SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: CS200615868
Company Name: BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL (BMPI) INC.
Industry Classification: O93000
Company Type: Stock Corporation

Document Information

Document ID: OST10629202381406222
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

Securities and Exchange Commission PHILIPPINES

SEC Registration Number

CS200615868

Company Name

BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL (BMPI) INC.

Principal Office (No./Street/Barangay/City/Town)Province)

THE PHILIPPINE BROADCAST HUB 915 EDSA BRGY PHILAM QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	CRM	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
finance@bmpicorp.com	02 8396 8688	n/a

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6	April 15	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number

Contact Person's Address

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL (BMPI) INC.

Audited Financial Statements

For the Year 2022

Gmail

Chris PERDON <[redacted]@gmail.com>

Fwd: Your BIR AFS eSubmission uploads were received

J. DEL ROSARIO <[redacted]@gmail.com> Wed, May 3, 2023 at 3:00 PM
To: Chris Perdon <[redacted]>

---------- Forwarded message ---------
From: <eafs@bir.gov.ph>
Date: Tue, May 2, 2023 at 4:54 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <FINANCE@bmpicorp.com>
Cc: <[redacted]

Hi BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL INCORPORATED,

Valid files

- EAFS006518697ITRTY122022.pdf
- EAFS006518697AFSTY122022.pdf

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Transaction Code: **AFS-0-NTY1P4QT0QT3MVXTRNX3SYQV208D6FDDBB**
Submission Date/Time: **May 02, 2023 04:33 PM**
Company TIN: **006-518-697**

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REPORT OF AN INDEPENDENT AUDITOR

The Board of Directors
BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL INC.
BMPI Building, 907 EDSA
Barangay Philam, Quezon City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL INC.,** which comprise the statement of financial position as at **December 31, 2022 and 2021**, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL INC.** as at **December 31, 2022 and 2021**, and of its financial performance and its cash flows for the year then ended in accordance with **Philippine Financial Reporting Standards (Full PFRS).**

Basis For Opinion

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

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 **PFRS**, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Unit 117 Pacific Residences, Barangay Ususan, Taguig City
Contact no. 791-1657,0925-3772599,0917-8532599
Email rubengarcia268@gmail.com, rm_garcia38_yahoo.com

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

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

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 30 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

[redacted]

RUBEN M. GARCIA
CPA Number [redacted] (07/25/2021 to 07/25/2024)
TIN: [redacted]
PTR: [redacted] Issued on January 4, 2023 at the City of Manila
BOA: [redacted] (10/08/2021 to 07/31/2024)
BIR: [redacted] (03/09/2022 to 03/09/2025)

March 31, 2023
Taguig City

BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022
With Comparative Figures for 2021
(Amounts in Philippine Pesos)

	Notes		2022		2021
ASSETS					
CURRENT ASSETS					
Cash	7	**P**	**6,100,766**	P	13,886,631
Other current assets	8		**113,358,080**		113,832,248
Total Current Assets			**119,458,846**		127,718,879
NON - CURRENT ASSETS					
Property and equipment	9		**1,756,246,584**		1,657,592,476
Investment in associates	10		**68,399,250**		68,399,250
Deferred tax assets	11		**19,408,303**		17,174,449
Total Non-Current Assets			**1,844,054,137**		1,743,166,174
TOTAL ASSETS		**P**	**1,963,512,983**	P	1,870,885,053
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	12		**126,348,802**		217,430,887
Other non current liabilities	14		**2,167,739**		1,491,601
Income tax payable	13		**-**		-
			128,516,541		218,922,488
NON -CURRENT LIABILITIES					
Loans payable	15		**1,290,669,067**		1,161,346,860
Advances from customers	16		**115,843,792**		54,096,657
Total non-current liabilities			**1,406,512,859**		1,215,443,517
Total liabilities			**1,535,029,400**		1,434,366,005
EQUITY					
Share Capital	18		**300,000,000**		300,000,000
Cumulative income			**128,483,583**		136,519,048
Total equity			**428,483,583**		436,519,048
TOTAL LIABILITIES AND EQUITY		**P**	**1,963,512,983**	P	1,870,885,053

See Notes to Financial Statements

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BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL, INC.
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
With Comparative Figures for 2021
(Amounts in Philippine Pesos)

	Notes		2022		2021
REVENUES	18	P	170,399,711	P	81,790,113
COST OF SERVICE	19		(148,148,651)		(123,699,481)
GROSS INCOME (LOSS)			22,251,060		(41,909,368)
OTHER INCOME	20		9,911		9,777
OPERATING PROFIT (LOSS)			22,260,971		(41,899,591)
ADMINISTRATIVE EXPENSE	21		(32,307,780)		(43,962,874)
INCOME (LOSS) BEFORE TAX			(10,046,809)		(85,862,466)
INCOME TAX EXPENSE					
CURRENT	25				
DEFERRED	25		(2,011,344)		(17,174,449)
INCOME (LOSS)		P	(8,035,465)	P	(68,688,017)
EARNINGS PER SHARE			-2.68		-22.90

See Notes to Financial Statements

BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
With Comparative Figures for 2021
(Amounts in Philippine Pesos)

	Notes		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Income		**P**	**(8,035,465)**	P	(68,688,017)
Adjustments for:					
Income tax	25		**-**		-
Depreciation	22		**27,037,109**		35,734,517
			19,001,644		(32,953,500)
Add(Deduct) changes in working capital					
Decrease(Increase) in:					
Other current assets	8		**474,168**		1,225,544
Increase(Decrease) in:					
Trade and other payables	11		**(91,082,085)**		86,020,504
Other current liabilities	13		**676,138**		(2,216,691)
Income tax payable	14		**-**		(2,628,648)
Net Cash used in Operating Activities			**(70,930,134)**		49,447,208
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	9		**(125,691,217)**		(19,307,443)
Investment in stocks	10		**-**		-
Decrease (Increase) in other non-current assets			**-**		673,039
Decrease (Increase) in deferred tax assets	11		**(2,233,855)**		(17,174,449)
Net Cash used in Investing Activities			**(127,925,072)**		(35,808,853)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in loans payable	14		**129,322,207**		-
Increase (decrease)in advances	15		**61,747,135**		(10,873,320)
Increase in capital stock	16		**-**		-
Net Cash provided by Financing Activities			**191,069,342**		(10,873,320)
NET INCREASE IN CASH			**(7,785,864)**		2,765,036
CASH AT BEGINNING OF YEAR			**13,886,632**		11,121,596
CASH AT END OF YEAR		**P**	**6,100,767**	P	13,886,632

See Notes to Financial Statements

BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
With Comparative Figures for 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
SHARE CAPITAL	16		
Authorized P 500,000,000 divided into 5,000,000 shares,			
P 100 par value, issued and outstanding 3,000,000 shares		**P 300,000,000**	P 300,000,000
CUMULATIVE INCOME			
Beginning balance		**136,519,048**	205,207,065
Income (Loss)		**(8,035,465)**	(68,688,017)
Ending balance		**128,483,583**	136,519,048
TOTAL EQUITY		**P 428,483,583**	P 436,519,048

See Notes to Financial Statements

BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. CORPORATE INFORMATION

Breakthrough and Milestones Productions International Inc. is a domestic corporation registered with the Securities and Exchange Commission (SEC) on October 13, 2006 with SEC Registration No. CS200615868, with BIR TIN 006-518-697-000.

The Company's registered office address is at BMPI Building, 907 EDSA, Barangay Philam, Quezon City. The company's primary purpose is to produce television, radio, motion pictures, print, publication, internet broadcast, advertising, marketing, events management and photography.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

Items included in the financial statements of the Company are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Company operates (the "functional currency").

The financial statements of the Company for the year ended December 31, 2022 (including comparatives for the year ended December 31, 2021) were authorized for issue by the Board of Directors on March 31, 2023. The Board of Directors is still empowered to make amendments even after the date of issue.

3. SUMMARY OF CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Board (IASB), PFRSs consist of:

(i) PFRSs – corresponding to International Financial Reporting Standards;
(ii) Philippine Accounting Standards (PASs) – corresponding to International Accounting Standards; and
(iii) Interpretations to existing standards – representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the standing Interpretation Committee, of the IASB which are adopted by the FRSC.

Changes in Accounting Policies and Disclosures (Adoption of New or Revised Standards and Amendments to Standards and Interpretations)

The accounting policies adapted are consistent with those of the previous financial year except for the adoption of the following new, amended and improvements to PFRS, Philippine Accounting Standard (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) which are effective for annual periods beginning January 1, 2021.

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Company.

- Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning January 1, 2022

- 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 January 1, 2022, with comparative figures required. Early application is permitted.

The standard is not applicable to the Company since the Company does not issue insurance contracts.

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.

Presentation of Financial Statements

The Company has elected to present all items of recognized income and expense in two statements: a statement displaying components of net income or loss, and a second statement beginning with net income or loss and displaying components of other comprehensive income if any.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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 twelve months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least twelve

months after the reporting period.

The Company classifies all other liabilities as noncurrent.

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

Foreign Currency Transactions and Translation
The Company's financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. Transactions in foreign currencies, if any, are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, if any, are translated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. All differences are taken to "Other charges - net" in the Company's statements of comprehensive income.

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 by 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 non-financial 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 consolidated financial statements are categorized within the fair value hierarchy, described as follows, 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 re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash
Cash includes cash in bank and petty cash fund and these cash items are measured at face value. In addition, the Company's policy for cash equivalents if there's any may include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to an insignificant risk of change in value.

Trade receivables
Trade receivables pertain to accounts receivable. Trade receivables are initially measured at transaction price (normally the invoice price) and subsequently measured at undiscounted amount of cash or other considerations expected to be received.

Other current assets
Other current assets consist of various deposit and input tax. Other current assets are initially measured at transaction cost and subsequently measured at cost less impairment if there's any.

Property, Plant and Equipment
Property, plant and equipment are initially measured at its cost and subsequently measured at cost less any accumulated depreciation/amortization and any accumulated impairment losses.

The initial cost of property, plant and equipment comprises of its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

A part of some items of property, plant and equipment may require replacement at regular interval. The entity decides not to add to the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the replacement part is expected not to provide incremental future benefits to the entity.

The entity derecognizes an item of property, plant and equipment on disposal, or when no future economic benefits are expected from its use or disposal. The entity recognizes the gain or loss on de-recognition of an item of property, plant and equipment in profit or loss when the item is derecognized. The entity not classifies such gains as revenue. The entity determines the gain or loss arising from de-recognition of an item of property, plant and equipment as the difference between the net disposal proceeds, if any, and the carrying amount of the item.
The useful life of each of the property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Trade Payables
Trade payables pertain to accounts payable. Trade payables are measured initially at transaction cost (normally the invoice cost) and subsequently measured at undiscounted amount of cash or other consideration expected to be paid.

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Income Tax Payable
The Company recognized a current tax liability for tax payable on taxable profit for the current and past period. It also recognizes its income tax liability using the tax rate that has been enacted in case of loss.

The tax currently payable for the year is Regular Corporate Income Tax (RCIT). Taxable profit defers from net profit as reported in the statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The reconciliation of the company liability for current tax is calculated at 30% tax rate.

Other Current liabilities
Other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. Payables are stated at their nominal value. Other current liabilities include payable for government contributions such as Social Security System (SSS), Philippine Health Insurance (Philhealth), Home Development Mutual Fund (HDMF) and Bureau of Internal Revenue (BIR).

Other noncurrent liabilities
Loans payable
In order to finance the construction of a new building, the company has secured a 7year loan to Ligas Kilusang Bayan Sa Pagpapaunlad Inc. with a 14% diminishing rate per annum.

Share capital
Share capital includes ordinary shares. Ordinary shares are classified as equity.

Share capital is determined using the nominal value of shares that have been issued and fully paid. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Share premium includes any premiums received on the initial issuing of capital stock. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs or issuing the equity instruments. If payment is deferred and the time value is material, the initial measurement is on a present value basis.

The costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such share are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the Company's equity holders.

Cumulative Earnings

Cumulative earnings include all current and prior period results as disclosed in the statement of comprehensive income or loss. The key change in this account is the addition of the profit or loss for the current period. The main other movements shall be the dividend payment and distribution, transfers to and from reserves, and changes in accounting policy and errors, if any.

In order to limit or restrict the payment of dividends, if applicable, the Company may transfer a portion of the retained earnings to retained earnings appropriated accounts. The appropriation may be described as legal, contractual or voluntary appropriation. Legal appropriation arises from the fact that the legal capital cannot be returned to the shareholders until the Company is dissolved and liquidated. Contractual appropriation arises from the fact that the terms of the bond issue and preferred share issue may impose restriction on the payment of dividends. This is to ensure the eventual payment of the bonds and redemption of the preferred share. The voluntary appropriation is a matter if discretion on the part of the management. It may arise from the fact that management wishes to preserve the funds for expansion purpose or for covering possible losses or contingencies.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company's and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The following specific recognition criteria must also be met before revenue is recognized.

- *Sale of goods/services* – Sale of services is recognized when services are rendered and the amount can be measured reliably. The performance of obligation to render such services are simultaneously provided and consumed by the customer. Sales of goods are recognized when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place.

- *Interest income on bank deposit*– is recognized on a time proportion basis that reflects the effective yield on the assets.

Cost and 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 Sales/Services*
  Costs of sales/services are recognized in profit or loss in the period the goods are sold and services delivered.

- *Selling/Administrative Expense*
  These are costs incurred by the Company such as employees' compensation and other benefits, personal cost, gasoline and oil, repairs and maintenance, and other costs not directly attributable to cost of sales

Employee Benefits

Employee benefits represent: (a) short-term employee benefits, which are employee benefits (other than termination benefits) that are wholly due within twelve months after the end of the period in which the employees render the related service, and (b) termination benefits, which are employee benefits payable as a result of either:) an entity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits include: (a) short-term wages, salaries and social security contributions;(b)short-term compensated absences (such as paid annual leave and paid sick leave) when the absences are expected to occur within twelve months after the end of the period in which the employees render the related employee service; and (c) non-monetary benefits (such as medical care for current employees. Short-term employee benefits are measured at the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

Termination benefits include by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment. Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer. When termination benefits are due more than twelve months after the end of the reporting period, they shall be measured at their discounted present value.

Lease

Company as Lessee

Leases which transfer to the company substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statements of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are directly charged against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the company substantially all the risks and benefit of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the income statement on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Income Taxes

Tax expense recognized in the profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the profit or loss.

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity.

Earnings Per Share

Earnings per share is computed by dividing the net income by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current year.

Financial Instruments

Non-derivative financial instruments consist of cash, trade receivables, investment in associate, advances to associate, trade payables, and loan payable

A financial instrument is recognized if the company becomes a party to the contractual provisions of the instrument. Financial Assets are derecognized when: (a) the Company's contractual rights to the cash flows from the financial asset expire or (b) the Company transfers the financial asset to another party without retaining control or substantially all the risk and rewards of the asset. Regular way purchases or sales of financial asset are accounted for at settlement date, i.e. the date that an asset is delivered to or by the Company financial liabilities are derecognized when the company's obligations specified in the contract expire or are discharge or cancelled.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividend, gains and losses relating to a financial instrument classified a liability are reported as expenses or income. Distributions to holders of financial instrument classified as equity are charged directly to equity. Financial assets and financial liabilities are off-set and net amount is reported in the statement of financial positions if, and only, if, there is a currently enforceable legal right to offset the amount and there is an intention to settle on a net basis, or top realize the asset and settle the liability simultaneously.

Financial assets

Financial assets are classified as either financial asset at fair value through profit or loss, loans and receivables, held-to-maturity investment, or available-for sale financial asset, as appropriate. When financial assets are initially recognized, they are measured at fair value. In the case of investment not at fair value though profit or loss, fair value at initial recognition includes directly attributable transaction costs.

Financial liabilities
The company classifies its financial liabilities as either FVPL, financial liabilities or other financial liabilities. The company determines the classification of its financial assets and financial liabilities upon initial recognition and, where allowed and appropriate re-evaluates this designation at each reporting dates.

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

Derecognition of Financial Assets and Financial Liabilities
A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognized when: (a) the rights to receive cash flows from the asset 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 rights to receive cash flows from the asset and either the entity has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial instruments
At the end of each reporting period, a financial asset or financial liability is assessed whether there is an objective evidence of impairment. If there is an objective evidence of impairment, an impairment loss is recognized in profit or loss immediately.

Objective evidence that a financial asset or group of assets is impaired includes observable data that come to the attention of the holder of the asset about the following loss events:
(a) significant financial difficulty of the issuer or obligor.
(b) a breach of contract, such as a default or delinquency in interest or principal payments.
(c) the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider.
(d) it has become probable that the debtor will enter bankruptcy or other financial reorganization.
(e) observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or adverse changes in industry conditions.

Other factors may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates.

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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the Statement of Financial Position.

Provisions and contingencies
Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

- Initial recognition
  The company recognized a provision when the company has an obligation at the reporting date as a result of a past event and it is probable that the company will be required to transfer economic benefits in settlement and lastly the amount of the obligation can be estimated reliably.

  The company measured provision at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

- Subsequent measurement
  The company shall charge against a provision only those expenditures for which the provision was originally recognized and review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognized shall be recognized in profit or loss unless the provision was originally recognized as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount shall be

recognized as finance cost in profit or loss in the period it arises.

<u>Events after Reporting Period</u>
Events after the reporting period occur between the end of the reporting period and the date when the financial statements are authorized for issue. It includes all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or loss of other selected information.

Any adjusting events after the reporting period are adjusted in its financial statements including related disclosures, to reflect adjusting events after the end of the reporting period. Non-Adjusting Events, if any, after the end are recognized in its financial statements to reflect non adjusting events after the end of the reporting period.

The Company adjusts the amounts recognized in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period. Hence, the Company shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period.

<u>Related Party Disclosures</u>
Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

<u>Critical Management Judgments in Applying Accounting Policies</u>
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) <u>Fair Value Financial Instruments</u>
Where the fair values of financial assets and financial liabilities recorded in the financial position cannot be derived from active markets, these are determined using internal value technique using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation
.

(b) <u>Operating and Finance Lease</u>

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(c) <u>Provisions and Contingencies</u>
Judgment is exercised by management to distinguish between provisions and contingencies.

<u>Key Sources of Estimation Uncertainty</u>

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) <u>Estimating the Recoverability of Receivables</u>
The company evaluates the status of the receivables based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers, the customers, current credit status based on third party credit reports and known market forces, average of the accounts and historical loss experience.

The Company estimates the allowance for doubtful accounts related to the trade receivables based on assessment of specific accounts where the Company has information that certain customers are unable to meet their financial obligation. In these cases judgment used was based in the best available facts and circumstances including, but not limited to, the length of relationship with the customers and the customers' current credit status based on third party credit reports and known market factors, The company used judgments to record specifics reserves for customers against amount due to reduce the expected collectible amounts. These reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

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

b) Allowance for Impairment of Trade Receivables
Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

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

c) <u>Estimated Allowance for Impairment</u>
The company maintains allowance for impairments loss a level considered adequate to provide for probable uncollectible receivables. The level of this allowance is evaluated by Management on the basis of factors that affect the collectibility of the accounts. These

factors include, but not limited to, the length of the Company's relationship with the customers payments behaviour and known market factors. The company reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a continuous basis.

d) *Impairment of Inventories*
The Company recognizes impairment on inventories whenever the net realizable value of inventories become lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

As of December 31, 2021, the Company did not incur any impairment in their inventories

e) *Useful Lives of Property, Plant and Equipment*
The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant 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. The carrying amounts of property, plant and equipment are analyzed in Note 9.

f) *Retirement and Other Benefits*
The determination of the Company's' obligation and cost of pension and other retirement benefit cost is depend on the selection of certain assumption used by actuaries in calculating such amount. In accordance with PFRS, actual results that differ from the assumption are accumulated and amortized over future periods and therefore, generally affect the recognized expenses and recorded obligation in such future periods.

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

h) *Asset Impairment*
PAS 36, "Impairment of Assets," requires that an impairment review be performed when certain impairment indicators are present.

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

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

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest Rate Risk Management
Fair value interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.
The Company's exposure to interest rate risk arises from its cash in bank which are subject to variable interest rate.

The interest rate risk arising from cash in banks are managed by means of effective investment planning and analysis and maximizing investments opportunities in various local banks and financial institutions.

The sensitivity analyses have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding at the end of the reporting period was outstanding for the whole year. A 1% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents managements' assessment of the reasonably possible change in interest rates.

Management of Financial Risk

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

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

b) *Capital Management Framework*
The Company's capital management objectives are to ensure the Company's ability to continue as a going concern. The Company monitors the basis of the carrying amount of equity as presented on the face of the Statement of Financial Position.

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

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

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

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

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

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

The fair values of financial assets and financial liabilities are determined as follows:

- Due to the short-term nature financial assets and financial liabilities, their carrying amounts approximate their fair values.

The Company's principal financial instruments comprise of cash, trade receivables, and trade payables. The main purpose of these financial instruments is to finance for the Company's operations and capital expenditures.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.
The main risks arising from the Company's financial instruments are, credit risk, liquidity risk, capital risk and operational risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below.

Credit Risk
The Company's credit risk is primarily attributable to its trade and other receivables.

The Company has adopted stringent procedure in extending credit terms to customers and in monitoring its credit risk.

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

The Company's credit risk is managed to effectively minimize losses from credit transactions. The company undertakes credit analysis and review to ensure consistency in the risk assessment process and to ensure that customers have an appropriate credit history and each has an approved maximum credit limits which are reviewed by management. Shown below is the schedule of maximum credit risk:

In addition, the board of directors ensures that credit policies and procedures are adequate to meet the demands of the business. The BOD also develops procedures to streamline and expedite the processing of credit applications. It also designed the levels of credit risk that the company accepts by putting a limit on the amount of risk accepted in relation to a borrower or groups of borrowers. Such risks are monitored on a continuing basis and subject to an annual or more frequent review.

Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet and interest and capital repayment obligations and by changing these lending limits when appropriate.

The table below shows the credit quality by class of financial assets of the Company:

The credit quality of the financial assets was determined as follows:

Trade and Other Receivables

- High grade – These are receivables from counterparties with no default in payment.
- Medium grade – These are receivables from counterparties with up to three (3) defaults in payment.
- Low grade – These are receivables from counterparties with more than three (3) defaults in payment.

Cash and trade and other receivables are classified as high grade due to high probability of collection (the counterparty has the apparent ability to satisfy its obligation and is readily enforceable).

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility. In managing liquidity risk, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations.

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

The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion of funds to meet emergency calls; setting up contingency funding plans; specify the sources of funding and the vents that would trigger the plan; concentration of funding sources; reporting of liquidity risk exposures and breaches to the monitoring authority; monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment

The contractual maturity of the Company's trade and non-trade payables is generally within 30 to 90 days after the recognition of the liability.

Working Capital Management

The Company has minimal working capital requirements due to the short cash collection cycle of its business. Working capital requirements are well within the credit facilities established which are adequate and available to the Company to meet day-to-day liquidity and working capital requirements. The credit facilities are regularly reviewed by the Treasury Group to ensure that they meet the objectives of the Company.

Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2021 and 2020.

Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as debt divided by equity. Debt is the total accrued interest and others. Equity comprises all components of equity.

During 2021, the Company's strategy, from 2020, was to maintain the debt-to-equity ratio within the range of 0.1 to 3.0 in order to secure access to finance at a reasonable cost.

Operational Risk

Operational risk is the risk of loss due to the company's failure to comply with defined operational procedures, inability to respond to system failures, inability to respond to fraud both internally and externally and inability to adjust to external factors.

The company manages this risk by proper implementation and supervision of firmly placed operational procedures and internal controls together with raising awareness on these procedures and controls to all employees on various levels of operations, training employees and key personnel on a regular basis for any updates on these procedures and also for any contingencies which could be anticipated, and finally by having insurance or a business continuity plan to prepare for unforeseen losses due to external factors.

Market Risk and Interest Rate Risk

Market risk is the potential loss that may arise from decrease in earnings due to the decline in prices or present value of future cash flows of financial instruments. The value of these financial instruments may change as a result of changes in interest rates, foreign exchange rates, equity prices and other market changes. Interest rate risk arises from the possibility that changes in the interest rate will affect the fair value of financial instruments. The Company's market risk and interest rate risk are very minimal because the primary financial asset of the Company is Loans receivables which are not traded in active market and are measured at amortized cost. As regards the Company's financial liabilities, trade and other payables are primarily non-interest bearing while notes payable and bills payable are subject to fix interest rate.

7. CASH

This account consists of:

		2022		2021
Cash in bank	P	6,100,766	P	13,886,631
		6,100,766		13,886,631

Cash in bank consists of deposits from reputable local banks which earn interest at the prevailing bank rates.

8. OTHER CURRENT ASSETS

This account consists of:

		2022		2021
Vat receivable	P	111,078,765	P	110,939,047
Deferred input tax-current		-		1,407,283
Income tax refund		1,485,918		1,047,343
Creditable withholding tax		793,397		438,575
	P	113,358,080	P	113,832,248

Vat receivable represents excess of input tax on purchases over output tax on sales and is creditable to next period.

Deferred input tax current represents remaining balance of deferred input tax to be applied against vat output tax for the current taxable year.

Creditable withholding tax are taxes withheld by their clients deductible against income tax payable of the company.

9. PROPERTY AND EQUIPMENT

This account consists of:

		2022						
		Beginning Balance		Additions		Disposals		Ending Balance
Cost:								
Production equipment	P	228,344,008	P	1,114,693	P	-	P	229,458,701
Furniture and fixtures		861,000		-		-		861,000
Office equipment		9,605,305		-		-		9,605,305
Land		99,071,069		-		-		99,071,069
Building		146,666,652		-		-		146,666,652
Building in progress		1,399,015,106		124,576,525		-		1,523,591,631
Transportation equipment		94,598,636		-		-		94,598,636
	P	1,978,161,776	P	125,691,217	P	-	P	2,103,852,993
Accumulated Depreciation:								
Production equipment	P	212,002,727	P	16,372,011	P	-	P	228,374,738
Furniture and fixtures		852,648		6,806		-		859,454
Office equipment		9,597,416		1,696		-		9,599,112
Building		66,177,614		7,338,369		-		73,515,983
Transportation equipment		31,938,896		3,318,227		-		35,257,123
	P	320,569,300	P	27,037,109	P	-	P	347,606,410
Carrying value	P	1,657,592,476					P	1,756,246,584

		2021						
		Beginning Balance		Additions		Disposals		Ending Balance
Cost:								
Production equipment	P	228,216,816	P	127,192	P	-	P	228,344,008
Furniture and fixtures		861,000		-		-		861,000
Office equipment		9,596,827		8,478		-		9,605,305
Land		99,071,069		-		-		99,071,069
Building		146,666,652		-		-		146,666,652
Construction in progress		1,379,843,333		19,171,773		-		1,399,015,106
Transportation equipment		94,598,636		-		-		94,598,636
	P	1,958,854,333	P	19,307,443	P	-	P	1,978,161,776
Accumulated Depreciation:								
Production equipment	P	186,932,201	P	25,070,525	P	-	P	212,002,727
Furniture and fixtures		845,842		6,806		-		852,648
Office equipment		9,596,827		589		-		9,597,416
Building		58,839,245		7,338,369		-		66,177,614
Transportation equipment		28,620,668		3,318,227		-		31,938,896
	P	284,834,784	P	35,734,517	P	-	P	320,569,300
Carrying value	P	1,674,019,549					P	1,657,592,476

For income tax reporting purposes , depreciation is calculated on a straight-line basis over the useful lives of the assets as follows:

	In Years
Production equipment	5
Furniture and fixtures	5
Office equipment	5
Building	30
Transportation equipment	10

The foregoing estimated useful lives and depreciation method are reviewed from time to time to ensure that these are consistent with the expected economic benefits of the property and equipment.

The management has reviewed the carrying values of property and equipment as of Dec. 31, 2022 for any impairment. As of reporting date there were no indications that the assets are impaired.

10. INVESTMENTS IN ASSOCIATES

This account consists of:

		2022		2021
Investment in stocks	**P**	**68,399,250**	P	68,399,250

The company owns 91% of Information Broadcast Unlimited Inc. with equivalent share of 6,893,325 at P10 per share. The company has no significant control over its operation.

11. DEFERRED TAX ASSETS

This account consists of:

		2022		2021
NOLCO-2021	**P**	**17,174,449**	P	17,174,449
NOLCO-2022		**2,011,344**		-
MCIT		**222,511**		-
	P	**19,408,303**	P	17,174,449

Deferred tax assets represents 20% tax rate of Net Operating Loss Carry Over of 18,884,857 for 2022 and 85,8762,243 for 2021, to be deducted on future taxable income.

12. TRADE AND OTHER PAYABLES

This account consists of:

		2022		2021
Accounts payable	**P**	**42,172,252**	P	113,510,973
Loans payable-current		**84,176,550**		103,919,914
	P	**126,348,802**	P	217,430,887

Trade payable are liabilities to pay for good and services that have been received, measured initially at their nominal value and subsequently recognized at amortized cost less settlement payment. These are non-interest bearing payable.

Loans payable current represents loans payable maturing for the year 2022.

13. INCOME TAX PAYABLE

This account consists of:

		2022		2021
Income tax payable	**P**	**-**	P	-

14. OTHER CURRENT LIABLITIES

This account consists of:

		2022		2021
Accrued expenses payable	**P**	**639,724**	P	-
Withholding tax payable		**80,567**		273,114
Utilities payable		**412,799**		86,884
SSS premium payable		**455,495**		514,450
Philhealth premium payable		**148,539**		127,441
Pagibig premium payable		**51,500**		60,000
Expanded withholding tax payable		**379,115**		288,125
Pagibig loan payable		**-**		70,400
SSS loan payable		**-**		71,187
	P	**2,167,739**	P	1,491,601

Utilities payable represent unpaid bill on electricity, water and telephone.

Other current liablilities represent statutory liabilities and measured initially at their nominal values and subsequently decreased by settlement payments. Obligations to the government are remitted on the following month after being withhled from various income recepients.

15. LOANS PAYABLE

This account consists of loan from Ligas Kooperatiba ng Bayan Sa Pagpapaunlad Inc with a diminishing interest rate of 14% per annum payable in 7 years. This loan was used for the construction of a new building.

		2022		2021
Loans payable	**P**	**1,290,669,067**	P	1,161,346,860

16. ADVANCES

This account consists of:

		2022		2021
Advances from customers	**P**	**115,843,792**	P	54,096,657

This account consists of advance payment from client to be deducted monthly from monthly airtime in 15 years. Proceeds from the loan received in the year 2010 was used for the construction of building and other production cost.

17. EQUITY

	Shares			Amount		
	2022	2021		**2022**		2021
Common Stock, Php 100 par value						
Authorized - 5,000,000 shares	**5,000,000**	5,000,000	**P**	**500,000,000**	P	500,000,000
Total Issued and outstanding	**3,000,000**	3,000,000	**P**	**300,000,000**	P	300,000,000

There are more than 5 shareholders owning more than 100 share.

18. REVENUES

This account consists of:

		2022		2021
Production, events and other fees	**P**	**170,399,711**	P	81,790,113

Main source of revenue comes from air time fees from clients, events and film showing.

19. COST OF SALES AND SERVICES

This account is composed of the following:

	Notes		**2022**		2021
Talent and professional fees		**P**	**13,593,998**	P	1,831,925
Depreciation	22		**23,710,380**		32,408,894
Compensation and other benefits	23		**48,867,170**		40,945,207
Commission expense			**93,401**		673,526
Events and shows expenses			**29,969,761**		24,879,131
Production and technical supplies			**2,619,927**		795,143
Rental expense			**5,633,550**		8,826,484
Light and water			**5,460,883**		3,690,094
Repairs and maintenance			**3,278,086**		802,639
Advertising expense			**805,882**		636,605
Communication expense			**8,056,775**		3,495,547
Taxes and licenses	28		**5,952,233**		4,694,563
Litigation expenses			**-**		3,037
Supplies			**-**		-
Printing and reproduction			**-**		2,528
Transportation and travel			**106,603**		14,158
		P	**148,148,651**	P	123,699,481

Cost of service represents expenses such as events and shows expense including rentals, productions and technical supplies, rental expense, light and water, fuel and oil, repairs and maintenance, advertisng, communications, taxes and licenses, and transportation and travel.

These expenses are incurred during events and film showing and regular air time charges.

20. OTHER INCOME

This account consists of:

		2022		2021
Bank interest income	**P**	**9,911**	P	9,777

Bank interests were obtained from bank deposits under the name of the company net of final taxes.

21. ADMINISTRATIVE EXPENSES

This account consists of:

	Notes		2022		2021
Depreciation	22	**P**	**3,326,729**	P	3,325,622
Compensation and other benefits	23		**15,493,728**		29,166,461
Legal and professional fees			**1,131,845**		2,515,302
Office supplies			**4,770,304**		1,677,221
Books and periodicals			**78,540**		78,540
Representation and entertainment			**15,793**		-
Training and seminars			**83,304**		12,321
Insurance			**854,810**		154,453
Printing and reproduction			**61,109**		43,736
Medical assistance			**62,500**		142,187
Security and janitorial services			**5,970,739**		5,963,067
Association dues			**120,000**		276,429
Bank charges			**183,000**		585,020
Notarial fees			**-**		22,515
Taxes and licenses			**154,658**		-
Miscellaneous			**722**		-
		P	**32,307,780**	P	43,962,874

Transportation pertains to gasoline and oil consumption in the normal function of business, and other expenses such as fares that cannot be normally attributed to the cost of sales.

Office supplies represents expenses on papers, inks and computer supplies.

Rent expense includes rent on events and film showing.

Representation and entertainment represents food expenses in treating clients and prospective clients and advertisers.

Insurance expense represents fire insurance and life insurance of executives.

Donations and contributions represent donations to government institutions.

Security services represents salaries of security personnels.

Utiliites represents light and water expense.

Other expenses includes valid various operating expenses authorized by the company and used in the normal operation of the business.

22. DEPRECIATION

The account is composed of:

	Production Costs		Administrative Expense	
	2022	2021	**2022**	2021
Production equipment	**P 16,372,011**	P 25,070,525	**P -**	P -
Building	**7,338,369**	7,338,369	**-**	-
Furniture and fixtures	**-**	-	**6,806**	6,806
Office equipment	**-**	-	**1,696**	589
Transportation equipment	**-**	-	**3,318,227**	3,318,227
	P 23,710,380	P 32,408,894	**P 3,326,729**	P 3,325,622

23. COMPENSATION AND OTHER BENEFITS

This account is consist of:

	Production Costs		Administrative Expense	
	2022	2021	**2022**	2021
Salaries and wages	**P 43,887,263**	**P** 39,655,886	**P 15,493,728**	P 25,150,518
SSS, Philhealth, Pagibig premiums expense	**4,979,908**	1,289,321	**-**	4,015,943
	P 48,867,170	**P** 40,945,207	**P 15,493,728**	P 29,166,461

Compensation and other benefits composed of salaries paid to employees including employer's share on SSS, Philhealth, Pagibig, cost of living allowances, and other employees' benefits.

24. EARNINGS PER SHARE

The computation of earnings per share for the period is as follows:

		2022		2021
Loss for the year	P	**(8,035,465)**	P	(68,688,017)
Divided by issued shares		**3,000,000**		3,000,000
Earnings per share		**-2.68**		-22.90

25. INCOME TAXES

Pursuant to Section 27(E) of the NIRC, domestic corporations shall be taxed with Minimum Corporate Income Tax (MCIT) 2% based on gross income and not on taxable income after operating expenses or Normal Corporate Income Tax of (NCIT) 30% if they have been in their fourth year of operation and incurred a net loss or zero taxable income, or a normal corporate income tax that is lesser than minimum corporate income tax.

Reconciliation of financial income(loss) per income tax

		2022		2021
Income before tax	P	**(10,046,809)**	P	(85,862,466)
Add(Deduct)				
Permanent Differences:				
Interest expense, 33% of interest income subject to final tax		**-**		-
Interest income		**(9,911)**		(9,777)
Income per income tax	P	**(10,056,720)**	P	(85,872,243)
Tax rate		**20.00%**		20%
Income tax expense-Deferred	P	**(2,011,344)**	P	(17,174,449)
Revenues	P	**170,399,711**	P	81,790,113
Cost of Services		**(148,148,651)**		(123,699,481)
	P	**22,251,060**	P	(41,909,368)
Minimum Corporate Income tax (MCIT) 1%	P	**222,511**	P	(838,187)

On New Tax Law

On September 30, 2020, the BIR issued RR 25-2020, signed bt the Secretsry of Finance, in accordance with implementation of Section 4 of Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act relative to NOLCO, under Section 34(D)(3) of NIRC as amended, making the deuctibility of NOLCO incurred for the years ending December 31, 2020 and 2021 can be claimed as deduction from regular income for the period of five years instead of just three years.

On March 26, 2021, President Duterte signed into law, Republic Act 11534, otherwise known as Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act certain vetoed provisions.

Among the reforms, the following are the significant provisions:

1. Adoption of graduated regular corporate income tax rate effective July 1, 2020 based on the assets of domestic corporation as follows:

   a. Domestic corporations with total assets of P100 million and below and with taxable income of P5 million - 20% RCIT.
   b. Domectic corporations with total assets of P100 million and below and above 5 million taxable income - 25% RCIT.
   c. Domestic corporations with total assets of more than P100 million - 25% RCIT.

2. Adoption of 25% RCIT for resident foreign corporations effective July 1, 2020.

3. Adoption of 25% RCIT for non resident foreign corporations effective July 1, 2020.

4. Reduction of minimum corporate income tax (MCIT) from 2% to 1% for a period of three years effective July 1, 2020 to June 30, 2023.

5. Improperly accumulated tax on retained earnings under Section 29 of the NIRC, as amended has been repealed.

6. Existing enterprises under income tax holiday (ITH) shall be allowed to continue availing the ITH until the reamining period ends. Existing enterprises enjoying the 5% tax based on gross income shall be allowed to continue to enjoy the 5% tax rate for a period of 10 years, regardless of nmber 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 tax incentives under CREATE act.

26. RELATED PARTY TRANSACTIONS

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

There are no related party transactions during the year.

Compensation of key management personnel

There are no key management personnel with compensation.

27. FINANCIAL INSTRUMENTS

		2022		2021
Financial assets:				
Cash in bank	**P**	**6,100,766**	P	13,886,631
Investment in associates		**68,399,250**		68,399,250
	P	**74,500,016**	P	82,285,881

Financial liabilities:				
Accounts payable	**P**	**42,172,252**	P	113,510,973
Loans payable-current		**84,176,550**		103,919,914
Loans payable-long term		**1,290,669,067**		1,161,346,860
Advances from customers		**115,843,792**		54,096,657
	P	**1,532,861,661**	P	1,432,874,404

28. EXTRAORDINARY EVENT RELATED TO COVID-19

On March 8, 2020, President Duterte signed Proclamation No. 922 Series of 2020 (Public Health Emergency), placing the entire Philippines under the State of Public Health Emergency following the pandemic Corona Virus Disease 2019 or Covid-19 threat that is looming the country. The President futher announced on March 12, 2020 the Community Quarantine on Metro Manila starting at 12 midnight on March 15 up to April 14, 2020.

On March 16, 2020, the President decalred a Luzon-wide Enhanced Community Quarantine (ECQ) that aims to further combat the effect of the continuing and increasing spread of Covid-19. Under the Luzon ECQ setup, mass gatherings are completely prohibited and all means of public transport is no longer allowed, which effectively restricting the movement of the population. Additional lockdown restrictions mandated the temporary closure of non-essential shops and businesses. The Luzon ECQ is described under Republic Act 11332 (Reforming of Communicable Disease Law) and Proclamation No. 929 Series of 2020 (State of Calamity)

On March 21, 2020, the President issued Proclamation No. 933 series of 2020, calling the Philippine Congress to convene a special session which passed into law Republic Act No. 11469 otherwise known Bayanihan to Heal as One Act.

On April 7, 2020, the Luzon-wide ECQ was extended to April 30, 2020, without prejudice to the discretion of the President to relax the implementation of ECQ or further expand or extend. Consequently, the ECQ was extended to May 31, 2020.

On May 29, 2020, the President approved the AITF resolution no, 41 changing the MECQ status of Metro Manila to General Community Quarantine (GCQ) effective June 1, 2020 to June 15, 2020. The GCQ was futher extended to February 28 ,2021.

As a result of the currently know impact of Covid-19 to the Company, there was a decrease in revenue resulting to a decrease in operating income. In response to these matter, the entity has requested its creditor to further extend its payement terms without incurring additional interest.

No material impact noted during the reporting period that will indicate significant doubt on the Company's ability to continue as a going-concern. Management has determinded that assets are not impaired as of the reporting period, and has implemented all possible measures to mitigate the risks on their nature of opearations. Hence, the financial statements have been prepared on a going concern basis of accounting as of the reporting date.

29. Supplementary Information Required by Bureau of Internal Revenue's Revenue Regulations (RR) No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue issued Revenue Regulation (RR) No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRSs and such other standards and/or conventions that may heretofore be adopted, in the Notes to the Financial Statements, information on taxes, duties and license fees paid or accrued duing the taxable year. Following is the required information under RR No. 15-2010 for the year ended December 31, 2022.

A. Value Added Tax (Vat)

1.	*Output Vat*	P	**20,447,965**
	Basis of Output Vat		
	Vatable sales	P	**169,422,491**
	Zero-rated		**-**
	Exempt sales		**977,220**
		P	**170,399,711**
2.	*Input vat*		
	Beginning of the year	P	**110,939,047**
	Current year's domestic purchases		
	i. Services rendered by non-resident alien		**-**
	ii. Domestic purchases of goods other than capital goods		**1,134,176**
	iii. Domestic purchase of services		**17,928,956**
	iv. Purchases not qualified for input tax		**-**
	Claims for tax credit/refund and other adjustments		**90,630,800**
	End of the year	P	**(111,078,765)**

B. Withholding taxes

Tax on compensations and other benefits	P	**2,568,662**
Withholding taxes expanded		**4,915,142**
	P	**7,483,804**

C. All Other Taxes

Other taxes paid during the year recognized under Taxes and licenses account in Profit or loss

Real estate tax	P	-
Business permits and licenses		6,095,892
Community Tax certificate		10,500
National-BIR Annual registration		500
	P	6,106,892

D. Deficiency Tax Assessments and Pending Cases

The company does not have any deficiency tax assessments with the BIR or tax cases pending or outstanding for the year ended December 31, 2022.

E. BIR Revenue Regulation No. 34-2020

On December 22, 2020, the BIR issued Revenue Regualtion No. 34-2020 to inform all concerned on the streamlined guidelines and procedures in the submussion of BIR Form 1709 (Information Return on Related Party Transaction) and its required attachments including transfer pricing documentation (TPD).

The Company is not covered by the requirements of preparation and submission on related party transactions under Section 2 of RR 34-2020.

Independent Auditor's Report

The Board of Directors and Stockholders
Breakthrough and Milestones Productions International, Inc.
BMPI Building, 907 EDSA Barangay Phil-Am,
Quezon City.

I have audited the following statements of **Breakthrough and Milestones Productions International (BMPI), Inc.,** for the year December 31, 2022 on which I have rendered the attached report dated March 31, 2023.

In compliance with SRC Rule 68, I am stating that the Company has 5 stockholders owning 100 or more shares each as of December 31, 2022, as disclosed in Note 17 to the financial statements.

[redacted]

RUBEN M. GARCIA
CPA Number [redacted] (07/25/2021 to 07/25/2024)
TIN: [redacted]
PTR Number [redacted] Issued on January 4, 2023 at the City of Manila
PRC/BOA: [redacted] (10/08/2021 to 07/31/2024)
BIR Accreditation No.: [redacted] (03/09/2022 to 03/09/2025)

March 31, 2023
Taguig City

[redacted] Taguig City Tel.no. [redacted]

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **BREAKTHROUGH AND MILESTONES PRODUCTIONS INTERNATIONAL (BMPI) INC.** (herein "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Ruben M. Garcia, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed his opinion on the fairness of presentation upon completion of such audit.

[redacted]

DANIEL S. RAZON
Chairman of the Board and President

[redacted]

ELIZA R. CAPULONG
Chief Finance Officer/ Treasurer

Signed this 30th of April 2023