

[REDACTED]

[REDACTED]

AUDITED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The management of [REDACTED] is responsible for all the information and representations contained in the financial statements as of December 31, 2022. Management is likewise responsible for all information and representation contained in the financial statements accompanying the (Annual Income Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the others income tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements as of December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of [REDACTED] complete and correct in all material respects. Management likewise affirms that:

- a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and preparation of income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. [REDACTED] has filed all applicable tax returns, reports and statement required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: [REDACTED]

Signature: [REDACTED]

Signed this 19th day of May 2023

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

The management of [REDACTED] is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

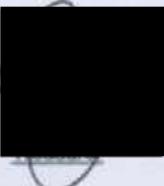
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

[REDACTED], the independent auditor, appointed by the stockholders, has audited the financial statement statements of the company in accordance with Philippine Standards on Auditing, and in his report to the stockholders has expressed his opinion on the fairness of presentation upon completion of such audit.

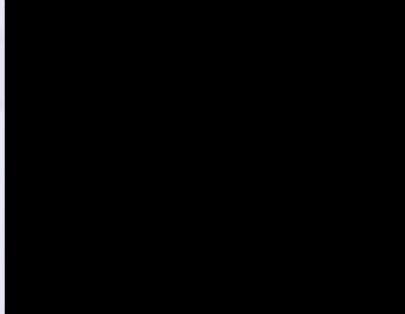
Signature:



Signature:



Signed this 19th day of May 2023



REPORT OF INDEPENDENT AUDITOR

The Board of Directors and Stockholders of:

Reports on the Audit of the Financial Statements

I have audited the accompanying financial statements of [REDACTED] which comprise the statements of financial position as of December 31, 2022 and 2021, and the statement of income, statement of changes in stockholder's equity, statement of cash flows and a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRSs for SE).

Basis for Opinion

I conducted my audits in accordance with 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 of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

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 and licenses as attached 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 has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

© 2023, valid until February 19, 2026

May 19, 2023

**REPORT OF THE INDEPENDENT AUDITOR TO ACCOMPANY
PHILIPPINE INCOME TAX RETURNS**

The Board of Directors and Stockholders of:

Gentlemen:

In compliance with Revenue Regulations V-20, I am stating the following:

1. The taxes paid or accrued by the above Company as of December 31, 2022 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.
 2. I am not related by consanguinity or affinity to the President, manager, or principal stockholder(s) of the company.

0, 2023, valid until February 19, 2026

May 19, 2023

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

(with comparative figures as of December 31, 2021)

ASSETS	Note	2022	2021
Current assets			
Cash and cash equivalents	3	2,550,473	235,000
Receivables	4	1,721,423	24,014
Inventories	5	-	175,000
Total current assets		4,271,896	434,014
Non-current assets			
Property and equipment, net	6	15,900,236	16,762,330
Other non-current assets	7	882,656	2,490,631
Total non-current assets		16,782,892	19,252,961
Total assets		21,054,788	19,686,975
LIABILITIES & STOCKHOLDER'S EQUITY			
Liabilities			
Trade and other payables	8	3,049,652	246,417
Total current liabilities		3,049,652	246,417
Advances from Stockholders	9	10,500,000	10,500,000
Loan Payable		16,715,076	16,995,876
Total non-current liabilities		27,215,076	27,495,876
Total Liabilities		30,264,728	27,742,293
Stockholder's equity		(9,209,940)	(8,055,318)
Total stockholder's equity		(9,209,940)	(8,055,318)
Total liabilities and stockholder's equity		21,054,788	19,686,975

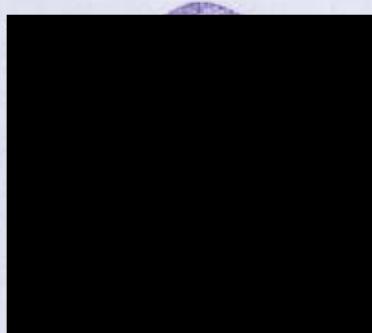
See accompanying Notes to Financial Statements

[REDACTED]
STATEMENT OF INCOME

For the year ended December 31, 2022
(with comparative figures as of December 31, 2021)

	Note	2022	2021
Revenue	11	13,958,552	9,656,044
Cost of sales	12	4,765,343	6,715,732
Gross income		9,193,209	2,940,312
NOLCO	14	1,817,614	-
Operating expenses	13	8,530,217	5,177,282
Net income/(loss) before tax		(1,154,623)	(2,236,970)
Provision for income tax	14	-	(447,394)
Net income/(loss) after tax		(1,154,623)	(1,789,576)

See accompanying Notes to Financial Statements



STATEMENT OF CASH FLOWS

As at December 31, 2022

(with comparative figures as of December 31, 2021)

	Note	2022	2021
Cash flows from operating activities			
Net income/(loss) after tax		(1,154,623)	(1,789,576)
Adjustment to reconcile net income/(loss)			
Prior year adjustment	6	958,126	1,068,705
Depreciation expense		1,699,907	(447,394)
Provision for Income Tax deferred			
Changes in operating assets and liabilities			
(Increase)/decrease in:			
Deferred charges-MCIT		(91,932)	(29,403)
Receivables		(1,697,409)	-
Inventories		175,000	(175,000)
Input Vat			
Trade and other payables		2,803,235	203,555
Net cash flows provided by/(used from) from operating activities		2,692,304	(1,169,114)
Cash flows from investing activities			
Purchase of property and equipment	6	(96,032)	-
Net cash flows provided by/(used from) from investing activities		(96,032)	-
Cash flows from financing activities			
Insurance share of stocks		-	300,000
Proceeds from loan payable		(280,800)	(280,800)
Payments of loans payable		-	1,000,000
Advances from stockholder			
Increase in other Asset			
Net cash flows provided by/(used from) from financing activities		(280,800)	1,019,200
Net increase/(decrease) in cash and cash equivalents		2,315,473	(149,914)
Beginning cash balance		235,000	384,914
Ending cash balance	3	2,550,473	235,000

See accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS
As at December 31, 2022

1. CORPORATE INFORMATION:

[REDACTED] (referred to as "the Company"), a domestic corporation was incorporated and registered with the Philippine Securities and Exchange Commission ("SEC") on July 21, 2017 with [REDACTED] and Bureau of Internal Revenue ("BIR") with [REDACTED]

The Company primary purpose is to engage in the business of manufacturing, production, sub-contracting, export, import, purchase, sale and distribution of any form of commodities, goods or merchandise which may be the object of commerce such as but not limited to manufacturing of distilled spirits and associated food and beverage products and equipments required to manufactured this products.

The Company's principal address is registered at [REDACTED]

The accompanying financial statements as of December 31, 2022 and 2021 were approved and authorized for issue by the Company's Board of Directors on May 19, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Company have been prepared at historical cost basis. The financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency. All amounts are rounded to the nearest Philippine peso, except when otherwise indicated.

The 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 financial statements have been prepared in accordance with the appropriate Financial Reporting Framework in conformity with the Philippine Financial Reporting Standards for Small Entities ("PFRSs for SEs") issued by the Philippine Financial Reporting Standards Council.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) complex financial instruments.

The Company classifies its cash, trade and other receivables and trade and other payables (excluding statutory payables) as basic financial instruments. The Company does not have complex financial instruments.

Basic Financial Instruments

Initial Measurement. On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent Measurement. The Company's debt financial instruments are subsequently measured at amortized cost using the effective interest method.

Impairment of Financial Instruments Measured at Amortized Cost. At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Derecognition of Financial Assets. An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of Financial Assets. Financial liabilities are derecognized only when these are extinguished – that is, when the obligation is discharged, cancelled or has expired.

Cash

Cash, which includes cash on hand and in banks, is stated at face value. Cash in banks earn interest at the prevailing bank deposit rates.

Trade and Other Receivables

Trade and other receivables (including due from related parties) are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Other Current Assets

This account includes creditable withholding tax and input VAT. Other current assets are stated at face value.

The net amount of excess input over output VAT to the taxation authority is presented as Input VAT under "Other Current Assets" account in the statement of financial position.

Security Deposit

Security deposit represents deposit due on specific date after termination of the contract of lease without interest less applicable for any unpaid bills, other charges or dues. Security deposit that is expected to be realized for more than 12 months after the financial reporting period is classified as current asset. Otherwise, this is classified as noncurrent asset.

Property and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on other classes of property, plant and equipment is charged so as to allocate cost of assets less their residual values over their estimated useful lives, using straight-line method.

Depreciation is computed on a straight-line method over the estimated useful lives of the property and equipments as follows:

Bar Equipment	5 years
Office Equipment	3 years
Leasehold improvements	10 years
Store Equipment	10 years
Kitchen Equipment	10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is as indication of a significant change since the last reporting date.

Impairment of Property and Equipment

Property and equipment are assessed at each reporting date to determine whether there is any indication that assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the Company.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Company will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years.

Impairment of Assets

Assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the Company. If an impairment indicator is no longer exists or the recoverable amount has increased subsequently, the Company will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying value amount of the asset that is higher had no impairment loss was recognized in the prior years.

Trade and Other Payables

Trade and other payables (excluding statutory payables) are recognized initially at the transaction price and subsequently measured at amortized cost using effective interest method.

Provisions

Provisions are recognized when the Company has an obligation as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

When the effect of time is material, provisions are measured at present value of the amount expected to be required to settle the obligation using a pre-tax rate(s) that reflect(s) current market assessments of the time value of money and the risks specific to the obligation. Changes in the provisions due to passage of time are recognized in profit or loss.

Equity

Share Capital. Share capital is measured at par value for all shares issued.

Additional Paid-in Capital. Any amount received by the Company in excess of par value of its shares is credited to additional paid-in capital. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings. Retained earnings consist of accumulated profits less any amounts distributed to the shareholders. Appropriated retained earnings represent the portion which has been restricted and therefore is not available for any dividend declaration. Unappropriated retained earnings represent the portion which can be declared as dividends to stockholders.

Cash Dividend Distribution. Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The specific recognition criteria must also be met before revenue is recognized:

Service Income. Service income is recognized when services are rendered.

Interest Income. Interest income recognized using the effective interest method. Interest income is included in "Other income" account in the statements of income.

Other Income. Other income is recognized when earned.

Cost and Expense Recognition

Cost and expenses are recognized in statements of income upon receipt of goods, utilization of services or at the date costs and expenses are incurred.

Cost of Services. Cost of services pertains to costs directly associated to the revenue generating activities of the Company. Cost of services is recognized when the related expenses incurred to render services.

Operating Expenses. Operating expenses constitute costs administering the business. These are expenses when incurred.

Employee Benefits

Short-term Employee Benefits. The Company provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contributions, and other short-term benefits. Short-term employee benefits are measured on an undiscounted basis and are expenses as the related service is provided.

Related Party Relationship and Transactions

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

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

Related party transactions consist of transfer of resources, services or obligations between the Company and its related parties.

Taxes

The Company uses the taxes payable method to account for income taxes. Under this method, the Company recognizes income tax expense and liability based on the taxable income for the year using tax rates that have been enacted or substantively enacted at the reporting date.

Current Income Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

The carrying amount of deferred tax assets is reviewed at each reporting year and reduced to the extent that is no longer probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

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

VAT. Revenue, expenses and assets are recognized, net of VAT, except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of acquisition of the assets or as part of the expense item applicable; and
- Receivables and payables that are stated with the amount of VAT included.

Events after the Reporting Period

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

	2022	2021
3. CASH		
This account consists of:		

Cash on hand	2,550,473	235,000
Total	2,550,473	235,000
4. TRADE & OTHER RECEIVABLES		
This account consists of:		

Accounts receivables	1,712,304	
Income tax receivables	9,120	24,014
Total	1,721,423	24,014

Trade receivables are normally collectible within one year. Management believes that the account balances are fully collectible, hence, no

impairment have been made for the balances as of December 31, 2022 & 2021.

5. INVENTORIES

This account consists of:

Finished goods	175,000	
Total	175,000	

The cost of inventories recognized in cost of sales for 2022 & 2021 amounted to P4,765,343 and P6,715,732, respectively.

6. PROPERTY, PLANT & EQUIPMENT

This account consists of:

	Land	Plant Facilities	Distillery Equipment	Furniture & Fixture	Motor Vehicle	Office Equipment	Total
Gross Carrying Amount							
January 1, 2022	8,000,000	6,521,051	4,412,705	232,626	1,344,107	217,585	20,728,074
Additions	-	-	-	12,480	-	83,552	96,032
Disposals	-	-	-	-	-	-	-
December 31, 2022	8,000,000	6,521,051	4,412,705	245,106	1,344,107	301,137	20,824,106
Accumulated Depreciation							
January 1, 2022	-	652,105	2,303,830	232,626	559,599	217,585	3,965,744
Additions	-	326,053	353,016	2,427	268,821	7,809	958,126
Disposals	-	-	-	-	-	-	-
December 31, 2022	-	978,158	2,656,846	235,053	828,420	225,394	4,923,870
Carrying Amount							
At December 31, 2022	8,000,000	5,542,893	1,755,859	10,053	515,687	-	15,900,236
	Land	Plant Facilities	Distillery Equipment	Furniture & Fixture	Motor Vehicle	Office Equipment	Total
Gross Carrying Amount							
January 1, 2021	8,000,000	6,521,051	4,412,705	232,626	1,344,107	217,585	20,728,074
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
December 31, 2021	8,000,000	6,521,051	4,412,705	232,626	1,344,107	217,585	20,728,074
Accumulated Depreciation							
January 1, 2021	-	326,053	1,952,350	165,624	290,777	162,235	2,897,040
Additions	-	326,053	351,479	67,002	268,821	55,349	1,068,705
Disposals	-	-	-	-	-	-	-
December 31, 2021	-	652,105	2,303,830	232,626	559,599	217,585	3,965,744
Carrying Amount							
At December 31, 2021	8,000,000	5,868,946	2,108,876	-	784,508	-	16,762,330

7. OTHER NON-CURRENT ASSETS

This account consists of:

Deferred tax asset-NOLCO	761,321	2,461,228
Deferred tax asset-MCIT	121,335	29,403
Total	882,656	2,490,631

8. TRADE & OTHER PAYABLES

This account consists of:

Accounts payable	2,560,579	
SSS,Philhealth & HDMF contributions payable	113,780	23,214
Expanded withholding tax payable	-	5,573
Vat payable	-	188,226
Income tax payable	-	29,403
Other current liabilities	375,294	
Total	3,049,652	246,417

9. ADVANCES FROM STOCKHOLDERS

The Company receives non-interest bearing cash advances from its principal stockholders to finance its working capital and capital expenditures requirements. These advances are unsecured, non-interest bearing, and are payable on demand. As at December 31, 2022 and 2021, the Company's outstanding advances from stockholders amounting to P11,500,000 and P10,500,000, respectively.

LOAN PAYABLE

In November 2019, the Company entered into an auto loan agreement with chattel mortgage with Banco de Oro (BDO) amounting to P1,404 million. The loan bears interest at the rate of 8.31% per annum and is payable in five (5) years. The loan is secured is secured by the motor vehicle acquired in the same period. Loan repayments start in May 2020.

10. CAPITAL STOCK

The Company is authorized to issue 10,000 shares of common stock at P100 par value. As of December 31, 2022 and 2021, the issued paid-up shares of stocks are both at 10,000 shares amounting to P1,000,000. As of December 31, 2022 and 2021, the Company has six (6) stockholders owning 100 or more shares each of the Company's capital stock.

11. SALES

This account consists of:

Sales	13,958,552	9,656,044
Total	13,958,552	9,656,044

12. COST OF SALES

This account consists of the cost of production of the distilled spirits sold for the period. As at December 31, 2022 and 2021, cost of sales amounted to P4,765,343 and P6,715,732, respectively.

13. OPERATING EXPENSES

This account consists of:

Depreciation	958,126	1,068,705
Salaries and wages	3,632,708	2,380,236
Impairment loss on DTA	1,154,623	-
Technical and management consultant	211,765	425,000
Transportation and travel	480,283	207,417
Interest expense	101,116	101,116
Utilities	329,309	277,287
Insurance	20,884	18,744
Taxes and licenses	100,332	50,585
SSS, Philhealth, HDMF contributions	343,342	228,895
Postage and courier	375,852	282,793
Office supplies	67,634	60,563
Repairs and maintenance	64,724	56,482
Representation and entertainment	18,422	19,281
Fuel and gas	611,322	-
Communication	39,728	-
Cleaning supplies	20,247	-
Miscellaneous	-	179
Total	8,530,217	5,177,282

14. INCOME TAXES

The Company's income tax receivable consists of quarterly income taxes paid in 2022 and 2021. The Company's deferred tax asset pertains to the tax effect of the net operating loss carryover (NOLCO) for the year.

The reconciliation of the provision for income tax computed at the statutory rate to the actual provision for income tax is as follows:

	2022	2021
Accounting income/(loss)	-	(2,236,970)
Tax benefit at 25% & 30%	-	(447,394)
Tax effect of non-deductible expenses:		
NOLCO	-	447,394
Non-deductible expenses	-	-
	-	-

The details of NOLCO which can be claimed as deductible expenses are as follows:

Year Incurred	Amount	Applied Prev. Year	Applied Current Year	Expired	Unapplied	Expiry Date
2021	2,236,970	-	-	-	2,236,970	2026
2020	1,569,635	-	-	-	1,569,635	2025
2019	5,404,752	-	1,817,614	3,587,138	-	2022
2018	1,902,890	-	-	1,902,890	-	2021
	11,114,247	-	1,817,614	5,490,028	3,806,605	

15. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue under its existing revenue regulations to be disclosed as part of the Notes to Financial Statements. This supplementary information is not required disclosure under PFRS for SES.

Taxes and Licenses

Taxes and licenses, presented as part of operating expenses in the 2022 and 2021 statement of comprehensive income, are broken down as follows:

Business permits and licenses	99,332	50,085
Annual registration fee	1,000	500
	100,332	50,585

Excise Tax

Total excise tax paid and accrue for the year amounted to P730,956.96

Withholding Taxes

Total expanded withholding taxes remitted in 2022 amounted to P31,764.71

Deficiency Tax Assessment and Tax Cases

As of December 31, 2022, the Company does not have any final deficiency tax assessments with BIR, nor does it have tax cases outstanding or pending in courts or bodies outside the BIR.

[REDACTED]

SUPPLEMENTAL WRITTEN STATEMENT

The Board of Directors and Stockholders
[REDACTED]

I have examined the Financial Statements of [REDACTED] as of December 31, 2022, on which I have rendered the attached report dated May 19, 2023.

In compliance with SRC Rule 68, I am stating that the said company has total number of SIX (6) stockholders owning one hundred (100) or more shares each.

[REDACTED]
[REDACTED], 2023, valid until February 19, 2026

[REDACTED]
May 19, 2023