<b>100,000,000</b>

**LIABILITIES and SHAREHOLDER'S EQUITY**

<b>Liabilities</b>		
Account payable		-
Income Tax Payable		-
<b>Current Liabilities</b>		<b>-</b>
<b>Share Holder's Equity</b>		
Share Capital	8	100,000,000
Retained Earnings		-
<b>Total Shareholder's Equity</b>		<b>100,000,000</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>100,000,000</b>

**MINING CITY CORP.**  
BLK 7 DON JUICO ANUNAS ANGELES CITY PAMPANGA

**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2024

	2024	2024
Net Profit		-
Depreciation		874,056
<b>Operating Income before working capital changes</b>		<b>874,056</b>
<b>Increase (Decrease) in:</b>		
(Increase)Decrease in Accounts Receivable		-
Increase (Decrease) in Accounts Payable		-
Increase (Decrease) in Income Tax Payable		-
<b>Net Cash Provided by Operating Activities</b>		<b>( 874,056)</b>
<b>Cash Flow from Investing Activities</b>		
Acquisitions of Property and Equipment		
<b>Net Cash from (Used in) financing activities</b>		
<b>Cash Flow from Financing Activities</b>		
Paid-up Capital		100,000,000
<b>Net Cash from (used in) financing activities</b>		<b>100,000,000</b>
Net Increase (decrease) In Cash		(355,030)
<b>Cash balance, Beginning</b>		<b>22,150,330</b>
<b>Cash balance, End</b>		<b>21,795,300</b>

**MINING CITY CORP.**  
BLK 7 DON JUICO ANUNAS ANGELES CITY PAMPANGA

**INCOME STATEMENT**  
**As of December 31, 2024**

	Notes	2024
Revenue		-
<u>Cost of Service</u>	10	-
<b>Gross Profit</b>		-
<u>Less: Administrative Expense</u>	11	355,030
<b><u>Income Before Tax</u></b>		-
<u>Income Tax</u>		-
<b><u>Net Profit</u></b>		-

**MINING CITY CORP.**  
BLK 7 DON JUICO ANUNAS ANGELES CITY PAMPANGA

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended December 31, 2024

	2024
<b>Authorized Share Capital</b> (10,000.00 shares @P100par value)	100,000,000
Paid-up Capital	100,000,000
Retained Earnings, Beginning	
<u>Add/(Less): Net Income/(Loss)</u>	<u>(355,030)</u>
<b><u>Retained Earnings, Ending</u></b>	<b><u>(355,030)</u></b>
<b><u>Total shareholders' Equity</u></b>	<b><u>99,644,970</u></b>

**MINING CITY CORP.**  
**December 31, 2024**

**(Amounts in Philippine Peso)**

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**General Profile**

**1. ORGANIZATION AND BUSINESS**

**MINING CITY CORP.** was incorporated in the Philippines and was registered with the Philippines and Exchange Commission (SEC) with SEC Reg. no. 2023070109042-00 on July 21 2023 for the purpose to engage in the business of mining, power energy windmill and solar energy installation. The company's registered address is Blk 7 Don Juico Anunas Angeles City Pampanga.

The financial statements were authorized for issue on June 6, 2025 by the Board of Directors of the Corporation

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

**Basis of Preparation**

The financial statements of the Company have been prepared on a fair value measurement. The financial statements are presented in Philippine pesos, which is the Company's functional currency. All amounts are rounded to the nearest Philippine peso, except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

**Statement of Compliance**

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) for Small and Medium sized Entities (SMEs).

**Accounting Policies Adopted**

The following sections that have been published by the International Accounting Standards board (IASB) and adapted by the FRSC which became effective. For accounting periods beginning on or after January 2010 were adopted by the company:

Section 3	-	Financial Statement Presentation
Section 4	-	Statement of Financial Position
Section 5	-	Statement of Comprehensive Income and Income Statement
Section 6	-	Statement of Changes in Equity
Section 7	-	Statement of Cash Flows
Section 8	-	Notes to the Financial Statements
Section 10	-	Accounting Policies, Estimates and Errors
Section 11	-	Basic Financial Instruments
Section 17	-	Property and Equipment
Section 21	-	Provision and Contingencies
Section 22	-	Liabilities and Equity
Section 23	-	Revenue
Section 25	-	Borrowing Costs
Section 27	-	Impairment of Assets
Section 28	-	Employee Benefits
Section 32	-	Events after the End of the Reporting Period

The adoption of the above sections, upon which the Company has opted to adopt early, did not have any significant effect on the Company's financial statements. These, however, require additional disclosures on the Company's financial statements.

Section 3, "Financial Statement Presentation", explains fair presentation of financial statements, what compliance with the PFRS for SME's requires, and what a complete set of financial statement is. This section prescribes the basis for presentation of general purpose financial statements for SMEs to ensure comparability both with the entity's financial statement of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

Section 4, "Statement of Financial Position", sets out the information. That is to be presented in a statement of financial position and how to present it. The statement of financial position (sometimes called the balance Sheet) presents an entity's assets, liabilities and equities as of a specific date—the end of the reporting period and provides the minimum line items that should be included in the statement of financial position, however, additional line items heading and subtotals shall be presented if they will be relevant to an understanding of the entity's financial position.

Section 5, "Statement of Comprehensive Income and Income Statement" requires an entity to present its total comprehensive income for a period—ie its financial performance for the

period—in one or two financial statements. It sets out the information that is to be presented in those statements and how to present it.

Section 6 “Statement of Changes in Equity”, sets out requirements for presenting the changes in an entity’s or a period, either in a statement of changes in equity or, if specified conditions are met and an entity chooses, in a statement of income and retained earnings.

Section 7 “Statement of Cash Flows”, sets out the information that is to be presented in a statement of cash flows and how to present it. The statement of cash flows provides information about the changes in cash and cash equivalents of an entity for a reporting period, showing separately changes from operating activities, investing activities and financing activities.

Section 8, “Notes to the Financial Statements”, sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes provide narrative descriptions or dis aggregation of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of this PFRS requires disclosures that are normally presented in the notes.

Section 10, “Accounting Policies, Estimates and Errors”, provides guidance for selecting and applying the accounting policies used in preparing financial statements. It also covers changes in accounting estimates and corrections of errors in prior period financial statement.

Section 11, “Basic Financial Instruments”, deals with recognizing, measuring and disclosing basic financial instruments and is relevant to all entities. An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument. When a financial asset or financial liability is recognized initially, an entity shall measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction.

Section 17, “Property and Equipment”, prescribes the accounting treatment for property equipment so that users of the financial statements can discern information about an entity’s investments in its property and equipment and the changes in such investment. The principal issues in accounting for property and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and the impairment losses to be recognized in relation to them. An entity shall measure an item of property and equipment at initial recognition at its cost. The cost of an item of property and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

Section 21, “Provision and Contingencies”, outlines the recognition of provision only when: (a) the entity has an obligation at the reporting date as a result of a past event: (b) it is probable (ie

more likely than not) that the entity will be required to transfer economic benefits in settlement; and (c) the amount of the obligation can be estimated reliably. Its objective is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount.

Section 22, "Liabilities and Equity", establishes principles for classifying financial instruments as either liabilities or equity and addresses accounting for equity instruments issued to individuals or other parties acting in their capacity as investors in equity instruments (ie in their capacity as owners).

Section 23, "Revenue", prescribes the accounting treatment of revenue arising from certain types of transaction and events. The primary issue in accounting for revenue is determining when to recognize revenue. Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This section identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognized. It also provides practical guidance on the application of these criteria. An entity shall measure revenue at the fair value of the consideration received or receivable.

Section 25, "Borrowing Costs", specifies the accounting for borrowing costs. Borrowing costs are interest and other costs that entity incurs in connection with borrowing of funds. An entity shall recognize all borrowing costs as an expense in profit or loss in the period in which they are incurred.

Section 27, "Impairment of Assets", prescribes that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use of or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss.

Section 28, "Employee Benefits", deals with accounting and reporting by the plan to all participants as a group. It does not deal with reports to individual participants about their retirement benefit rights. An entity shall recognize the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period: (a) as a liability (b) as an expense. This section shall be applied in the financial statements of retirement benefit plans where such financial statements are prepared

Section 32, "Events after the End of the Reporting Period", defines events after the end of the reporting period and sets out principles for recognizing, measuring and disclosing those events. Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Its objective is to prescribe: (a) when an entity should adjust its financial statements for events after the reporting period; (b) the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period. It also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.

The significant sections and practices of the Company are set forth to facilitate the understanding of the financial statements:

### **Financial Assets**

Financial assets include Cash.

#### *Cash*

*Cash includes cash on hand used as working capital in payment of various expenses.*

### **Trade and Other Receivables**

Trade receivables are non-interest bearing, measured initially at transaction price and subsequently measured at their fair value as reduced by appropriate allowances for doubtful accounts and impairment, if any. The allowance for doubtful accounts is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of long-outstanding receivables. The doubtful accounts expense is recognized in the statement of income.

Other receivables are recorded initially at transaction cost and subsequently measure at cost less impairment, if any. Other receivables include advances to officers and employees, accrued income receivable, and others.

### **Prepayments**

Prepayments include prepaid supplies which are valued at the lower of cost or net realizable value. It also includes prepayments such as prepaid taxes and prepaid expenses that are initially recorded at transaction cost and subsequently measured at cost less impairment loss, if any.

### **Property and Equipment**

Property and equipment are measured initially as its cost. Property and equipment, after initial recognition are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment, its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of initial delivery and handling, installation and assembly, and testing functionality.

The following costs are not costs of an item of property and equipment, and the entity recognized them as an expense when they are incurred: costs of opening a new facility, costs introducing a new product or service (including costs of advertising and promotional activities), costs of conducting business in a new location or with a new class of customer (including costs of staff training), administration and other general overhead costs and borrowing costs.

For financial reporting purposes, duties and taxes related to the acquisition of property and equipment are capitalized. For income tax reporting purposes, such duties and taxes are treated as deductible expenses in the year these charges are incurred.

For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as a change in accounting estimate.

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, an entity shall review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. The entity shall account for the change in residual value, depreciation method or useful life as a change in an accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of an item of property and equipment is recognized in profit or loss when the item is derecognized (unless Section 20 *Leases* requires otherwise on a sale and leaseback) such gain is not recognized as revenue.

### **Financial Liabilities**

Financial liabilities are recognized initially at fair value.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities include Trade and Other Payables and Loans Payable.

#### **Trade and Other Payables**

Trade payables are liabilities to pay for goods or service that have been received or supplied and have been invoiced or formally agreed with the supplier.

Trade and other payables are initially recorded at transaction price and subsequently measured at their cost less settlement payments.

#### **Other Current liabilities**

Other current liabilities include statutory obligation as of the end of the period such as withholding tax payable.

### **Financial Instruments**

#### ***Date of Recognition***

The Company recognizes a financial asset or a financial liability in the balance sheets when it becomes a party to the contractual provisions of the instrument.

#### ***Initial Recognition of Financial Instruments***

All financial assets are initially recognized at fair value.

#### ***Determination of Fair Value***

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques include net present value techniques, comparison to similar instruments for which market observable price exist, options pricing models, and other relevant valuation models.

#### ***Impairment of Financial Assets***

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial asset or a group assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrowed or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decreases in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of income. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all in collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical

period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If it is determined that no objective evidence of impairment exists for an individual asset with similar credit risk characteristics and that group financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment or impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statements income to the carrying value of the asset does not exceed its amortized cost at the reversal date.

### **Derecognition of Financial Assets and Financial Liabilities**

#### ***Financial assets***

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

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

#### ***Financial Liabilities***

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the perspective carrying amounts is recognized in the statement of income.

#### ***Offsetting Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

### ***Impairment of Non-Financial Instruments***

The Company assesses as at reporting date whether there is an asset that may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or group of asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses recognized in the statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### **Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly

within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resource embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

#### **Comprehensive Income**

Comprehensive income includes revaluation surplus, that are closed to the company's cumulative earnings.

#### **Revenue and cost recognition**

Revenue is recognize to the extent that is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. However, when an uncertainty arises about the collectability of an amount already included the revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

Cost, distribution, administrative and finance cost are recognized in the statement of income upon utilization of the service or in the date they are incurred.

#### **Employees' Compensation and Other Benefits**

##### **Short-term Benefits**

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions short-term compensated absences, bonuses and other non-monetary benefits, if any.

##### **Borrowing Costs**

Borrowing costs are generally expensed as incurred.

##### **Events After the End of the Reporting Period**

Post-year-end events up to the date of the auditor's report that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events are not adjusting events are disclosed in the notes to financial statements when material.

### **3. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference to the Philippine Financial Standards) requires management to makes estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates.

### Judgments

The preparation of the Company's financial statements in conformity with Financial Reporting Framework in reference to the Philippines Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual result could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Determining Functional Currency

Based in economic substance of underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso, which is the currency of the primary economic environment in which the Company operates and is the currency that mainly influence the prices of the products and services and the cost of providing such products and services.

### Repairs and maintenance

Repairs and maintenance incurred by the Company have not resulted in an increase in the future economic benefit of its property and equipment, therefore charged to operations.

### Estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for doubtful accounts would increase the recorded operating expenses and decrease current assets.

### Evaluation of asset impairment

The Company assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the company considers important which could trigger an impairment review include significant changes in asset usage significant decline in assets' market value obsolescence or physical damage of an asset. If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the assets is considered impaired and is written down to Its recoverable amount.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of the estimated future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that may affect property and equipment.

#### **Estimating useful lives of property and equipment**

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's economic benefits, the entity shall review its present depreciation method and, in current expectations differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as a change in an accounting estimate.

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, an entity shall review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life as a change in an accounting estimate.

#### **Fair Value of Property and Equipment**

The Property and Equipment is stated at revalued amount based on the fair value of the property. The valuation was made on the basis of the fair market value determined by referring to the character and utility of the property, and comparable property which has been sold recently in the locality where the property is located. Management believes that the basis of the fair value is reasonable.

#### **Financial assets and liabilities**

The Company requires certain financial assets and liabilities to be at fair value, which requires use of extensive accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective (i.e. interest and volatility rates), the amount of changes in fair value would differ if the Company utilized different valuation methodologies. Any changes in fair value of these financial assets and liabilities would affect directly the statements of income and equity, as appropriate.

#### **Impairment of Non-financial Assets**

The Company assesses the value of property and equipment which require the determination of the future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statement. Future events could cause the Company to conclude the property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

### **Revenue recognition**

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

## **4. INANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

### ***Financial Risk Management Objectives and Policies***

The main purpose of the Company's principal financial instruments is to fund its operational and capital expenditures. The Company's risk management is coordinated and in close operation with the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial markets.

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

### ***Management of Financial Risk***

#### ***Governance Framework***

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit liquidity and operational risk. It also supports the effective implementation of policies.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

#### ***Capital Management Framework***

The Company's capital management objectives are to ensure Company's ability to continue as a going concern. The Company monitors the basis of the carrying amount of equity as presented on the face of the balance sheet.

The Company's risk management function has developed and implanted certain minimum stress and scenario tests for identifying the risks to which the Company are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

### ***Regulatory Framework***

The operations of the Company are also subject to the regulatory requirements of SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

### ***Financial Risk***

The Company is also exposed to financial risk through its financial assets and financial liabilities. The most important components of the financial risks are credit risk, liquidity risk and market risk.

#### ***Credit Risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages the level of credit risk it accepts through comprehensive credit risk policy setting out the assessment and determination of what constitute credit risk for the Company; setting up exposure limits by each counter-party or group of counter-parties, geographical and industry segments; guidelines on obtaining collateral and guarantees; reporting of credit risk exposures and breach to the monitoring authority; monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment .

#### ***Liquidity Risk***

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counter-party failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

#### ***Market Risk***

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risks), market interest rates (interest rate risk) and market prices (price risk).

#### ***Fair Value Interest Rate Risk***

The fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate receivables in particular are exposed to such risk.

5. **CASH**

This account consist of:

	2024
<b>Cash in Bank and on Hand</b>	<b>22,150,330</b>

6. **ACCOUNTS RECEIVABLE**

7. Accounts Receivables	-
<b>Total</b>	<b>-</b>

8. **PROPERTY, PLANT AND EQUIPMENT**

Leaschold Improvement	73,479,390
Tools and Equipment	4,370,280
<b>Total</b>	<b>77,849,670</b>
Accumulated Depreciation	( 874,056)
<b>Book Value</b>	<b>76,975,614</b>

9. **SHARE CAPITAL**

This account consist of:

	2024
Authorized:	
10,000.00 shares at 100 par value	100,000,000
Subscribed and Paid-up Share Capital	
Paid-up Capital	100,000,000

Revenue	-
<b>Total</b>	<b>-</b>

10. **COST OF SERVICE** 2024

Direct Materials	-
Direct Labor	-
<b>Total</b>	<b>-</b>

## 11. ADMINISTRATIVE EXPENSE

The account consist of:

	2024
Rent Expense	-
Depreciation	874,056
Salaries, Wages and Allowance	88,000
Communication, Light and Water	155,060
Transportation and Travel	44,050
Others	67,920
<u>Taxes and Licenses (note 8)</u>	-
<b><u>Total</u></b>	<b><u>1,229,086</u></b>

### 11.1 TAXES AND LICENSES

The following are information on taxes, duties and license fee paid or accrued, Breakdown are as follows:

	2024
Mayors permit and other city taxes	-
SEC	-
CTC	-
Doc Stamp	-
Registration fee	-
<b><u>Total</u></b>	<b><u>-</u></b>

### INCOME TAX

	2024
Net Income before tax	(1,229,086)
<u>Income tax at statutory rate</u>	-
Income Tax Liability-Current Period	
Inco 2307	
<u>Cred Payment for 3 quarters</u>	-
<b><u>Income Tax Due</u></b>	<b><u>-</u></b>