Vista One, Inc.

Financial Statements as of
December 31, 2021 and 2020 and for the
year ended December 30, 2021 and for the
period August 24 to December 31, 2020

and

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vista One, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vista One, Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 audits 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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 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

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 audits.

The engagement partner on the audit resulting in this independent auditor's report is Cyril Jasmin B. Valencia.

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Report on the Supplementary Information Required Under Revenue Regulation 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Vista One, Inc. in a separate schedule. Revenue Regulation 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule No. 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90787-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854378, January 3, 2022, Makati City

March 16, 2022

VISTA ONE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	December 31	
	2021	2020
ASSETS		
Current assets		
Cash in bank (Note 4)	**₱510,074,364**	₱10,004,921
Other asset	**643**	–
	₱510,075,007	₱10,004,921
LIABILITY AND EQUITY		
Current liabilities		
Accounts and other payables (Note 5)	**₱5,181,000**	₱80,000
Due to related parties (Note 8)	**4,582,270**	182,060
	9,763,270	262,060
Equity		
Capital stock (Note 6)	**510,000,000**	10,000,000
Deficit	**(9,688,263)**	(257,139)
Total Equity	**500,311,737**	9,742,861
	₱510,075,007	₱10,004,921

See accompanying Notes to Financial Statements.

VISTA ONE, INC.

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD AUGUST 24 TO DECEMBER 31, 2020*

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
EXPENSES		
Professional fee	**₱100,000**	₱80,000
Taxes and licenses	**25,800**	182,060
Office supplies	**5,357**	–
Miscellaneous expenses	**4,424**	–
	135,581	262,060
INTEREST INCOME (Note 4)	**(18,334)**	(6,151)
LOSS BEFORE INCOME TAX	**117,247**	255,909
PROVISION FOR INCOME TAX (Note 7)	**3,667**	1,230
NET LOSS	**120,914**	257,139
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS	**₱120,914**	₱257,139
BASIC/DILUTED LOSS PER SHARE (Note 9)	**₱0.01**	₱0.03

*The Company was registered with the Philippine Securities and Exchange Commission on August 24, 2020 and has not started operations as of December 31, 2021 (see Note 1).

See accompanying Notes to Financial Statements.

VISTA ONE, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD AUGUST 24 TO DECEMBER 31, 2020*

	Capital Stock (Note 6)	**Deficit** (Note 6)	**TOTAL**
Balance as at January 1, 2021	**₱10,000,000**	**(₱257,139)**	**₱9,742,861**
Issuance during the year	**500,000,000**	**–**	**500,000,000**
Stock issuance costs	**–**	**(9,310,210)**	**(9,310,210)**
	510,000,000	**(9,567,349)**	**500,432,651**
Net loss	**–**	**(120,914)**	**(120,914)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**–**	**(120,914)**	**(120,914)**
Balance as at December 31, 2021	**₱510,000,000**	**(₱9,688,263)**	**₱500,311,737**
Balance as at August 24, 2020	₱–	₱–	₱–
Issuance during the year	10,000,000	–	10,000,000
Net loss	–	(257,139)	(257,139)
Other comprehensive income	–	–	–
Total comprehensive income	–	(257,139)	(257,139)
Balance as at December 31, 2020	₱10,000,000	(₱257,139)	₱9,742,861

* The Company was registered with the Philippine Securities and Exchange Commission on August 24, 2020 and has not started operations as of December 31, 2021 (see Note 1).

See accompanying Notes to Financial Statements.

VISTA ONE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD AUGUST 24 TO DECEMBER 31, 2020*

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
CASH FLOWS FROM PRE-OPERATING ACTIVITIES		
Loss before income tax	**(₱117,247)**	(₱255,909)
Adjustment for interest income (Note 4)	**(18,334)**	(6,151)
Operating loss before working capital changes	**(135,581)**	(262,060)
Changes in working capital:		
Increase in input tax	**(643)**	–
Increase in accounts payable (Note 5)	**5,101,000**	80,000
Net cash flows provided by (used in) operations	**4,964,776**	(182,060)
Interest received (Note 4)	**18,334**	6,151
Income tax paid (Note 7)	**(3,667)**	(1,230)
Net cash flows provided by (used in) operating activities	**4,979,443**	(177,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares, net of stock issuance costs (Note 6)	**490,689,790**	10,000,000
Increase in due to related parties (Note 8)	**4,400,210**	182,060
Cash flows provided by financing activities	**495,090,000**	10,182,060
NET INCREASE IN CASH IN BANK	**500,069,443**	10,004,921
CASH IN BANK AT BEGINNING OF PERIOD	**10,004,921**	–
CASH IN BANK AT END OF PERIOD (Note 4)	**₱510,074,364**	₱10,004,921

* The Company was registered with the Philippine Securities and Exchange Commission on August 24, 2020 and has not started operations as of December 31, 2021 (see Note 1).

See accompanying Notes to Financial Statements.

1. **Corporate Information**

Vista One, Inc. (the Company or VOI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 24, 2020, primarily to own, manage, operate and engage in the leasing of income-generating real properties such as office buildings, shopping centers, hotels, resorts, residential buildings, condominium buildings, among others and to hold for investment or otherwise, real estate of all kinds, including buildings, apartments and other structures, and to grant loans and/or assume or undertake or guarantee or secure, whether as solidary obligor, surety, guarantor or any other capacity either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, the whole or any part of the liabilities and obligations of its parent company, subsidiaries or investee companies or affiliates, without engaging in the business of a financing company or lending investor.

On December 29, 2021, the SEC approved the increase in VOI's authorized capital stock from ₱40,000,0000 divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000,000,0000 divided into 2,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the Company subsequently issued 500,000,000 common shares to its shareholders.

As of December 31, 2021, VOI is owned by the following: (1) Manuela Corporation (MC) (20.50%); (2) Masterpiece Asia Properties, Inc. (MAPI) (19.61%); (3) Vista Residences, Inc (VRI) (19.61%); (4) Communities Pampanga. Inc. (CPI) (19.61%); and (5) Crown Asia Properties, Inc. (CAPI) (19.61%) and the rest by individual shareholders.

MC and MAPI are 99.85% and 100% owned subsidiaries, respectively, of Vistamalls, Inc. (VMI), a publicly listed holding company in the Philippine Stock Exchange (PSE). VMI is 88.34% owned by Vista Land & Lifescapes, Inc. (VLLI) and the rest by the public while VRI, CPI and CAPI are wholly owned subsidiaries by VLLI. VLLI is a publicly listed investment holding company which is 65.00% owned by Fine Properties, Inc. (the Ultimate Parent Company) and 35.00% owned by the public.

VOI's registered office and principal place of business is located at 3rd Floor Starmall Las Piñas, CV Starr Avenue, Pamplona Dos, Las Piñas City.

Amendment of the Articles of Incorporation
On February 7, 2022, at least a majority of the Board of Directors (BOD) and the stockholders owning at least two- thirds (2/3) of the outstanding capital stock of VOI approved to increase the authorized capital stock of VOI to ₱15,000,000,000 divided into 15,000,000,000 shares with par value of ₱1.00 per share.

The increase in VOI's authorized capital stock from ₱2,000,000,0000 divided into 2,000,000,000 shares of the par value of ₱1.00 per share to ₱15,000,000,000 pesos in lawful money of the Philippines, divided into 15,000,000,000 shares with the par value of ₱1.00 per share was approved by the SEC on March 14, 2022.

On March 16, 2022, at least a majority of the Board of Directors and the stockholders owning at least two-thirds (2/3) of the outstanding capital stock of VOI approved various amendments to the Articles of Incorporation of the VOI including, among others, the following: (a) change in the corporate name to "VISTAREIT, INC."; (b) change in primary purpose to engage in the business of a real estate investment trust under Republic Act No. 9856 (the REIT Law), including the Revised Implementing

Rules and Regulations of the REIT Law); (c) requirement to have independent directors in the Board; and (d) other amendments in connection with the initial public offering of the VOI as a REIT entity. Such amendments were filed with SEC and is still waiting for approval.

Execution of Property-for-Share Swap Agreement
On February 7, 2022, the Company also entered into various Deeds of Assignment and Subscription Agreements with each of Manuela Corporation (MC), Masterpiece Asia Properties, Inc. (MAPI), Vista Residences Inc. (VRI), Crown Asia Properties, Inc. (CAPI) and Communities Pampanga Inc. (CPI), collectively referred as the Sponsors, for the assignment, transfer, and conveyance by the Sponsors to the Company of 10 (ten) community malls, one (1) office building, and 10 commercial and office units with 214 parking slots, excluding the land wherein the malls, office building, and office units are situated, with an aggregate gross lease area of 256,403.95 sqm (collectively, the Assigned Properties) in exchange for the issuance by the Company to the Sponsors out of the increase in authorized capital stock described hereinabove of an aggregate of Six Billion Nine Hundred Ninety Million (6,990,000,000) common shares at an issue price of One Peso and Fifty Centavos (₱1.50) per share, or an aggregate issue or subscription price of Ten Billion Four Hundred Eighty Five Million Pesos (₱10,485,000,000) (the Property-for-Share Swap). The difference between the issue price and the par value of ₱3,495,000,000 is accounted for as additional paid-in capital (APIC).

Accordingly, the Assigned Properties have a total fair value of Thirty-Five Billion Nine Hundred Fifty-Two Million Nine Hundred Ninety-Two Thousand Seven Hundred Thirty Pesos (₱35,952,992,730). The difference between the said fair value of the Assigned Properties and the issue price thereof to the Company (i.e., the issue price of the shares issued to the Sponsors in the Property for Share Swap) amounting to Twenty-Five Billion Four Hundred Sixty-Seven Million Nine Hundred Ninety-Two Thousand Seven Hundred Thirty Pesos (₱25,467,992,730) is accounted for as APIC.

The above transactions resulted to a total APIC of Twenty-Eight Billion Nine Hundred Sixty-Two Million Nine Hundred Ninety-Two Thousand and Seven Hundred Thirty Pesos (₱28,962,992,730).

The Assigned Properties consists of Vista Mall Las Piñas (Main), Starmall Las Piñas (Annex), Starmall San Jose Del Monte (SJDM), Vista Mall Pampanga, SOMO - A Vista Mall, Vista Mall Antipolo, Vista Mall General Trias, Vista Mall Tanza, Starmall Talisay - Cebu, Vista Mall Imus, Vista Hub Molino and commercial and office units and parking lots in Vista Hub BGC.

The foregoing amendments to VOI Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

The audited financial statements of the Company were authorized for issue by the BOD on March 16, 2022.

2. Basis of Preparation

Basis of Preparation
The financial statements have been prepared on historical cost basis and are presented in Philippine Peso (₱), the Company's functional currency. All amounts are rounded off to the nearest peso unless otherwise indicated.

Statement of Compliance
The accompanying financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Changes in Accounting Policies</u>
The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company. The nature and impact of each new standard and amendment are described below:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

  A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The amendments have no impact on the Company since it has not yet started its operations, hence, no concessions have been granted to the Company.

- Amendments to PFRS 9, *Financial Instruments,* PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts* and PFRS 16, *Leases*, *Interest Rate Benchmark Reform – Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023.

  Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Presentation of Financial Statement for the Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

- PFRS 17, Insurance Contracts

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted. The amendments are not expected to have a material impact on the Company.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Current and Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or

- Cash unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or
- There is no unconditional right to defer the settlement of the liability for at 12 twelve months after reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash in Bank
Cash in bank earns interest at the prevailing bank deposit rates.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include cash in bank.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Company uses external credit rating approach to calculate ECL for cash in bank. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. This information is widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liability includes accounts and other payables and due to related parties.

Subsequent measurement
Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to accounts and other payables and due to related parties presented in the statement of financial position.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss under "Interest income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Derecognition of Financial Assets and Financial Liabilities

Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) 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 (c) the Company has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Modification of financial assets
The Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the profit or loss.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has 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 respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Value-Added Tax (VAT)
Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT on sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit under certain circumstances against future income tax liability of the Company upon approval of the BIR. Input tax is stated at its estimated net realizable values. A valuation allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax, when recoverable, is recorded under current assets in the statement of financial position.

Impairment of Nonfinancial Assets
The Company assesses as at reporting date whether there is an indication that nonfinancial assets 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 and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or Company's of assets. 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 of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, 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 profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase in OCI. After such reversal, the depreciation and amortization 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.

Equity
Capital stock is measured at par value for all shares issued.

Deficit
Deficit represents accumulated losses of the Company.

Interest income
Interest income is recognized as it accrues using the effective interest method.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The Company periodically evaluates the income tax positions taken in situations where the applicable tax regulations are subject to interpretation and considers these positions separately from other uncertainties. The Company assesses whether or not it is probable that those income tax positions will be accepted by the tax authorities, where if not, the Company recognizes additional income tax expense and liability relating to those positions.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax liabilities shall be recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in foreseeable future. Otherwise, no deferred tax liability is set up.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the statement of comprehensive income. Deferred tax items recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax 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.

Expenses

Expenses constitute taxes and licenses and professional fees necessary in administering the business. These usually take the form of an outflow or depletion of assets such as cash. Expenses are recognized as incurred.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income attributable to the equity holders of the Company by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2021 and 2020, the Company has no potential dilutive common shares.

Segment Reporting
The Company has not yet started its operations and is treated as one segment. Based on management's assessment, no part or component of the business of the Company meets the qualifications of an operating segment defined by PFRS 8, *Operating Segments*. The activities of the Company are its only capital-infusion activity, and such is the measure used by the Chief Operating Decision Maker in allocating resources. The segmentation is the basis of the chief operating decision market's internal reports allocation resources, and the evaluation of performance.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Financial Reporting Date
Post year-end events that provide additional information about the Company's position at the financial reporting date (adjusting events) are reflected in the financial statements. Any post year-end events that are not adjusting events are disclosed in the financial statements when material.

3. **Significant Accounting Judgments and Estimates**

The preparation of accompanying financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

There are no significant accounting judgment and estimates made by the Company for the year ended December 31, 2021 and for the period August 24 to December 31, 2020.

4. Cash in Bank

Cash in bank amounted to ₱510.07 million and ₱10.00 million as of December 31, 2021 and 2020, respectively. These refers to unrestricted deposits with reputable bank which earn nominal interest ranging from 0.0014% to 0.01% and 0.01% in 2021 and 2020, respectively.

Interest earned amounted to ₱0.02 million and ₱0.01 million for the year ended December 31, 2021 and for the period August 24 to December 31, 2020, respectively.

5. Accounts and Other Payables

This account consists of:

	2021	2020
Accounts payable	**₱5,001,000**	₱–
Accrued expenses	**180,000**	80,000
	₱5,181,000	₱80,000

Accounts payable are unpaid accounts from the government. Of which, ₱5.00 million is incidental to the Company's application of increase in authorized share capital (See Note 6). These are non-interest bearing and are normally settled within 30-day term.

Accrued expenses consist of various unpaid transaction costs which are payable within one year.

6. Equity

Capital Stock

2021

	Number of shares	Amount
Common Stock, ₱1.00 par value		
Authorized	2,000,000,000	₱2,000,000,000
Issued and Outstanding	510,000,000	₱510,000,000

2020

	Number of shares	Amount
Common Stock, ₱1.00 par value		
Authorized	40,000,000	₱40,000,000
Issued and Outstanding	10,000,000	₱10,000,000

VOI, the reporting entity, has an authorized capital stock of 2,000,000,000 shares with par value of ₱1.00 per share as of December 31, 2021.

On December 29, 2021, the Philippine Securities and Exchange Commission (SEC) approved the increase in the Company's authorized capital stock from ₱40.00 million divided into 40,000,000 shares with par value of ₱1.00 each to ₱2,000.00 million divided into 2,000,000,000 shares with par value of ₱1.00 per share. Accordingly, the related subscriptions of ₱500.00 million were issued with 500,000,000 common shares at its par value of ₱1.00 per share (see Note 1).

In 2021, the Company incurred stocks issuance costs amounting to ₱9.31 million which was accounted as a reduction in equity under the "Deficit" account.

As of December 31, 2020, the Company's authorized capital stock comprises 40,000,000 common shares at ₱1 par value per share. Accordingly, in 2020, the related subscriptions of ₱10.00 million were issued with 10,000,000 common shares at its par value of ₱1.00 per share.

Capital Management
The primary objective of the Company's capital management policy is to ensure that it maintains sufficient funds and equity capital in order to support its business and maximize shareholder value.

As a company in its early stage, its ability to continue as a going concern is dependent on the favorable outcome of its future transactions and the continued support from its shareholders. It depends on its ability to raise new capital and accomplish its business plan. The Company considers its total equity as its capital.

The Company is not subject to externally imposed capital requirements.

7. Income Tax

The Company's final tax for the year ended December 31, 2021 and for the period August 24 to December 31, 2020 amounted to ₱3,667 and ₱1,230, respectively. The Company has no Regular Corporate Income Tax (RCIT) nor Minimum Corporate Income Tax (MCIT) in 2021 and 2020.

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.

As at December 31, 2021 and 2020, the Company has deductible temporary difference pertaining to NOLCO amounting to ₱9.45 million and ₱0.26 million, respectively, for which no deferred tax asset has been recognized.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Company has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act. Details are as follow:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2020	₱262,060	₱–	₱–	₱262,060	2025
2021	9,445,791	–	–	9,445,791	2026
	₱9,707,851	₱–	₱–	₱9,707,851	

The reconciliation of statutory income tax to the effective income tax for 2021 and 2020 follows:

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
Income tax at statutory rate	**(₱29,312)**	(₱76,773)
Adjustment for income subject to final tax	**(917)**	(615)
Adjustments resulting from:		
Stocks issuance costs	**(2,327,553)**	–
Changes in unrecognized deferred tax asset	**2,361,449**	78,618
	₱3,667	₱1,230

Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE"
On March 16, 2021, President Rodrigo Duterte signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 16, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the period August 24 to December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company is subjected to lower regular corporate income tax rate of either 25% or 20% effective July 1, 2020. The rate applicable to the Company is 25%.

The reduction in RCIT rate has no impact on the Company's provision for current income tax and provision for deferred tax for the year ended December 31, 2021 and period August 24 to December 31, 2020 and income tax payable deferred tax asset / liability as of December 31, 2021 and 2020.

8. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The statement of financial position includes the following amounts resulting from transactions with a related party as at December 31, 2021 and 2020:

2021

	Nature of Transaction	**Volume**	**Amount Payable**	**Terms**	**Conditions**
Payable to related parties					
Entities under common control	**Advances**	**₱4,400,210**	**(₱4,582,270)**	**Noninterest-bearing**	**Unsecured; No impairment**

2020

	Nature of Transaction	Volume	Amount Payable	Terms	Conditions
Payable to a related party					
Intermediate parent company	Advances	₱182,060	(₱182,060)	Noninterest-bearing	Unsecured; No impairment

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables or payables. These accounts are noninterest-bearing and are unsecured. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash.

Key Management Compensation
The Company's accounting and administrative functions are handled at no cost by MC, as well as the compensation of its key management personnel. Hence, disclosure of compensation for key management personnel, as required by PAS 24, *Related Party Disclosures,* is included in the financial statements of MC.

9. Loss Per Share (LPS)

The following table presents information necessary to compute the loss per share:

	For the year ended December 31, 2021 (twelve months)	For the period August 24 to December 31, 2020 (four months)
Net loss attributable to equity holders	**₱120,914**	₱257,139
Weighted average common shares	**14,166,667**	10,000,000
Basic/Diluted LPS	**₱0.01**	₱0.03

The basic and dilutive loss per share are the same due to the absence of potentially dilutive common shares for the year ended December 31, 2021 and for the period August 24 to December 31, 2020.

10. Fair Value Determination

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The methods and assumptions used by the Company in estimating the fair value of the financial instruments are as follows:

Cash in bank, accounts and other payable and due to related parties: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the statements of financial position.

11. Financial Instruments

Financial Risk Management Objectives and Policies

Financial risk

The Company's principal financial liability only comprise of due to a related party. The main purpose of the Company's financial liability is to raise financing for the Company's future operations. The Company has a financial asset of only cash in bank. The main risks arising from the use of financial instruments are credit risk and liquidity risk.

The BOD reviews and approves policies for managing each of these risks. The Company monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Company's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Company's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its investing activities particularly its deposits with banks.

The Company's maximum exposure to credit risk as of December 31, 2021 and 2020 is equal to the carrying value of its financial asset.

Applying the expected credit risk model did not result in the recognition of an impairment loss for the Company's financial asset for the year ended December 31, 2021 and for the period August 24 to December 31, 2020.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover working capital requirements. The Company maintains a level of cash deemed sufficient to finance its operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The cash in bank balance is used for the Company's liquidity requirements.

12. Other Matters

COVID-19 Pandemic
The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures in various levels throughout the country has caused disruption in the Company's business activities.

As a Company at a pre-operating stage, it is not affected by the COVID-19 pandemic.

13. Subsequent Events

On March 16, 2022, pursuant to the Deeds of Assignment and Subscription Agreements for the transfer, assignment and conveyance in favor of the Company of all of the Sponsors' rights, title and interests in the Assigned Properties in exchange for the Company's common shares, the Company and the Sponsors entered into a Deed of Assignment of Leases assigning all of the Sponsors' rights and interests in and to the Contracts of Lease over portions of the Assigned Properties leased out to various entities (the "Leases") effective upon the issuance of the Company's common shares in the name of the Sponsors.