# COVER SHEET

# for

# AUDITED FINANCIAL STATEMENTS

**SEC Registration Number**

**2021030009095-02**

**COMPANY NAME**

**WARM CASH LENDING CORP**

**PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)**

**Unit 126A Charlie Bldg., Subic International Hotel Complex,**

**Sta. Rita Road, Central Business District, Subic Bay Freeport Zone**

| Form Type | Department requiring the report | Secondary License Type, if applicable |
|---|---|---|
| **AFS** | **CRMD** | |

## COMPANY INFORMATION

| Company's E-mail Address | Company's Telephone Number | Mobile Number |
|---|---|---|
| warm01@warmmcash.com | N/A | 09178477497 |
| **No. of Shareholders** | **Annual Meeting (Month/Day)** | **Fiscal Year (Month/Day)** |
| 5 | 15th April | December 31 |

## CONTACT PERSON INFORMATION

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

| Name of Contact Person | E-mail Address | Telephone Number | Mobile Number |
|---|---|---|---|
| Jeff C. Bangquil | bangquiljeff@asti.com.ph | N/A | 09088823160 |

## CONTACT PERSON's ADDRESS

26A Annex 45, Better Living, Barangay Don Bosco, Parañaque City

**Note 1**: In case of death, resignation or cessation of office of the officer designated as a contact person, such incident shall be reported to the Commission within thirty (30) calendar days from occurrence thereof with information and complete contact details of the new contact person designated.

**2**: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**Statement of Management's Responsibility for Financial Statements**

The management of **WARM CASH LENDING CORP.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines 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 cease operations, or has no realistic alternative 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.

**Pojol and Gabay, Certified Public Accountants**, 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 its opinion on the fairness of presentation upon completion of such audit.

**KIRILL KALASHNIKOV**
Chairman of the Board and President

**MA. CRISTINA P. BASE**
Treasurer

Signed this 15th day of April, 2025

Pojol and Gabay,
Certified Public Accountants

Accounting • Audit • Tax • Consulting
(Formerly M. Pojol Audit and Tax Consultancy Services)

BOA Accreditation No. 9701
BIR Accreditation No. 05-007434-000-2024
CDA Accreditation No. 161-AF

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To the Board of Directors
**Warm Cash Lending Corp.**
**Doing business under the names and styles of "Honey Loan" and "Well Cash"**
**(A 99.99%-owned subsidiary of Dyninno Fintech Holding Limited)**
Mezzanine 1, LPL Business Center,
130 L.P. Leviste St., Salcedo Village,
Bel-Air, Makati City

**Independent Auditor's Report**

***Qualified Opinion***

We have audited the financial statements of **Warm Cash Lending Corp.** which comprise the statement of financial position as at **December 31, 2024**, and the statement of income and losses, statement of changes in capital deficiency and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except fot the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **December 31, 2024**, and its financial performance and its cash flows for the year then ended in accordance with *Philippine Financial Reporting Standards* (PFRS).

***Basis for Qualified Opinion***

We have not been able to obtain sufficient appropriate audit evidence as to whether (i) the opening balances, (ii) the corresponding figures and comparative financial statements were properly recorded and accounted for, because the 2023 audited financial statements were prepared using the liquidation basis of accounting and the subsequent sale and transfer of its ownership to the new shareholders.

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at December 31, 2023, the profit/loss for the year ended December 31, 2023, and the related disclosures in the financial statements.

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

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 to the financial statements, which indicates that the Company has sustained net losses of ₱36,957,550 for the year ended December 31, 2024, and has also incurred cumulative deficit amounting to ₱28,481,769 as of December 31, 2024, due to difficulties and challenges in the generation of sales. The management, through its shareholders, has committed to provide cash advances to support the Company's working capital requirements. However, these conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Other Matters***

The financial statements of the Company for the year ended December 31, 2023 were audited by another auditor who expressed a disclaimer of opinion on those statements on February 12, 2024.

***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

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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, the Company is responsible for assessing the his/her ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

***Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under RR 15-2010 and RMC 17-2011 found in the notes to the financial statements is presented as required by the BIR and is not a required part of the basic financial statements. Such information is the responsibility of the management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**POJOL and GABAY, CERTIFIED PUBLIC ACCOUNTANTS**

**Mark Anthony V. Pojol**
CPA No. 0126112, valid until 03/28/2029
TIN 255-353-694 | PTR 2381848 issued on 01/02/2025, Caloocan City
BOA Accreditation No. 9701/P-001, valid until 03/06/2026
BIR Accreditation No. 05-007434-001-2024, valid until 10/16/2027
CDA Accreditation No. 1512, valid until 03/07/2029

April 15, 2025

**WARM CASH LENDING CORP.**
**Doing business under the names and styles of "Honey Loan" and "Well Cash"**
**(A 99.99%-owned subsidiary of Dyninno Fintech Holding Limited)**

**STATEMENTS of FINANCIAL POSITION**
**(Amounts in Philippine Pesos)**

| | Notes | December 31, 2024 | 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash on hand and in banks | 5 | ₱ **8,863,302** | ₱ 8,475,781 |
| Loans receivable - net | 6 | **38,952,296** | - |
| Other current assets | 7 | **5,737,532** | - |
| Total current assets | | **53,553,130** | 8,475,781 |
| **Non-current assets** | | | |
| Property and equipment - net | 8 | **2,558,811** | - |
| Intangibles | 9 | **5,814,755** | - |
| Deferred tax assets | 15 | **2,392,252** | - |
| Other non-current assets | 10 | **2,021,352** | - |
| Total non-current assets | | **12,787,169** | - |
| **TOTAL ASSETS** | | ₱ **66,340,300** | ₱ 8,475,781 |
| **LIABILITIES and CAPITAL DEFICIENCY** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued expenses | 11 | ₱ **27,217,677** | ₱ - |
| Other current liabilities | 12 | **435,994** | - |
| Total current liabilities | | **27,653,671** | - |
| **Non-current liabilities** | | | |
| Loans payable | 13 | **47,059,922** | - |
| Advances from related parties | 17 | **20,108,476** | - |
| Total non-current liabilities | | **67,168,398** | - |
| **Total liabilities** | | **94,822,069** | - |
| **Capital deficiency** | | | |
| Share capital | 14 | **11,000,000** | 11,000,000 |
| Deficit | | **(39,481,769)** | (2,524,219) |
| Total capital deficiency | | **(28,481,769)** | 8,475,781 |
| **TOTAL LIABILITIES and CAPITAL DEFICIENCY** | | ₱ **66,340,300** | ₱ 8,475,781 |

**See accompanying Notes to Financial Statements**

**WARM CASH LENDING CORP.**
**Doing business under the names and styles of "Honey Loan" and "Well Cash"**
**(A 99.99%-owned subsidiary of Dyninno Fintech Holding Limited)**

**STATEMENTS of INCOME and LOSSES**
**(Amounts in Philippine Pesos)**

| | Notes | For the years ended December 31, 2024 | 2023 |
|---|---|---|---|
| **INCOME** | | | |
| Interest income | | **₱ 300** | ₱ 1,898,427 |
| Interest income from deposits | 5 | **946** | - |
| Foreign exchange gain | | **180,462** | - |
| Premium fee income | | **8,120,848** | - |
| Other income | | **9,711,100** | - |
| Total income | | **18,013,657** | 1,898,427 |
| **COST of SERVICES** | | | |
| Salaries, wages and other benefits | | **₱ 4,222,928** | ₱ 750,000 |
| Underwriting expenses | | **6,370,073** | - |
| Communication | | **1,145,855** | - |
| Cost of services | | **11,738,856** | 750,000 |
| **GROSS INCOME** | | **6,274,800** | 1,148,427 |
| **EXPENSES** | | | |
| Professional fees | | **12,307,893** | 157,365 |
| Bad debt expenses | 6 | **11,961,258** | - |
| Outside services | | **6,837,667** | - |
| Marketing | | **5,584,384** | - |
| Software | | **3,438,388** | - |
| Rental | 18 | **2,042,271** | 307,383 |
| Interest expenses | | **1,048,690** | - |
| Salaries, wages and other benefits | | **717,980** | - |
| Depreciation and amortization | 8,9 | **530,262** | 220,124 |
| Bank charges | | **341,745** | - |
| Directors' fees | | **240,000** | - |
| Transportation and travel | | **207,751** | - |
| Taxes and licenses | 19 | **158,629** | 134,680 |
| Repairs and maintenance | | **123,618** | - |
| Forex loss | | **16,726** | - |
| Office supplies | | **7,300** | 600 |
| Shipping and delivery | | **4,447** | - |
| Communication | | **313** | 152,408 |
| SSS, PHIC and HDMF contributions | | **-** | 144,499 |
| Electricity and water | | **-** | 150,659 |
| Security services | | **-** | 15,733 |
| Miscellaneous | | **55,280** | 92,759 |
| Total expenses | | **45,624,603** | 1,376,210 |
| **INCOME BEFORE INCOME TAX** | | **(39,349,802)** | (227,783) |
| **PROVISION for INCOME TAX (DEFERRED)** | 15 | **(2,392,252)** | - |
| **NET INCOME (LOSS)** | | **₱ (36,957,550)** | ₱ (227,783) |
| **EARNINGS (LOSS) per SHARE** | 16 | **₱ (3.36)** | ₱ (0.02) |

See accompanying Notes to Financial Statements

**WARM CASH LENDING CORP.**
**Doing business under the names and styles of "Honey Loan" and "Well Cash"**
**(A 99.99%-owned subsidiary of Dyninno Fintech Holding Limited)**

**STATEMENTS of CHANGES in CAPITAL DEFICIENCY**
**(Amounts in Philippine Pesos)**

| | Notes | For the years ended December 31, 2024 | 2023 |
|---|---|---|---|
| **SHARE CAPITAL** | 14 | | |
| Authorized share capital - 11,000,000 shares at ₱1 par | | | |
| Subscribed share capital - 11,000,000 shares | | | |
| Issued and outstanding | | **₱ 11,000,000** | ₱ 11,000,000 |
| **DEFICIT** | | | |
| Beginning balance | | **(2,524,219)** | (2,296,436) |
| Net income | | **(36,957,550)** | (227,783) |
| Ending balance | | **(39,481,769)** | (2,524,219) |
| **TOTAL CAPITAL DEFICIENCY** | | **₱ (28,481,769)** | ₱ 8,475,781 |

**See accompanying Notes to Financial Statements**

**WARM CASH LENDING CORP.**
**Doing business under the names and styles of "Honey Loan" and "Well Cash"**
**(A 99.99%-owned subsidiary of Dyninno Fintech Holding Limited)**

**STATEMENTS of CASH FLOWS**
**(Amounts in Philippine Pesos)**

| | Notes | For the years ended December 31, 2024 | 2023 |
|---|---|---|---|
| **CASH FLOWS from OPERATING ACTIVITIES** | | | |
| Income (loss) before income tax | | **₱ (39,349,802)** | ₱ (227,783) |
| Adjustments to reconcile income to net cash provided by (used in) operating activities | | | |
| Depreciation | 8 | **530,262** | 220,124 |
| Interest income from bank deposits | 5 | **(946)** | - |
| Decrease (increase) in | | | |
| Loans receivable - net | 6 | **(38,952,296)** | 857,370 |
| Other current assets | | **(5,737,532)** | 24,370 |
| Other non-current assets | 8 | **(2,021,352)** | - |
| Increase (decrease) in | | | |
| Accounts payable and accrued expenses | 12 | **27,217,677** | (415,777) |
| Other current liabilities | 11 | **435,994** | - |
| Cash used in operations | | **(57,877,996)** | 458,304 |
| Interest income | 5 | **946** | - |
| **Cash flows provided by (used in) operating activities** | | **(57,877,049)** | 458,304 |
| **CASH FLOWS from INVESTING ACTIVITIES** | | | |
| Disposal (acquisition) of | | | |
| Property and equipment | 8 | **(2,855,198)** | - |
| Intangibles | 9 | **(6,048,630)** | |
| **Cash flows used in investing activities** | | **(8,903,827)** | - |
| **CASH FLOWS from FINANCING ACTIVITIES** | | | |
| Proceeds from (payment of) | | | |
| Loans payable | 11 | **47,059,922** | - |
| Advances from shareholders | 17 | **20,108,476** | |
| **Cash flows provided by financing activities** | | **67,168,398** | - |
| **NET INCREASE (DECREASE) in CASH** | | **387,522** | 458,304 |
| **CASH on HAND and in BANKS** | 5 | | |
| Beginning | | **8,475,781** | 8,017,475 |
| As at December 31 | | **₱ 8,863,302** | ₱ 8,475,781 |

**See accompanying Notes to Financial Statements**

## 1. General Information

Warm Cash Lending Corp., doing business under the names and styles of "Honey Loan" and "Well Cash" (the Company) is incorporated and registered with the Philippine Securities and Exchange Commission (SEC) with Registration Number 2021030009095-02 dated October 20, 2021. The Company has also secured its secondary license with SEC as a lending company under Certificate of Authority No. 3427 dated March 19, 2021.

In 2024, the Company was purchased by Dyninno Fintech Holding Limited, a corporation registered under the laws of the Republic of Cyprus.

The purposes for which the Company is formed is to engage in the business of offline and online lending without however engaging in pawnbroking under P.D. 114 and financing under R.A. 8556, provided that borrowing shall be sourced from and not more than 19 lenders including stockholders.

The registered address of the Company is at Mezzanine 1, LPL Business Center, 130 L.P. Leviste Street, Salcedo Village, Bel-Air, Makati City.

The financial statements of the Company for the year ended December 31, 2024 were authorized for issue by the Board of Directors on April 14, 2025. The Board of Directors are still empowered to make amendments even after the date of issue.

### Status of Operations

The Company has sustained net losses of ₱36,957,550 for the year ended December 31, 2024, and has also incurred cumulative deficit amounting to ₱39,481,769 as of December 31, 2024, due to difficulties and challenges in the generation of sales. The management, through its shareholders, has committed to provide cash advances to support the Company's working capital requirements. However, these conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern.

### Republic Act No. 9474 (or the Lending Company Regulation Act)

A lending company is a corporation engaged in granting loans from its own capital funds or from funds sourced from not more than nineteen (19) persons.

It shall not be deemed to include banking institutions, investment houses, savings and loan associations, financing companies, pawnshops, insurance companies, cooperatives and other credit institutions already regulated by law.

The powers of lending companies as defined under Sec. 7 of RA No. 9474 includes granting loans in such amounts and reasonable interest rates and charges as may be agreed upon between the lending company and the debtor. However, they should also note that:

- the agreement shall be in compliance with the provisions of RA No. 3765 (Truth in Lending Act) and RA No. 7394 (Consumer Act of the Philippines); and
- the Monetary Board, in consultation with the SEC and the industry, may prescribe such interest rate as may be warranted by prevailing economic and social conditions.

## 2. Summary of Significant Accounting Policies

### Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRSs also include Philippine Accounting Standards (PAS) and interpretations by the Philippine Financial Reporting Standards Council (FRSC) based on equivalent interpretations of Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as adopted by the FRSC and SEC.

### Basis of Preparation

These financial statements have been prepared on a historical cost basis, unless otherwise stated.

These 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.

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

**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 years presented, unless otherwise stated.

**Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS:

- Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) - The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16) - The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale.

- Non-Current Liabilities with Covenants (Amendments to PAS 1) - The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

- Supplier Finance Arrangements (Amendments to PAS 7 and PFRS 7) - The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The adoption of the amendments to PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

**Amendments to PFRS in Issue But Not Yet Effective or Adopted**

Relevant amendments to PFRS, which are not yet effective and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Lack of Exchangeability (Amendments to PAS 21) - The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

ave not been disclosed as they are not expected to have a material impact on the Company's financial statements.

**Current versus Non-Current Classification**

The Company presents assets and liabilities in the statements of financial position based on current and non-current classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.

**Financial Instruments**

*Date of Recognition*
The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial Recognition and Measurement*
Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

*"Day 1" Difference*
Where the transaction in a non-active market is different from the fair value of other observable current market conditions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

*Classification*
The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as financial liabilities at FVPL or financial liabilities at amortized cost. The classification of the financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

*Financial Assets and Liabilities at FVPL*
Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is a part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at reporting date, the Company does not have financial assets and liabilities at FVPL.

*Financial Assets at Amortized Cost*
Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at reporting date, the Company's loans receivable is included under this category (Note 6).

*Financial Assets at FVOCI*
For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

*Financial Liabilities at Amortized Cost*
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at reporting date, the Company's accounts payable and other current liabilities are included under this category (Note 11).

*Reclassification*
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

*Impairment of Financial Assets Measured at Amortized Cost*
The Company records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

*Derecognition of Financial Assets and Liabilities*
*Financial assets.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

*Financial liabilities*. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.
On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

*Offsetting Financial Assets and Liabilities*
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is 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 statements of financial position.

*Classification of Financial Instrument Between Liability and Equity*
A financial instrument is classified as liability if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

**Cash on Hand and in Banks**
Cash on hand and in banks are stated at face value.

**Loans Receivable**
Loans receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Loans receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

**Property and Equipment**
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO). Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

| | |
|---|---|
| Leasehold improvements | 3 years |
| Office equipment, furniture and fixtures | 3 years |
| Furniture and fixtures | 3 years |

The remaining useful lives and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the separate statements of income in the period of retirement and disposal.

**Impairment of Non-Financial Assets**

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Trademarks and other intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the separate statements of income in those expense categories consistent with the function of the impaired asset.

**Security Deposits**

These are refundable deposits payable upon expiry of the related contractual lease agreements.

**Fair Value Measurements**

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: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

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

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

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each 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.

**Accounts Payable and Other Current Liabilities**
These are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business whichever is longer); otherwise, they are presented as non-current liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

**Share Capital**
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments. Share capital is measured at par value. When the shares are sold at premium, the difference between the proceeds and par value is credited as additional paid-in capital.

**Retained Earnings**
Unappropriated retained earnings include all current and prior period results as disclosed in the statement of changes in equity, free from any restriction.

**Revenue Recognition**
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

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

Interest from bank deposit accounts is recognized as the interest is earned. Interest income is presented net of tax unless final tax is deemed significant.

Service fees are recognized as revenue as the services are rendered.

**Expense Recognition**
Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

**Borrowing Costs**
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

**Retirement Benefits**
The liability or asset recognized in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of all related pension obligations.

Retirement benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset

- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

**Income Taxes**
The tax expense for the period comprises current and deferred tax. Tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, or when the tax arises from a business combination. Current and deferred tax that relates to items that are recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or directly in equity, respectively.

*Current Tax*
Current tax assets and current tax liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss 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 Company's liability for current tax is calculated using the applicable tax rate for the years presented.

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

Deferred income tax liabilities are recognized for all taxable temporary differences. However, deferred income tax liabilities are not recognized if it arises from:

a) the initial recognition of goodwill; or
b) the initial recognition of an asset or liability in a transaction which:

(i) is not a business combination;
(ii) the initial recognition of an asset or liability in a transaction which is not a business combination at the time of the transaction affects neither accounting nor taxable profit; and
(iii) investments in subsidiaries and jointly controlled entities where the Parent Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits from MCIT and NOLCO can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income 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, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same transaction authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

**Leases**

*The Company as Lessee*

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

*Measurement and recognition of leases as a lessee*

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities have been included in trade and other payables.

**Related Parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities. The key management personnel of the Company and post-employment benefit plans for the benefit of the Company's employees are also considered to be related parties.

**Provisions and Contingencies**

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market

assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is charged against profit or loss, net of any reimbursement.

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

**Earnings per Share (EPS)**
Earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year if any. The Company does not have dilutive potential common shares.

**Events after the Statement of Financial Position Date**
Post year-end events up to the date the financial statements are authorized for issue by the BOD that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are recognized in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

**3. Use of Judgments, Estimates and Assumptions**

The preparation of the separate financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

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. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

**Judgments**
In the process of applying the accounting policies, the Company has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the separate financial statements:

*Operating Lease*
*The Company as a lessee*. The Company has entered into a contract of lease for its office space and warehouse it occupies. The Company has determined that all the significant risks and rewards of ownership on these properties are retained by the lessor (Note 15).

*Provisions and Contingencies*
The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account.

As at reporting date, management assessed that no provisions nor contingencies are necessary to be recognized or disclosed, respectively, in the financial statements.

**Estimates and Assumptions**
The key estimates and assumptions used in the separate financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the separate financial statements. Actual results could differ from such estimates.

*Determining Significant Increases in Credit Risk and Estimating Allowance for Credit Losses*
The Company establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized (as well as the amount of interest revenue).

For the purpose of determining significant increases in credit risk and recognizing a loss allowance, the Company groups its loans and other financial receivables on the basis of share credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

At initial recognition of a financial asset, the Company recognizes a loss allowance equal to 12month expected credit losses. These are the credit losses that are expected to result from default events that are possible within 12 months from the reporting date. This means that the actual loss does not need to take place within the 12-month period; it is the occurrence of the default event that ultimately results in that loss.
After initial recognition, the three stages would be applied as follows:

- Stage 1: Credit risk has not increased significantly since initial recognition – recognize 12month expected credit losses
- Stage 2: Credit risk has increased significantly since initial recognition – recognize lifetime expected losses with interest revenue being calculated based on the gross amount of the asset
- Stage 3: There is objective evidence of impairment as at the reporting date (using the criteria currently included in PAS 39) – recognize lifetime expected losses, with interest revenue being based on the net amount of the asset (that is, based on the impaired amount of the asset)

Determining from recognizing 12-month expected credit losses to lifetime expected credit losses requires judgment and careful estimates from management as the focus is on the change in the risk of the default, and not on the changes in the amount of expected credit losses. When determining which loans and other receivables may be subject to lifetime expected credit losses, the Company considers indicators such as request for loan modification or restructuring, changes in the health condition of borrowers, when accounts become past due or when accounts are in default, changes in industry or economic conditions that affect the ability of the borrowers to pay and other changes in the expected behavior of the borrower, and past-due information.

The measurement of expected credit losses is based on the present value of cash shortfalls, and takes into account both the amount and timing of contractual payments, including any proceeds from the repossession and sale of collaterals. These are reassessed and adjusted on any expected changes in the credit risks. Therefore, a credit loss may arise in instances where there is a delay in the payment of contractually required amount, even if all contractual cash payments are ultimately expected to be received in full.

*Impairment of Non-Financial Assets*
The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if not possible, for the cash generating unit to which the asset belongs.

As at reporting date, the Company did not recognize impairment on property and equipment.

The carrying values of property and equipment are disclosed in Note 8.

*Recognition of Deferred Tax Assets*
The Company reviews the carrying amounts of deferred taxes at each reporting date and reduce deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. The Company looks at its projected performance in assessing the sufficiency of future taxable income.

*Estimating Useful Lives of Property and Equipment*
The Company estimates the useful lives of its property and equipment based on the period over which these properties are expected to be available for use. The estimated useful lives of the properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these properties. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The estimated useful lives are disclosed in Note 2 to the financial statements.

*Valuation of Retirement Benefits Liability*
The cost of defined benefit pension plan as well as the present value of the pension obligation was determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Currently, there are no employees qualified for retirement benefits.

**Fair Value Measurement**
The methods and assumptions used by the Company in estimating the fair value of its financial instrument are as follows:

*Cash on Hand and in Banks*
Carrying amounts approximate fair values since these are stated at their face values.

*Loans Receivable*
The carrying amounts of loans receivable approximate the fair values due either to the relatively short-term maturities of these assets or the fact that the interest rates reflect the prevailing market rates.

*Accounts Payable and Other Current Liabilities (excluding payable to government)*
The carrying amounts of accounts payable and accrued expenses (excluding payable to government) approximate fair values due to their short-term maturities.

**4. Financial Risk Management Objectives and Policies**
The main risks arising from the Company's financial instruments are credit risk, liquidity risk, market risk, interest rate risk and regulatory and legal risks.

**Credit Risk**
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk by setting limits for individual borrowers, and groups of borrowers, and industry segments. The Company also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

In addition, the Company obtains security where appropriate and enters into collateral arrangements with counterparties to limit the duration of exposures. Finally, credit applications go through a process of screening using the Company's credit standards to minimize risk.

The Company also focuses on markets and borrowers that have a relatively better capability to repay their loans. Despite the systems and checks in place for the Company, there is no guarantee that none of its existing and future clients will default on a loan. An increase in loan defaults will have a negative effect on the Company's profitability.

It is the Company's policy to dispose repossessed properties in orderly fashion and proceeds are used to repay or reduce the outstanding claim.

*Credit Investigation*
The report usually covers the following information:

- The borrower's background and history, the description of the property and in case of corporate borrowers, the type of business organization and its registration records;
- The financial condition of the borrower, including the breakdown of his/her financial statements and tax filings;
- Dealings with government agencies, if any;
- If an old client, the Company's history with the client;
- Court cases, if there are any civil or criminal cases involving the borrower.

After the credit investigation and the supporting documents have been accomplished and evaluated, a recommendation for approval is prepared and the release of the loan is facilitated.

Credit risk exposures relating to on-balance sheet assets are as follows:

| 2024 | Gross Maximum Exposure | Fair Value of Collateral | Net Maximum Exposure |
|---|---|---|---|
| **Financial assets** | | | |
| Cash in bank | ₱ 8,863,302 | ₱ - | ₱ 8,863,302 |
| Loans receivable, gross portfolio | 50,913,555 | - | 50,913,555 |
| | ₱ 59,776,857 | ₱ - | ₱ 59,776,857 |

| 2023 | Gross Maximum Exposure | Fair Value of Collateral | Net Maximum Exposure |
|---|---|---|---|
| **Financial assets** | | | |
| Cash in bank | ₱ 8,475,781 | ₱ - | ₱ 8,475,781 |
| Loans receivable, gross portfolio | - | - | - |
| | ₱ 8,475,781 | ₱ - | ₱ 8,475,781 |

**Liquidity Risk**

Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or Payment of asset purchases. The Company seeks to manage its liquidity profile to be able to service its maturing debts and to finance its operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and advances from related parties.

The table summarizes the contractual maturity profile of the Company's financial assets and liabilities based on undiscounted contractual payments and remaining contractual maturities:

| 2024 | Due within 1 year | Due beyond 1 year but within 5 years | Due beyond 5 years |
|---|---|---|---|
| **Financial assets** | | | |
| Cash in bank | ₱ 8,863,302 | ₱ - | ₱ - |
| Loans receivable - net | - | 38,952,296 | - |
| | ₱ 8,863,302 | ₱ 38,952,296 | ₱ - |

| 2023 | Due within 1 year | Due beyond 1 year but within 5 years | Due beyond 5 years |
|---|---|---|---|
| **Financial assets** | | | |
| Cash in bank | ₱ 8,475,781 | ₱ - | ₱ - |
| Loans receivable - net | - | - | - |
| | ₱ 8,475,781 | ₱ - | ₱ - |

**Market Risk**

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (current risk), market interest rates (interest rate risk) and equity price (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Company has no exposure to currency and price risks.

**Interest Rate Risk**

The probability of the Company may be influenced by changes in the level of interest rates. In the event that interest rates go up significantly, less people will be inclined to avail of a loan. The Company funds its loans operations through a combination of the operational cash flow and borrowings from related parties. Any increase in interest rates will cause the Company to incur more expenses for every peso they earn in interest income.

The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The interest rates on notes payable are fixed with maturity ranging from one (1) to three (3) years.

*Sensitivity of Net Interest Income*

A principal part of the Company's management of market risk in non-trading portfolios is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Company aims, through its management of market risk in nontrading portfolios, to mitigate the effect of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such activities on the current net revenue stream.

Presented below are the interest-bearing financial instruments:

| Financial assets | | **2024** | | 2023 |
|---|---|---|---|---|
| Cash in bank | ₱ | **8,863,302** | ₱ | 8,475,781 |
| Loans receivable - net | | **38,952,296** | | - |
| Net exposure | ₱ | **47,815,598** | ₱ | 8,475,781 |

**Regulatory and Legal Risks**

Changes in laws and regulations could adversely affect the Company. The Company's operations are subject to the regulatory requirements of the SEC (as per RA No. 11232 or the Revised Corporation Code and RA No. 9474 or the Lending Company Regulation Act), the Bureau of Internal Revenue (BIR), and the local government unit (as per RA No. 7160 or the Local Government Code of 1991). Such regulatory requirements not only prescribe the approved activities of the Company and its activities, but also imposes certain restrictive provisions.

The Company also faces legal risks in enforcing its rights under its loan agreements, such as foreclosing on the collateral of delinquent borrowers. The Company uses a legal review process as the primary control mechanism for legal risks. This aims to verify and validate the existence, genuineness and due execution of legal documents, and verify the capacity and authority of counterparties and customers to enter into transactions. In addition, the Company seeks to minimize its legal risk by using stringent legal documentation, imposing certain requirements designed to ensure the transactions are properly authorized.

## 5. Cash on Hand and in Banks

| | | **2024** | | 2023 |
|---|---|---|---|---|
| Cash in bank | ₱ | **8,863,302** | ₱ | 8,475,781 |

Interest earned from bank deposits amounted to ₱946 in 2024.

## 6. Loans Receivable - net

Loans are classified as to maturity of collection as follows:

| | | **2024** | | 2023 |
|---|---|---|---|---|
| Loans receivable, gross portfolio | ₱ | **50,913,555** | ₱ | - |
| Less: Allowance for doubtful accounts | | **(11,961,258)** | | - |
| Loans receivable - net | ₱ | **38,952,296** | ₱ | - |

As at reporting date, the provisions for loan losses recorded are as follows:

| | | **2024** | | **2023** |
|---|---|---|---|---|
| Beginning balance | ₱ | **-** | ₱ | - |
| Provision for loan losses for the year | | **11,961,258** | | - |
| | ₱ | **11,961,258** | ₱ | - |

Loans portfolio as to type of security are as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| DOSRI loans | | % | | % |
| Secured | ₱ - | - | ₱ - | - |
| Unsecured | - | - | - | - |
| Total DOSRI loans | ₱ - | - | ₱ - | - |
| Non-DOSRI loans | | | | |
| Secured | ₱ - | - | ₱ - | - |
| Unsecured | 50,913,555 | 100% | - | 100% |
| Total non-DOSRI loans | ₱ 50,913,555 | 100% | ₱ - | 100% |

As at the reporting date, there were no loans extended to directors, officers, shareholders, and related interests (DOSRI) of the Company.

## 7. Other Current Assets

| | 2024 | 2023 |
|---|---|---|
| Input VAT | ₱ 3,583,499 | ₱ - |
| Prepaid expenses (other) | 2,152,633 | - |
| Due from employees | 1,400 | - |
| | ₱ 5,737,532 | ₱ - |

## 8. Property and Equipment – net

| | Leasehold improvements | Office equipment, furnitures and fixtures | Total |
|---|---|---|---|
| Cost | | | |
| January 1, | ₱ - | ₱ - | ₱ - |
| Additions | 1,744,435 | 1,110,763 | 2,855,198 |
| Disposal | | - | - |
| December 31 | ₱ 1,744,435 | ₱ 1,110,763 | ₱ 2,855,198 |
| Accumulated depreciation | | | |
| January 1, | ₱ - | ₱ - | ₱ - |
| Depreciation | 55,502 | 240,885 | 296,387 |
| Disposal | | - | - |
| December 31 | ₱ 55,502 | ₱ 240,885 | ₱ 296,387 |
| **2024** | **₱ 1,688,933** | **₱ 869,879** | **₱ 2,558,811** |

| | Leasehold improvements | Office equipment, furnitures and fixtures | Total |
|---|---|---|---|
| Cost | | | |
| January 1, | ₱ - | ₱ 314,463 | ₱ 314,463 |
| Additions | - | - | - |
| Disposal | - | (314,463) | (314,463) |
| December 31 | ₱ - | ₱ - | ₱ - |
| Accumulated depreciation | | | |
| January 1, | ₱ - | ₱ 94,339 | ₱ 94,339 |
| Depreciation | - | 220,123 | 220,123 |
| Disposal | - | (314,462) | (314,462) |
| December 31 | ₱ - | ₱ - | ₱ - |
| **2023** | **₱ -** | **₱ -** | **₱ -** |

Depreciation charged to general and administrative expenses in 2024 amounted to ₱296,387.

Management believes that there is no indication that an impairment loss has occurred on its property and equipment as at reporting date.

## 9. Intangibles

| | 2024 | 2023 |
|---|---|---|
| **Cost** | ₱ | ₱ |
| Beginning balance | **6,048,630** | - |
| **Accumulated amortization** | **-** | - |
| Beginning balance | **-** | - |
| Amortization | **233,874** | - |
| Ending balance | **233,874** | - |
| **Carrying amount** | ₱ **5,814,755** | ₱ - |

## 10. Other Non-Current Assets

| | 2024 | 2023 |
|---|---|---|
| Deposit for rent | ₱ **2,021,352** | ₱ - |

## 11. Accounts Payable and Accrued Expenses

| | 2024 | 2023 |
|---|---|---|
| Accounts payable | ₱ **24,162,889** | ₱ - |
| Accrued expenses | **1,589,798** | - |
| Payroll liabilities | **917,521** | - |
| Accrued expenses (other) | **250,298** | - |
| Payroll taxes | **125,329** | - |
| Social security contributions | **117,190** | - |
| Future invoices | **54,651** | - |
| | ₱ **27,217,677** | ₱ - |

## 12. Other Current Liabilities

| | 2024 | 2023 |
|---|---|---|
| SSS employees share payable | ₱ **210,350** | ₱ - |
| PhilHealth employees share payable | **70,650** | - |
| PhilHealth employer share payable | **44,000** | - |
| Withholding tax payable on compensation | **37,914** | - |
| SSS employer share payable | **25,750** | - |
| Withholding tax payable - expanded | **18,129** | - |
| HDMF employees share payable | **17,600** | - |
| HDMF employer share payable | **11,600** | - |
| | ₱ **435,994** | ₱ - |

## 13. Loans Payable

| | 2024 | 2023 |
|---|---|---|
| Loan payable | ₱ **46,505,702** | ₱ - |
| Interest from loan payable | **554,220** | - |
| | ₱ **47,059,922** | ₱ - |

These pertain to a loan payable from a foreign finance institution with an average rate of 19.40% per annum.

## 14. Share Capital

The authorized share capital of the Company is ₱11,000,000 in lawful money of the Philippines, divided into 11,000,000 common shares with par value of ₱1 per share.

The subscribed capital of the Company consist of 11,000,000 shares and the paid-up share capital is ₱11,000,000 in lawful money of the Philippines.

**Capital Management**
The primary objective of the Company's capital management policies and procedures are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and to 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 dividend payment to shareholders or issue new shares. The Company considers its total equity as capital, excluding remeasurement gains on defined benefit obligation. No changes were made in the objectives, policies or processes in 2021.

Under R.A. Nos. 8799 and 9474, the Company is required to maintain the following capital requirements:

- minimum paid-up capital of ₱1,000,000; and
- additional capital requirements for each branch of ₱300,000 for branches established in Metro Manila and other first-class cities, ₱150,000 for branches established in other classes of cities and ₱75,000 for branches established in municipalities;
- funds for capital were sourced from not more than nineteen (19) persons (under Sec. 10 (k) of R.A No. 8799 or the Securities Regulation Code).

As at reporting date, the Company was in compliance with the minimum paid-up capital.

## 15. Income Taxes

Current tax regulations provide that the RCIT rate is 20-25%. The regulations also provide for minimum corporate income tax (MCIT) of 2% (temporarily reduced to 1% until June 2023) on modified gross income and allow net operating loss carryover (NOLCO). The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of incurrence.

The components of the Company's income tax expense are computed as follows:

| | | **2024** | 2023 |
|---|---|---|---|
| Net income (loss) | ₱ | **(39,349,802)** | ₱ (227,783) |
| Adjustments to reconcile with taxable income | | | |
| Interest income from bank deposits | | **(946)** | - |
| Bad debt expense | | **11,961,258** | - |
| Adjusted net income (loss) for tax purposes | ₱ | **(27,389,490)** | ₱ (227,783) |
| Provision for income tax (deferred) | ₱ | **(5,477,898)** | ₱ (45,557) |
| Provision for income tax | ₱ | **(5,477,898)** | ₱ (45,557) |

Interest allowed as deductible expense is reduced by an amount equivalent to 20% of interest income subjected to final tax. In addition, current tax regulations provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulations, EAR expenses allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1% of the gross revenue of a company engaged in the sale of services.

The Company's deferred tax assets consist of the following:

| | 2023 | Charged to P/L | Charged to equity | 2024 |
|---|---|---|---|---|
| Allowance for doubtful accounts | ₱ - | ₱ 2,392,252 | ₱ - | ₱ 2,392,252 |

## 16. Earnings (Loss) per Share

| | | **2024** | 2023 |
|---|---|---|---|
| Net income (loss) | ₱ | **(36,957,550)** | ₱ (227,783) |
| Weighted ave. no. of outstanding common shares | | **11,000,000** | 11,000,000 |
| Basic earnings (loss) per share | ₱ | **(3.36)** | ₱ (0.02) |

Basic earnings (loss) per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**17. Related Party Transactions**

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

The following transactions have been entered into with related parties.

**Advances from Related Parties**

**2024**

| Relationship | Transactions for the year | | Outstanding balance | | Terms | Conditions |
|---|---|---|---|---|---|---|
| Related parties | ₱ | 20,108,476 | ₱ | **20,108,476** | No specific terms on repayment; non-interest bearing | Unsecured; no impairment |

There were no advances from related parties in 2023.

**Compensation of Key Management Personnel**

The Company did not paid any amount of compensation to its key management personnel for the current year.

**18. Leases**

PFRS permits entities not to recognize assets and liabilities for:

- leases of 12 months or less (i.e., short-term leases);
- leases ending within 12 months of the date of first applying PFRS 16; and
- leases of low-value assets (such as personal computers and office furniture)

Total rent expense for the year ended December 31, 2024 amounted to ₱2,042,271.

**19. Additional Disclosures in Compliance with BIR Revenue Regulations No. 15-2010**

In compliance with the requirements set forth by BIR Revenue Regulations No. 15-2010 dated December 14, 2010, in addition to the disclosures mandated under PFRS and such other standards and/or conventions as may heretofore be adopted, hereunder are the information on taxes, duties, and license fees paid or accrued during the taxable year.

**Taxes and Licenses**

| | | |
|---|---|---|
| Business permits and licenses | ₱ | 158,629 |

**Withholding Taxes**

| | | |
|---|---|---|
| Taxes on compensation and other benefits | ₱ | 174,948 |
| Expanded withholding taxes | | 288,509 |
| Total withholding taxes paid for the year | ₱ | 463,457 |

**Tax Assessments and Cases**

The Company has no outstanding tax cases under preliminary investigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2024.

**20. Additional Disclosures in Compliance with BIR Revenue Regulations No. 34-2020**

The Company is not covered by the requirements and procedures for related party transactions under Sec. 2 of BIR Revenue Regulations No. 34-2020.

**- o0o -**

Pojol and Gabay,
Certified Public Accountants

**Accounting • Audit • Tax • Consulting**
**(Formerly M. Pojol Audit and Tax Consultancy Services)**

**BOA Accreditation No. 9701**
**BIR Accreditation No. 05-007434-000-2024**
**CDA Accreditation No. 161-AF**

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**W** https://www.mpojol.tax

To the Board of Directors
**Warm Cash Lending Corp.**
**Doing business under the names and styles of "Honey Loan" and "Well Cash"**
**(A 99.99%-owned subsidiary of Dyninno Fintech Holding Limited)**
Mezzanine 1, LPL Business Center,
130 L.P. Leviste St., Salcedo Village,
Bel-Air, Makati City

**Independent Auditor's Report to Accompany Income Tax Return**

We have audited the financial statements of **Warm Cash Lending Corp.** as at **December 31, 2024**, of which we have rendered the attached report dated April 15, 2025.

In compliance with Revenue Regulations V-20, we are stating the following:

- That, the taxes paid and accrued by the Company for the year ended **December 31, 2024** are shown in the notes to the financial statements.
- That we are not related by consanguinity or affinity to the manager or principal officers of the Company.

**POJOL and GABAY, CERTIFIED PUBLIC ACCOUNTANTS**

**Mark Anthony V. Pojol**
CPA No. 0126112, valid until 03/28/2029
TIN 255-353-694 | PTR 2381848 issued on 01/02/2025, Caloocan City
BOA Accreditation No. 9701/P-001, valid until 03/06/2026
BIR Accreditation No. 05-007434-001-2024, valid until 10/16/2027
CDA Accreditation No. 1512, valid until 03/07/2029

April 15, 2025

OneSMP Connecting you
A PROUD CORPORATE MEMBER OF ISCA

Pojol and Gabay,
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Bel-Air, Makati City

**Supplemental Statement to Independent Auditor's Report**

We have audited the financial statements of **Warm Cash Lending Corp.** as at **December 31, 2024**, of which we have rendered the attached report dated April 15, 2025.

In compliance with SRC Rule 68, we are stating that the Company has a total number of one (1) shareholder owning one hundred (100) or more shares each.

**POJOL and GABAY, CERTIFIED PUBLIC ACCOUNTANTS**

**Mark Anthony V. Pojol**
CPA No. 0126112, valid until 03/28/2029
TIN 255-353-694 | PTR 2381848 issued on 01/02/2025, Caloocan City
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April 15, 2025

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