

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
December 31, 2020 and 2019

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

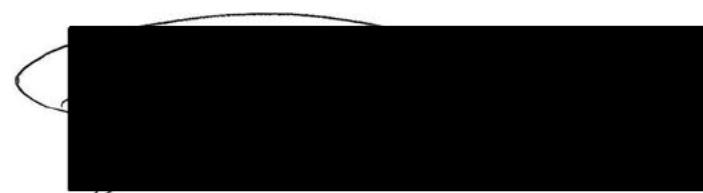
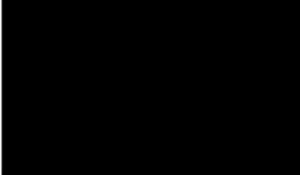
The Management of [REDACTED] is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal 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 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.

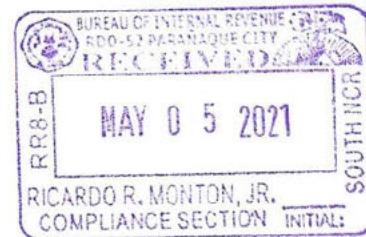
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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 statements of the Company in accordance with Philippine Standard on Auditing, and in its reports to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Signed this 19 day of March 2020



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
[REDACTED]

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of [REDACTED] (Formerly: [REDACTED]) (the "Company"), which comprise the Statements of Financial Position as of December 31, 2020 and 2019, and the Statements of Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and Notes to Financial Statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of [REDACTED] (Formerly: [REDACTED]). as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs).

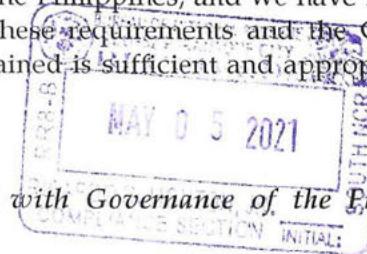
Basis of Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance of the Financial Statements

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

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



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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2020 as disclosed in Note 21 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



EFREN N. ACYATAN



March 19, 2021
Mandaluyong City-Philippines

OUR SEAL



INDEPENDENT AUDITORS' REPORT
(In compliance with SRC Rule 68)

The Board of Directors and Stockholders
[REDACTED]

(Formerly:
[REDACTED]

We have audited the accompanying financial statements of [REDACTED] (Formerly: [REDACTED]) [REDACTED] (the "Company") for the calendar year ended December 31, 2020, on which we have rendered the attached report dated March 19, 2021.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has two (2) stockholders owning one hundred (100) or more shares each of the Company's capital stock as of December 31, 2020, as disclosed in Note 13 to the financial statements.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]


EFREN N. ACYATAN



March 19, 2021
Mandaluyong City-Philippines

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019



(In Philippine Pesos)

Notes

2020

2019

ASSETS

CURRENT ASSETS

Cash	5	5,033,732	3,921,135
Trade and Other Receivables	6	44,220,223	25,540,647
Other Current Assets	7	1,433,910	3,768,123
Total Current Assets		50,687,865	33,229,905

NONCURRENT ASSETS

Property and Equipment, Net	8	131,389,994	109,322,732
Construction In Progress	9	63,350,646	42,831,079
Refundable Deposits	10	3,332,451	2,842,451
Total Non-Current Assets		198,073,091	154,996,262
TOTAL ASSETS		248,760,956	188,226,167

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Trade and Other Payables	11	13,721,659	9,678,245
Loans Payable - Current	12	22,898,107	9,192,207
Total Current Liabilities		36,619,766	18,870,452

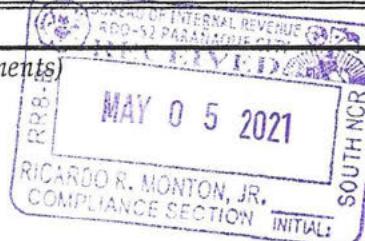
NONCURRENT LIABILITIES

Loans Payable - Long-Term	12	82,682,465	50,640,688
Advances from Related Parties	18	73,657,554	68,130,174
Total Noncurrent Liabilities		156,340,019	118,770,862
TOTAL LIABILITIES		192,959,785	137,641,314

EQUITY

Share Capital	13	25,000,000	25,000,000
Retained Earnings	13	30,801,171	25,584,853
TOTAL EQUITY		55,801,171	50,584,853
TOTAL LIABILITIES AND EQUITY		248,760,956	188,226,167

(See Accompanying Notes to Financial Statements)



STATEMENTS OF INCOME
For the Years Ended December 31, 2020 and 2019

(In Philippine Pesos)	Notes	2020	2019
SERVICE REVENUES	14	148,943,470	129,515,815
DIRECT COSTS	15a	(98,022,496)	(60,812,916)
GROSS INCOME FROM SERVICES		50,920,975	68,702,899
OPERATING EXPENSES	15b	(43,469,214)	(64,115,043)
PROFIT BEFORE TAX		7,451,761	4,587,856
INCOME TAX EXPENSE	18	(2,235,443)	(1,376,357)
PROFIT FOR THE YEAR		5,216,318	3,211,499

(See Accompanying Notes to Financial Statements)



STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019

<i>(In Philippine Peso)</i>	Share Capital (Note 13)	Retained Earnings Unappropriated (Note 13)	Appropriated (Note 13)	Total
Balances at December 31, 2018	25,000,000	13,758,981	8,614,373	47,373,354
Correction of Prior Year's Reversal		(7,385,627)	7,385,627	-
Appropriation for Stock Dividend		(6,250,000)	6,250,000	-
Net Income for the Year 2019		3,211,499	-	3,211,499
Balances at December 31, 2019	25,000,000	3,334,853	22,250,000	50,584,853
Net Income for the Year 2020		5,216,318	-	5,216,318
Balances at December 31, 2020	25,000,000	8,551,172	22,250,000	55,801,172

(See Accompanying Notes to Financial Statements)



STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

(In Philippine Peso)	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income from Operations		7,451,761	4,587,856
Adjustments for:			
Depreciation	2,8	5,347,883	4,666,435
Income Before Changes in Working Capital		12,799,644	9,254,291
(Increase)/Decrease in:			
Trade and Other Receivables	2,5	(18,679,576)	12,848,618
Prepayments	2,6	2,516,855	(3,768,123)
Increase/(Decrease):			
Trade and Other Payables	2,11	4,043,414	(60,733)
Cash Generated from Operations		680,337	18,274,052
Income Tax Paid	2,17	(2,418,085)	(1,376,357)
Net Cash Provided by/(Used in) Operating Activities		(1,737,748)	16,897,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Property and Equipment	2,8	(27,415,145)	(22,256,900)
Construction In-Progress	2,9	(20,519,567)	(42,831,079)
Payments for Refundable Deposits	2,10	(490,000)	(2,842,451)
Net Cash Used in Investing Activities		(48,424,712)	(67,930,430)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment/(Payments) of Loans	2,12	45,747,677	(16,394,184)
Advances from Stockholders	2,17	5,527,380	68,130,174
Net Cash Provided by Financing Activities		51,275,057	51,735,990
NET INCREASE IN CASH		1,112,597	703,256
CASH AT BEGINNING OF YEAR		3,921,135	3,217,879
CASH AT END OF YEAR	2,4	5,033,732	3,921,135

(See Accompanying Notes to Financial Statements)



NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 - CORPORATE INFORMATION

[REDACTED] (the "Company") is a domestic corporation registered with the Securities and Exchange Commission (SEC) on September 12, 2005 with SEC Registration No. C [REDACTED]. The principal activity of the Company is to provide quality courier services to the public consisting of pick-up and delivery of documents and parcels and to enter into co-loadership agreement (cargo forwarding) with local and international couriers.

The registered office and principal place of business of the Company is at [REDACTED]. The Company is registered with the Bureau of Internal Revenue with a Taxpayer's Identification Number ([REDACTED]).

Approval of Financial Statements

On March 19, 2021, the Board of Directors of [REDACTED] approved and authorized the issuance of these audited financial statements as of and for the year ended December 31, 2020 and 2019.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Statement of Compliance

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standard (PFRS) for Small and Medium-sized Entities (SMEs) issued by the Philippine Financial Reporting Standards Council.

Functional and Presentation Currency

They are presented in Philippine Peso (₱) which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso.

Basis of Measurement

The financial statements have been prepared on a historical costs basis unless stated otherwise.

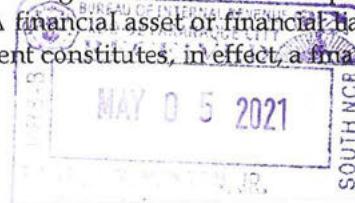
NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

Financial Instruments

Initial Recognition and Measurement

A financial asset or financial liability is recognized when the Company becomes a party to the contractual provisions of the contract. A financial asset or financial liability is initially measured at transaction price unless the arrangement constitutes, in effect, a financing transaction.



Subsequent Measurement

At financial statement date, the Company measures its financial instruments as follows:

- Debt instruments are measured at amortized costs using the effective interest method. Refundable deposits and loans payable accounts are included in this category.
- Short-term debt instruments are measured at an undiscounted amount. Cash, trade and other receivables, advances from related parties and trade and other payables accounts are included in this category.

Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the Company recognizes an impairment loss in profit or loss immediately.

Objective evidence of impairment could include the significant financial difficulty of the counterparty; delinquency in interest or principal payments; or bankruptcy of the counterparty.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade and other receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in economic conditions that correlate with default on trade and other receivables.

Derecognition

Financial Asset

The Company derecognizes a financial asset when the contractual right to the cash flows from the financial asset has expired or when the Company has transferred to another party substantially all of the risks and rewards of ownership of the financial asset.

Financial Liability

The Company derecognizes a financial liability (or a part of a financial liability) only when it is extinguished. The Company recognizes in profit or loss any difference between the carrying amounts of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed.

Other Current Assets

This account includes prepayments and other current assets. Prepayments represent advance payments for rental, insurance and income tax which the Company expects to consume within one year. Other current assets include input tax. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes the purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized to allocate the cost of assets less their residual values over their estimated useful lives, as follows:

<u>Asset Category</u>	<u>Number of Years</u>
Building and Improvement	25-40
Furniture and Equipment	3-8
Delivery Equipment	10-15

The land is not depreciated. If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Items in construction-in-progress are measured at cost and presented at an undiscounted amount. Such items not subjected to depreciation and are reported separately as Construction In-Progress account.

Impairment of Non-Financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Equity

Share Capital

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

The difference between the consideration received and the par value of the shares issued is credited to the share premium.

Retained Earnings

Retained earnings include income earned in current and prior periods net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of the consideration received or receivable excluding discounts, refunds and sales taxes. Revenue is recognized as follows:

Service Revenue from Forwarding/Handling

Revenue from forwarding and handling are recognized when the service is performed and billed to the customers.

Finance Income

Finance income comprises interest income on bank deposits. Interest income is recognized in profit or loss as it accrues, using the effective interest method.

Expense Recognition

Expenses are decreases in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Cost of Service (Direct Costs)

Costs of sales are recognized in profit or loss in the period the services are rendered.

Operating Expenses

This account includes selling and general and administrative expenses. Selling expenses pertain to the cost of marketing and distribution of goods to customers. General and administrative expenses represent expenses such as salaries and other benefits, rent expenses, utilities, office supplies, representation and other costs that cannot be associated directly with the goods sold.

Finance Costs

Finance costs comprise interest expense on borrowings and other bank charges. These are recognized in profit or loss in the period they are incurred using the effective interest method.

Income Taxes

Income tax expense or benefit represents the sum of the current tax expense and deferred tax expense or benefit. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any Net Operating Loss Carry Over (NOLCO) or excess of Minimum Corporate Income Tax (MCIT) over the Regular Corporate Income Tax (RCIT). The net carrying amount of deferred tax assets is reviewed at each reporting date and any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit or loss on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Employee Benefits

Short-term Benefits

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th-month pay, employer share contributions and other de minimis benefits, among others. These are recognized as an expense in the period the employees render services to the Company.

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was obtained during the year because the amount of provision for retirement benefits will not materially affect the fair presentation of the financial statements considering that there are only few employees and none of these employees have rendered services to the Company for more than three (3) years.

Related Parties

A related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

Company as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

All other leases are classified as operating leases. Lease payments under operating leases are recognized in profit or loss on a straight-line basis over the term of the relevant leases.

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

Foreign Currency

Foreign currency transactions are initially recognized using the spot rate of exchange at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currency are translated into the functional currency using the closing rate as of the reporting date. Gains and losses arising from foreign currency transactions are recognized immediately in profit and loss.

Provisions and Contingencies

Provisions are recognized only when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to transfer economic benefits in a settlement, and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Changes in Accounting Policies and Estimates and Correction of Prior Years' Errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are treated as an adjustment of the opening retained earnings of the current period.

Changes in accounting estimates are recognized prospectively by reflecting it in the profit and loss in the period of the change if the changes affect that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in the Company's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent Events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after the period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 4 - JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with the Philippine Financial Reporting Standards for SMEs requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements when they become reasonably determinable.

Estimated Allowance for Impairment of Trade and Other Receivables

The Company maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. This amount is evaluated based on such factors that affect the collectability of the accounts. These factors include, the age of the receivables, the length of the Company's relationship with the customer, the customer's payment behavior and known market factors. 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 impairment losses would increase the recorded operating expenses and decrease current assets.

There was no objective evidence of impairment of receivables in either 2020 and 2019, and therefore no impairment loss was recognized in either of those years.

Estimating Useful Lives of Property and Equipment

The useful lives of property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

There were no changes in estimated useful lives of property and equipment during 2020 and 2019.

NOTE 5 - CASH

This account consists of:

(In Philippine Peso)	2020	2019
Revolving Funds	1,738,060	1,000,000
Cash in Banks	3,295,672	2,921,135
	5,033,732	3,921,135

Cash in bank earns interest based on the prevailing interest rates. Interest earned on bank deposits amounted to ₱230 in 2020. (see Note 14).

NOTE 6 - ACCOUNTS AND OTHER RECEIVABLES

This account consists of:

(In Philippine Peso)	2020	2019
Accounts Receivable - Trade	44,220,223	18,821,377
Advances to Officers/Employees	-	6,719,270
	44,220,223	25,540,647

Accounts receivables - trade refer to claims from the services rendered in the ordinary course of business.

Advances to Officers/Employees includes short-term, non-interest-bearing advances to officers and employees of the Company that are subject to liquidation

All of the Company's accounts and other receivables have been reviewed for indicators of impairment. As of December 31, 2020 and 2019, no provision for allowance for impairment losses on accounts and other receivables is made as Management believes that all outstanding receivables are collectible.

NOTE 7 - OTHER CURRENT ASSETS

This account consists of:

(In Philippine Peso)	2020	2019
Deferred Input Taxes	21,958	1,872,426
Prepaid Rent	1,147,500	1,843,886
Creditable Withholding Tax	182,642	-
Prepaid Insurance	81,810	51,811
	1,433,910	3,768,123

Deferred Input Taxes pertains to excess of Input VAT as of December 31, 2020 and 2019 and is carried forward to the next accounting period.

Prepaid Rent pertains to expenses already paid by the Company but were not yet incurred as of the reporting date. These prepaid expenses are capitalized and are amortized over specified periods (monthly) until such accounts are fully charged to operations.

Creditable Withholding Tax pertains taxes withheld from the Company's revenue which will be credited to future income tax due.

Prepaid Insurance pertains to comprehensive insurance on transportation equipment.

NOTE 8 - PROPERTY AND EQUIPMENT, NET

The roll forward analysis of property and equipment for the year 2020 is as follows:

(In Philippine Peso)	Land	Building	Furniture & Fixture	Delivery Equipment	Total
Cost					
December 31, 2019	33,000,000	65,322,375	7,340,792	31,238,357	136,901,524
Additions	27,415,144	-	-	-	27,415,144
Disposals	-	-	-	-	-
December 31, 2020	60,415,144	65,322,375	7,340,792	31,238,357	164,316,668
Accumulated Depreciation					
December 31, 2019	-	8,024,313	4,856,021	14,698,458	27,578,792
Depreciation	-	1,306,448	917,599	3,123,836	5,347,883
Disposals	-	-	-	-	-
December 31, 2020	-	9,330,761	5,773,620	17,822,294	32,926,675
Net Carrying Amount	33,000,000	57,298,062	2,484,771	16,539,899	109,322,732
Net Carrying Amount	60,415,144	55,991,615	1,567,172	13,416,063	131,389,994

Depreciation of property and equipment for the years ended December 31, 2020 and 2019 was charged to:

(In Philippine Peso)	2020	2019
Direct Costs	4,430,284	4,041,435
Operating Expenses (Note 14)	917,599	625,000
	5,347,883	4,666,435

Management has reviewed the carrying values of property and equipment as of December 31, 2020 and 2019 for any impairment. Based on its evaluation, there were no indications that the assets are impaired.

NOTE 9 – CONTRUCTION IN PROGRESS

The Company had already implemented its program for facility development. It had already procured plant site designs and related permits and had started the construction of its facilities. As of December 31, 2020 and 2019 the construction in progress account had an aggregated balance of ₱63,350,646 and ₱42,831,079, respectively.

NOTE 10 -REFUNDABLE DEPOSITS

This account consists of:

(In Philippine Peso)	2020	2019
Refundable Deposits	3,332,451	2,842,451
	3,332,451	2,842,451

Refundable Deposit pertains to deposits made for leased properties, the amount of which is refundable upon termination of the contracts.

NOTE 11 – TRADE AND OTHER PAYABLES

This account consists of:

(In Philippine Peso)	2020	2019
Accounts Payables	4,766,936	2,530,489
Accrued Expense	8,954,722	7,147,756
	13,721,659	9,678,245

Accounts payables represent liabilities to suppliers/service providers arising from normal business operations. These are generally payable under terms and conditions as provided for in the purchase/service agreements.

Accrued expenses pertain to expenses already incurred as of financial reporting date but which are not yet paid. These expenses are stated at face value or at the amounts for which they are to be paid. This includes payables to different government agencies as of December 31, 2020 and 2019.

NOTE 12 - LOANS PAYABLE

This account consists of one to five-year loans obtained from Philippine Business Bank which was eventually transferred to China Banking Corporation during year 2019 and bears interest rate of 5%-7% per annum to finance its project warehouse which the Management believes as essential in doing business.

The Company also availed of the credit facility of BDO Unibank, Inc. Certain assets of the Company were pledged as collateral.

Movements of this account follows:

(In Philippine Peso)	2020	2019
Beginning Balance	59,832,895	76,227,079
Availments	59,900,900	65,961,033
Total	119,733,795	142,188,112
Payments	(14,153,223)	(82,355,217)
Total	105,580,572	59,832,895

As of December 31, 2020 and 2019, the balance of loan is as follows:

(In Philippine Peso)	2020	2019
Current Portion	22,898,107	9,192,207
Non-current Portion	82,682,465	50,640,688
Total	105,580,572	59,832,895

Interest expense charged to operations in 2020 and 2019 amounted to ₱8,660,233 and ₱4,353,959, respectively (Note 15 b).

NOTE 13 - EQUITY

Share Capital

The Company is authorized to issue ten thousand (10,000) ordinary shares with a par value of five thousand pesos (₱5,000.00) per share.

As of December 31, 2020 and 2019, the Company has two (2) shareholders owning 100 or more shares each of the Company's capital stock

A reconciliation of the shares outstanding at the beginning and the end of the reporting periods follows:

	Number of Shares	Amount (in Philippine Peso)
Outstanding Shares, December 31, 2019	5,000	25,000,000
Issuance	-	-
Reacquisition	-	-
Outstanding Shares, December 31, 2020	5,000	25,000,000

Retained Earnings

The cumulative balances of Retained Earnings as of December 31, 2020 and 2019, are as follow:

(In Philippine Peso)	2020	2019
Unappropriated	8,551,171	3,334,853
Appropriated	22,250,000	22,250,000
	30,801,171	25,584,853

It is the vision of the Management to operate on a large scale, hence the need to construct safe and accessible warehouse had been foreseen. During year 2014, the Company acquired and constructed a facility that will serve as a control office and warehousing facility. To support the project, bank loans were negotiated and certain resources of the Company were appropriated to finance the project. On January 15, 2017, the Board issued and approved a resolution appropriating sixteen million pesos (₱16,000,000) from its retained earnings for the said project.

On the other hand, on December 26, 2016 the Board of Directors approved the declaration of 25% stock dividend (₱6,250,000) only to augment its equity. However, this is still unreleased as of December 31, 2020 and 2019.

The total appropriated retained earnings as of December 31, 2020 and 2019 was ₱22,500,000 and projects are on-going.

NOTE 14 – REVENUES

This account consists of:

(In Philippine Peso)	2020	2019
Forwarding Service Revenue	148,943,187	129,515,815
Finance Income	283	-
Total	148,943,470	129,515,815

Forwarding Service Revenue represent earned or invoiced/ billed income arising from the forwarding services rendered to the customers regardless of when collected or not.

As per RMC 9-2006 - *Clarifying the amount subject to VAT, and Expanded Withholding Tax (Income Tax) of brokers and other similarly situated and the other parties with whom they transact business* states: If, however, the said reimbursable expenses and/or advanced payments by the broker on behalf of customers are receipted directly in the name of the Customers by the person performing such service (i.e., third-party service provider) and the subsequent claim by the broker for reimbursement from the customer is covered by the broker's Non-VAT Official Acknowledgment Receipt acknowledging the collection of the previously recorded account "RECEIVABLE FOR CASH ADVANCES ON BEHALF OF CUSTOMERS" with no mention of quantity and description of the services rendered but just the value thereof and the name of the third-party service provider that rendered the service, the same shall not form part of the gross receipts of the broker and therefore, shall not be subject to VAT on the part of the broker. As a matter of course, said acknowledgment receipt is to be forwarded to the customer together with the attached official receipt issued by the third-party service provider in the name of the customer.

The Company complied with the documentation procedures as required by the Revenue Memorandum Circular in recognizing its income from services

NOTE 15 - COSTS AND EXPENSES

a. Direct Costs

(In Philippine Peso)	2020	2019
Freight Cost	56,624,822	34,953,725
Delivery and Handling	26,159,219	7,018,555
Gas and Oil	6,294,653	9,867,945
Repairs and Maintenance	4,513,517	4,931,257
Depreciation (Note 8)	4,430,284	4,041,435
	98,022,496	60,812,916

b. Operating Expenses

(In Philippine Peso)	2020	2019
Salaries and Wages	14,425,586	26,857,731
Finance Costs (Note 12)	8,660,233	4,353,959
Rental (Note 19)	3,007,864	14,770,226
SSS/PHIC/HDMF Contribution	2,823,995	4,286,133
Taxes & Licenses (Note 21)	2,270,637	3,190,638
13th Month pay	1,615,451	1,165,960
Security Services	1,509,491	2,106,984
Light and Water	1,240,886	1,772,781
Insurance Expense	1,153,424	980,655
Commissions	1,149,915	913,017
Telephone	1,145,456	1,226,076
Professional Fees	980,828	992,820
Depreciation Expense (Note 8)	917,599	625,000
Representation	597,905	-
Office Supplies Expense	593,700	543,668
Miscellaneous	567,960	144,791
Transportation Allowance	531,395	3,612
Donations	166,682	112,850
Bank Charges	73,900	-
Advertisement	36,309	68,142
Total	43,469,214	64,115,043

NOTE 16 - RETIREMENT BENEFITS

The Company does not have a formal retirement plan and accrues its retirement benefits liability under Republic Act No. 7641 (RA7641). The RA 7641 shall apply to all employees of at least five (5) years minimum service in the private sector, regardless of their position, designation status and irrespective of the method by which their wages are paid. Pursuant to the provision, a covered employee who retires shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one (1) whole year.

The Company has yet to establish retirement benefits plan for its employees based on benefits defined under RA 7641. Management believes that this has no material effect on the financial statements of the Company when this will be implemented.

NOTE 17 - RELATED PARTY TRANSACTION

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, Related Party Disclosures. A summary of the significant transactions with related parties as of December 31, 2018 and 2017 are as follows:

Salaries of Key Management Personnel

Salaries and other short-term employee benefits paid to key management personnel for years 2019 and 2018 amounted to ₱2,640,000 and ₱2,400,000, respectively.

Advances from Related Parties

The Company is into the implementation of its capital expenditure programs, of which necessary funds are required. Stockholders' advances funds to the Company for its capital expenditures and this might be converted into capital shares in the future. As of December 31, 2020 and 2019, this account has an outstanding balance of ₱73,657,554 and ₱68,130,174, respectively.

Except for the above stated matter, there is no other significant transaction involving related parties covering Year 2020 and 2019.

NOTE 18 - INCOME TAX

The reconciliation of provision for income tax computed at the statutory income tax rate to actual provision for income tax as shown in the statements of income for the years ended December 31 is shown below:

- a. The income tax expense for the years ended December 31 are as follows:

(In Philippine Peso)	2020	2019
Current Tax	2,235,443	1,376,357
Deferred Tax	-	-
Income Tax Expense	2,235,443	1,376,357

- b. The Company's regular income tax and minimum corporate income tax is computed as follows:

Regular Corporate Income Tax (RCIT)

(In Philippine Peso)	2020	2019
Profit Before Tax	7,451,761	4,587,856
Add/(Deduct)	(283)	
Taxable Income	7,451,478	4,587,856
Tax Rate	30%	30%
Current Tax	2,235,443	1,376,357

Minimum Corporate Income Tax (MCIT)

(In Philippine Peso)	2020	2019
Gross Income	50,920,692	68,702,899
Tax Rate	2%	2%
Minimum Corporate Income Tax	1,018,414	1,374,058

The Company is subject to either the Regular Corporate Income Tax (RCIT) of 30% based on the Taxable Net Income or the Minimum Corporate Income Tax (MCIT) of 2% based on the taxable gross income whichever is higher.

Based on the figures presented, the Company is liable to the payment of Regular Corporate Income Tax.

(In Philippine Peso)	2020	2019
Income Tax Due	2,235,443	1,376,357
Less: Quarterly Payments	-	(68,541)
Creditable Withholding Taxes	(2,418,085)	(1,307,816)
Income Tax Payable/(Overpayment)	(182,642)	-

NOTE 19 – OPERATING LEASE COMMITMENT

The Company (lessee) rents office spaces for its branches and other warehouses from various lessors under operating lease. The term of the lease is for a period of one (1) year with fixed rentals over the same period renewable at the option of the Company under certain terms and conditions. The minimum lease payments under operating lease recognized as an expense amounted to ₱3,007,864 and ₱14,770,226 for the years 2020 and 2019, respectively.

NOTE 20 – EVENTS AFTER FINANCIAL REPORTING DATE

In a move to contain the COVID-19 outbreak, on March 13, 2020, the office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020 the President Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for period of six (6) months and imposed enhanced community quarantine throughout the island of Luzon until April 12, 2020 which was subsequently extended with some modifications as recommended by the authorities. These measures cause disruptions to the business and economic activities, and its impact on business continue to evolve.

The Company considers the event surrounding the outbreak as a non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year December 31, 2019. However, considering the evolving nature of this outbreak, the Company cannot determine at this time the impact of its 2020 financial position, performance and cash flows and even periods thereafter. The Company will continue to monitor the situation.

CREATE Bill

The Bicameral Committee had settled the disagreeing provisions of House Bill No. 4157 and Senate Bill 1357 of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

Among the reforms, the following are the significant provisions:

- Adoption of graduated regular corporate income tax RCIT rate effective 01, July 2020 based on total assets of domestic corporations as follow:
 - Domestic corporations with total assets of P100 million and below
 - With taxable income of P5 million and below - 20% RCIT
 - With taxable income of more than P5 million - 25% RCIT
 - Domestic corporations with total assets of more than P100 million - 25% RCIT
- Adoption of 25% RCIT for resident foreign corporations effective 01 July 2020
- Adoption of 25% tax rate for nonresident foreign corporations effective 01, July 2020
- Reduction of minimum corporate income tax (MCIT) from 2% to 1% for a period of three (3) years (effective 01 July 2020 until June 30, 2023)
- Existing enterprises under income tax holiday (ITH) shall be allowed to continue availing the ITH until the remaining period ends. Existing enterprise enjoying the 5% tax based on gross income shall be allowed to continue to enjoy 5% tax for a period of 10 years, regardless of number of years it has been enjoying the 5% tax rate. After the expiration of the transitory period, they have the option to avail of the income tax incentives under CREATE.

This approval of CREATE ACT in the Bicameral Committee is an important step towards its enactment into law. This has been endorsed for the President's signature.

NOTE 21 - SUPPLEMENTARY INFORMATION REQUIRED BY BIR

Under Revenue Regulation (RR 15-2010)

In compliance with the requirements set forth by Revenue Regulations 15-2010 issued by the Bureau of Internal Revenue, hereunder is the information on taxes, duties and license fees paid or accrued during the taxable year:

Value-Added Tax (VAT)

The NIRC of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. RA No. 9337 increased the VAT rate from 10% to 12%, effective February 1, 2006.

Details of the Company's net sales/ receipts, output VAT and input VAT accounts are as follows:

i. Output VAT

Details of the Company's output VAT declaration follow:

(In Philippine Peso)	Net Sales/ Receipts	Output VAT
VAT-able Sales	64,622,108	7,754,653
Sales to Government	9,242,160	1,109,059
Zero-rated Transactions	368,766	
	74,233,034	8,863,712

The Company's zero-rated sales for 2020 were determined pursuant to Section 108B, *Transactions Subject to Zero Percent Rate*, of the National Internal Revenue Code of 1997.

There are no exempt sales during the year 2020.

ii. *Input VAT for 2020*

<i>(In Philippine Peso)</i>	
Balance at January 1	7,929
Current year's domestic purchases/payments or importations for:	
Domestic purchase of goods other than capital goods	731,183
Domestic purchase of services	7,456,453
Total	8,195,565
Claims for tax credit/refund and other adjustments	8,173,607
Balance at December 31	21,958

Information on the Company's Importations

The Company's did not enter into any importation transactions during the year 2020.

Excise Tax

The Company did not enter into any transaction subject to an excise tax.

Other Taxes and Licenses

This includes all other taxes, local and national, lodged under the caption "Taxes and Licenses" accounts under "Administrative Expenses" sections in the Statements of Income.

<i>(In Philippine Peso)</i>	
Permits and Licenses	1,648,231
Documentary Stamp Tax	310,670
Vehicle Registration Fees	158,092
Real Property Tax	151,645
BIR Annual Registration Fee	2,000
	2,268,637

Withholding Taxes

The amount of withholding taxes paid/ accrued for the year amounted to:

<i>(In Philippine Peso)</i>	
Withholding Tax on Compensation and Benefits	338,228
Expanded Withholding Taxes	987,420
	1,325,648

Documentary Stamp Tax

The Company paid a ₱310,670 documentary stamp tax related to the acquisition of real properties.

Deficiency Tax Assessment and Tax Cases

The Company has no deficiency tax assessments, whether protested or not. The Company has not been involved in any tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

Under Revenue Regulation (RR 34-2020)

On December 18, 2020, the BIR has issued Revenue Regulation 34-2020 prescribing the guidelines and procedures for the submission of BIR form 1709, Transfer Pricing Documentation and other Supporting Documents.

As of December 31, 2020, the Company is not covered by the requirements and procedures for related party transactions provided under the regulation.

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**INDEPENDENT AUDITORS' REPORT
ON SEC SUPPLEMENTARY SCHEDULE**

The Board of Directors and Stockholders

We have audited in accordance with Philippines Standards on Auditing, the financial statements of [REDACTED] (Formerly: CBL Courier Express Int'l, Inc.) (the "Company"), as of and for the year ended December 31, 2020 on which we have rendered the attached report dated March 19, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The accompanying schedule of reconciliation of retained earnings available for dividend declaration is the responsibility of the Company's Management. The schedule is presented for the purpose of complying with the requirements of the Revised Securities Regulation Code Rule 68, particularly Part I 5(B), and is not part of the basic financial statements. The information on such schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

March 19, 2021
Mandaluyong City-Philippines

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**
As of December 31, 2020

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		3,334,853
Add: Net income actually earned/realized during the period		
<u>Net Income during the period closed to Retained Earnings</u>		5,216,318
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture		-
Unrealized foreign exchange gain (after tax) except those attributable to Cash and Cash Equivalents		-
Unrealized actuarial gain		-
Fair value adjustment (market-to-market gains)		-
Fair value adjustment of Investment Property resulting to gain		-
Adjustment due to deviation from PFRS-gain		-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		-
<u>Sub-Total</u>		-
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		-
Adjustment due to deviation from PFRS-loss		-
<u>Loss on fair value adjustment of investment property (after tax)</u>		-
<u>Sub-Total</u>		-
<u>Net Income actually incurred during the period</u>		5,216,318
Add/(Less):		
Dividend declarations during the period		-
Appropriations of Retained Earnings during the period		-
Reversals of appropriations		-
Effect of prior period adjustments		-
Treasury Shares		-
<u>Sub-Total</u>		-
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND		8,551,171

**INDEPENDENT AUDITORS' REPORT
TO ACCOMPANY INCOME TAX RETURN**

The Board of Directors and Stockholders [REDACTED]
[REDACTED]

We have audited the accompanying financial statements of [REDACTED]
(Formerly: [REDACTED]) (the "Company"), which comprise the Statements of Financial Position as of December 31, 2020 and 2019 and the Statements of Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, on which we have rendered the attached report dated March 19, 2021.

In compliance with Revenue Regulations No. V-020, we are declaring the following:

1. The supplementary information on taxes and licenses is presented in Note 21 to the financial statements.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager, senior officers or principal stockholders of the Company.



March 19, 2021
Mandaluyong City-Philippines