

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

Mobile Number

No. of Stockholders

Annual Meeting
Month/Day

Fiscal Year
Month/Day

CONTACT PERSON INFORMATION

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

Name of Contact Person

Email Address

Telephone Number/s

Mobile Number

Contact Person's Address

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



SISON CORILLO PARONE & CO.
ACCOUNTANTS • CONSULTANTS

(+632)86876649

09277745258

www.scp-ph.com

BOA Registration No. 0235,
February 8, 2021 valid until November 26, 2024
SEC Accreditation No. 0235-SEC
September 16, 2020 valid until September 17, 2024

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

On the basis of information provided by management we have compiled, in accordance with the Philippine Standard on Auditing applicable to compilation engagements, the statement of financial position of **Sabero Organics Philippines Asia Inc.** as at December 31, 2022 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

We performed compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised) Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statement in accordance with the Philippine Financial Reporting standards for Small Entities (PFRS for SEs). We have complied with the relevant ethical requirements, including principles of integrity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRSs.

SISON CORILLO PARONE & CO.

NEIL U. SISON
Partner

CPA Certificate No. 89997

SEC Accreditation No. 89997-SEC

September 16, 2020 valid until September 15, 2024

Tax Identification No. 163257522

BIR Accreditation No. 07-100501-002-2022,

July 20, 2020, valid until July 20, 2025

PTR No. 281151AA January 25, 2023, Pasig, City

April 14, 2023

a Member Firm of
 Moore's Rowland
Asia Pacific

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **SABERO ORGANICS PHILIPPINES ASIA INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021. In accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Guillerma M. Gumera, 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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



ALINA C. SISON
President



MARY CLAIRE C. CINCO
Treasurer

April 13, 2023

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

The Management of **SABERO ORGANICS PHILIPPINES ASIA INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the (Annual Income Tax Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, withholding tax returns, documentary stamp tax returns, and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022, and the accompanying Annual Income Tax Return are in accordance with the books and records of **SABERO ORGANICS PHILIPPINES ASIA INC.**, complete and correct in all material respects. Management likewise affirms that:

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


ALINA C. SISON
President


MARY CLAIRE C. CINCO
Treasurer

April 13, 2023

Certified Public Accountant


INDEPENDENT AUDITOR'S REPORT

The Shareholders and Board of Directors
SABERO ORGANICS PHILIPPINES ASIA INC.
Unit 2005B Tektite West Tower PSEC Exchange Road
Ortigas Center, Brgy. San Antonio, Pasig City 1605

I have audited the accompanying financial statements of **SABERO ORGANICS PHILIPPINES ASIA INC.** as of and for the year period ended December 31, 2022 on which I have rendered the attached report dated April 13, 2023.

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

1. The schedule of taxes paid and accrued by the above company for the year ended December 31, 2022 is disclosed in the notes to financial statements.
2. I am not related by consanguinity or affinity to the manager, director, or primary stockholders of the Company.


GUILLERMA M. GUMERA
CPA Registration No. 53368
PRC ID Expires on June 25, 2025
PTR No. CAL 1269169, Issued Jan. 09, 2023, issued at Caloocan City
TIN No. 109-904-586
BOA Accreditation No. 0974, valid until June 25, 2024
BIR AN: 05-000328-001-2021, valid until March 09, 2024

April 13, 2023

GUILLERMA M. GUMERA
Certified Public Accountant

Independent Auditor's Report

The Shareholders and Board of Directors
SABERO ORGANICS PHILIPPINES ASIA INC.
Unit 2005B Tektite West Tower PSEC Exchange Road
Ortigas Center, Brgy. San Antonio, Pasig City 1605

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **SABERO ORGANICS PHILIPPINES ASIA INC.**, which comprise the statement of financial position as at **December 31, 2022 and 2021**, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the years the ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter Paragraph

The schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule referred to as "Annex 68-D" is presented for the purpose of complying with the Securities Regulation Code (SRC) Rule 68 as amended (version 2019), and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

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

GUILLERMA M. GUMERA
Certified Public Accountant

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.

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

GUILLERMA M. GUMERA
Certified Public Accountant

Report on Other Legal and Regulatory Requirements
The Supplementary Information Required under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 and 19-2011 in Note 10 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



GUILLERMA M. GUMERA

CPA Registration No. 53368

PRC ID Expires on June 25, 2025

PTR No. CAL 1269169, Issued Jan. 09, 2023, issued at Caloocan City

TIN No. 109-904-586

BOA Accreditation No. 0974, valid until June 25, 2024

BIR AN: 05-000328-001-2021, valid until March 09, 2024

April 13, 2023

GUILLERMA M. GUMERA
Certified Public Accountant

SUPPLEMENTAL WRITTEN STATEMENT

The Shareholders and Board of Directors
SABERO ORGANICS PHILIPPINES ASIA INC.
Unit 2005B Tektite West Tower PSEC Exchange Road
Ortigas Center, Brgy. San Antonio, Pasig City 1605

I have audited the financial statements of **SABERO ORGANICS PHILIPPINES ASIA INC.** as of and for the year period ended December 31, 2022 on which I have rendered the attached report dated April 13, 2023.

In compliance with Securities Regulation Code (SRC) Rule 68, I am stating that the above Company has a total number of four(4) shareholders owning one hundred (100) or more shares each.



GUILLERMA M. GUMERA
CPA Registration No. 53368
PRC ID Expires on June 25, 2025
PTR No. CAL 1269169, Issued Jan. 9, 2023, issued at Caloocan City
TIN No. 109-904-586
BOA Accreditation No. 0974, valid until June 25, 2024
BIR AN: 05-000328-001-2021, valid until March 09, 2024

April 13, 2023

277 First St. cor. J. Teodoro St., Caloocan City

SEC Number CS200712233

Sabero Organics Philippines Asia Inc.

(Company's Full Name)

**Unit 2005B Tektite West Tower PSEC
Exchange Road Ortigas Center
San Antonio Pasig City 1605, Philippines**

(Company's Address)

8687-6649

(Telephone Number)

2022

(Calendar Year Ended)

Annual Audited Financial Statements

Form Type

Amendment Designation (if applicable)

December 31, 2022

Period Ended Date

(Secondary License Type and File Number)

SABERO ORGANICS PHILIPPINES ASIA INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

SABERO ORGANICS PHILIPPINES ASIA INC.**STATEMENTS OF FINANCIAL POSITION**

as of December 31, 2022

(Amounts in Philippine Peso)

| | As of December | |
|--|--------------------|-------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | ₱ 682,214 | ₱ 541,423 |
| Trade and Other Receivables | - | - |
| Prepayments and Other Current Assets (Note 5) | 369,463 | 157,451 |
| Non Current Asset (Note 6) | 580,016 | 767,388 |
| TOTAL ASSETS | ₱ 1,631,693 | ₱1,466,262 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and Other Payables (Note 7) | 49,854 | ₱199,831 |
| Noncurrent Liabilities | | |
| Share Application Money Pending Allotment (Note 8) | 389,174 | 389,174 |
| Share Capital Application (Note 12) | 145,941 | 145,941 |
| Total Liabilities | ₱ 584,969 | 734,946 |
| Equity | | |
| Share Capital (Note 12) | 52,000 | 52,000 |
| Retained Earnings (Deficit) | 994,724 | 679,316 |
| Total Equity | ₱ 1,046,724 | 731,316 |
| TOTAL LIABILITIES AND EQUITY | ₱ 1,631,693 | ₱1,466,262 |

See accompanying Notes to the Financial Statements.

SABERO ORGANICS PHILIPPINES ASIA INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021
(Amounts in Philippine Peso)

| | 2022 | 2021 |
|---|--------------------|--------------------|
| REVENUE (Note 9) | ₱ 9,930,710 | ₱ 6,829,063 |
| GENERAL AND ADMINISTRATIVE EXPENSES (Note 10) | 9,399,563 | 7,016,122 |
| FINANCIAL EXPENSES (Note 11) | 116,432 | 82,484 |
| INCOME (LOSS) BEFORE INCOME TAX | 414,715 | (269,543) |
| INCOME TAX EXPENSE (BENEFIT) (Note 14) | 99,307 | 68,291 |
| NET INCOME (LOSS) FOR THE YEAR | ₱ 315,408 | ₱ (337,834) |

See accompanying Notes to the Financial Statements

SABERO ORGANICS PHILIPPINES ASIA INC.
STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(Amounts in Philippine Peso)

| | Share Capital | | Deficit | Total | |
|--|---------------|---------------|----------|----------------|--------------------|
| Beginning Balance | ₱ | 52,000 | ₱ | 679,316 | ₱ 731,316 |
| Net Income (loss) for the year | | | | 315,408 | 315,408 |
| Balance as of December 31, 2022 | ₱ | 52,000 | ₱ | 994,724 | ₱ 1,046,724 |
| Beginning Balance | ₱ | 52,000 | ₱ | 1,017,150 | ₱ 1,069,150 |
| Net Income (loss) for the year | | | | (337,834) | (337,834) |
| Balance as of December 31, 2021 | ₱ | 52,000 | ₱ | 679,316 | ₱ 731,316 |

See accompanying Notes to the Financial Statements

SABERO ORGANICS PHILIPPINES ASIA INC.**STATEMENTS OF CASH FLOW**

For the years ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

| | 2022 | 2021 |
|--|------------------|--------------------|
| Cash Flow From Operating Activities | | |
| Net Income (loss) | ₱ 315,408 | ₱ (337,834) |
| Operating Income (loss) before working capital changes | ₱ 315,408 | ₱ (337,834) |
| Increase/Decrease in Trade and Other Receivables | - | 17,750 |
| Increase/Decrease in Prepayments and Other Current Assets (Note 5) | (212,012) | 143,654 |
| Increase/Decrease in Other Non Current Assets (Note 6) | 187,372 | (767,388) |
| Increase/Decrease in Accounts Payable (Note 7) | (149,977) | 87,281 |
| Net Cash Flow in Operating Activities | ₱ 140,791 | ₱ (856,537) |
| Cash Flow from Investing Activities | | |
| Share Capital Application (Note 12) | - | - |
| Net Cash Flow by Investing Activities | - | - |
| Net Increase/Decrease in Cash | 140,791 | (856,537) |
| Cash at the Beginning of the Year | 541,423 | 1,397,960 |
| Cash at the End of the Year | ₱ 682,214 | ₱ 541,423 |

See accompanying Notes to the Financial Statements

SABERO ORGANICS PHILIPPINES ASIA INC.**NOTES TO THE FINANCIAL STATEMENTS***(Amounts in Philippine Peso)*

1. Corporate Information

Sabero Organics Philippines Asia Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 3, 2007. Its primary purpose is to engage in the marketing, trading, on a wholesale basis of agricultural farm supplies and equipment. The office address of the Company is Unit 2005B Tektite West Tower, PSEC, Exchange Road, Ortigas Center, Barangay San Antonio, Pasig City 1605.

The Company has registered chemical brands which it plans to launch in the Philippines in the near future.

The Company's management has been undertaking measures to improve its operations and cash flows to strengthen its overall financial viability. The effects of the foregoing conditions will be recorded in the financial statements as they become known and estimable. The financial statements were prepared on a going concern basis and the assets were presented at net realizable values.

The financial statements for the year ended December 31, 2022 were approved and authorized for issue by the management on April 13, 2023.

2. Basis of PreparationStatement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis of Measurement

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Philippine Peso (₱), which is also the Company's functional currency.

Use of Estimates and Judgments

The preparation of financial statements in conformity with the PFRS for SEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Summary of Significant Accounting Policies

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

Cash

Cash include cash on hand and cash in bank that are subject to an insignificant risk of changes in value.

Basic Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost.

Included under this category are the Company's accounts payable.

Capital Deficiency

Share capital is classified as equity.

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

Related Parties

Parties are considered as 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 individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

Income Tax

Current tax

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the statements of financial position date. They are calculated according to tax rates and tax laws applicable to fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Currents tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the date of statement of financial position.

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused 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 form excess credits and unexpired NOLCO can be utilized.

Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period 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 assets to be utilized.

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 substantially enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized and not in the statement of comprehensive income.

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

Events After the End of the Reporting Period

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

Any post year-end up to the date of approval of the Board of Directors (BOD) of the financial statements that provides additional information about the Branch's position at the end of reporting date (adjusting event) is reflected in the financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the financial statements, when material.

4. Significant Judgment and Estimates

The preparation of the financial statements in compliance with PFRS for SEs requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Classification of financial instruments

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

5. Prepayments and Other Current Assets

This account consists of:

| | | 2022 | 2021 |
|----------------------------|---|------------|----------|
| Deferred Tax Asset - NOLCO | ₱ | 298,665.00 | ₱69,521 |
| Deferred Input VAT | | 70,798.00 | 6,930 |
| Prepaid Expenses | | - | 66,000 |
| Petty Cash Fund | | - | 15,000 |
| Value-added input taxes | | - | - |
| | ₱ | 369,463.00 | ₱157,451 |

Petty Cash Fund had been removed this year for company operations.

6. Non-Current Assets

Details of Non-Current Assets as of December 31, 2022 are as follows:

| | Vehicle Equipment | Office & Communication Equipment | Total |
|-------------------------------------|----------------------|--|-----------------|
| Cost | | | |
| Balance at January 2022 | ₱838,293 | ₱74,624 | ₱912,917 |
| Additions | 4,699 | - | - |
| Balance at December 31, 2022 | ₱842,992 | ₱74,624 | ₱917,616 |
| Accumulated Depreciation | | | |
| Balance at January 1, 2022 | - | - | - |
| Depreciation | 292,844 | 44,756 | 337,600 |
| Balance at December 2022 | ₱292,844 | ₱44,756 | ₱337,600 |
| Carrying Values | | | |
| As at December 31, 2022 | ₱550,148 | ₱29,868 | ₱580,016 |

The Non-Current Assets are not used as collateral for any loan.

Management believes that there is no indication of impairment on the Company's property and equipment and that its net carrying amount can be recovered through use in operations.

The gross carrying amount of fully depreciated non-current assets still in used in operations amounted ₱ 917,616 as of December 31, 2022 respectively.

7. Trade and Other Payables

This account consists of:

| | 2022 | 2021 |
|------------------------------|----------|-----------|
| Accounts Payable | ₱ 31,640 | ₱ 7,500 |
| Withholding Tax Payable | 18,214 | 16,876 |
| Output VAT | - | 35,973 |
| SSS Payable | - | 3,280 |
| Phil Health Payable | - | 1,800 |
| Pag-ibig Payable | - | 200 |
| Withholding Tax Compensation | - | 134,202 |
| | ₱ 49,854 | ₱ 199,831 |

Statutory compliances have been activated since this year ended 2022.

8. Share Application Money Pending Allotment

Share application money pending allotment amounted to ₱ 389,174 for both years ended December 31, 2022 and 2021. The transaction is purely relating to equity contribution made by Coromandel International Limited in Sabero Organics Philippines Asia Inc.

9. Revenue

This account consists of Commissions Income received from Coromandel Intl Ltd. amounting to ₱ 9,930,710 and ₱ 6,829,063 for the year ended December 31, 2022 and 2021, respectively.

10. General and Administrative Expenses

This account consists of:

| | 2022 | 2021 |
|------------------------------------|--------------------|-------------|
| Payroll and other related expenses | ₱ 5,107,036 | ₱ 3,803,351 |
| Research Works/Study | 1,860,435 | 746,249 |
| Professional Fees | 1,138,361 | 1,095,250 |
| Taxes Licenses Registration | 400,937 | 443,182 |
| Depreciation Expense | 192,071 | 145,529 |
| Rental | 187,500 | 20,000 |
| Transportation Expense | 146,087 | 31,716 |
| Insurance Expense | 139,371 | 138,832 |
| Miscellaneous Expense | 99,438 | 148,385 |
| Representation Expense | 90,409 | - |
| Communication Expenses | 19,275 | - |
| Office Supplies | 18,643 | 9,876 |
| Freight | - | 374,053 |
| Utilities | - | 59,699 |
| | ₱9,399,563 | ₱7,016,122 |

11. Financial Expenses

This account consists of:

| | 2022 | 2021 |
|--------------------------------|-----------------|-------------|
| Foreign Exchange Loss (Income) | ₱115,962 | ₱80,264 |
| Bank Charges | 470 | 2,220 |
| | ₱116,432 | ₱82,484 |

12. Share Capital

On July 8, 2017, the Board of Directors has approved the increase in the authorized capital stock amounting One Million One Hundred Twenty Thousand Pesos (Php 1,120,000.00) divided into Eleven Thousand Two Hundred (11,200) shares with a par value of One Hundred Peso (Php 100) per share.

Out of the increase of One Million One Hundred Twenty Thousand Pesos (Php 1,120,000.00) in capital stock, Nine Thousand Seven Hundred Thirty pesos (9,730) shares with a total par value of Nine Hundred Seventy -Three Thousand Pesos (Php 973,000) will be subscribed.

All the other stockholders of the Corporation have waived their pre-emptive rights to subscribe to this increase in favor of the Corporation.

The reason for the increase in the authorized capital stock is to finance the operations of the Corporation. To date, the proposed increase for authorized capital stock is still pending approval with Security and Exchange Commission (SEC).

That no bonded indebtedness has been created, incurred, or increased as of the date of the meetings of the stockholders and of the Board of Directors on July 8, 2017; furthermore, the Corporation does not have any actual indebtedness as of July 8, 2017.

13. Supplementary Information Required in Taxes and Licenses under Revenue Regulations No. 15-2010 (RR No. 15-2010)

On November 25, 2010, the BIR promulgated Revenue Regulation No. 15-2010 prescribing additional information on taxes, duties and license fees paid or accrued during the taxable year to be disclosed.

Value Added Tax Output (VAT Output)

The Company has VAT Output declarations during the year.

| VAT Output Tax | |
|--|------------|
| Beginning Balance, net of VAT | |
| Add: Service Income | ₱9,930,710 |
| Less: Ending Balance, net of VAT | - |
| Total Gross Receipts | ₱9,930,710 |
| Add: Foreign Exchange loss on collection | ₱0 |
| Total Vatable Gross Receipts | ₱9,930,710 |
| Multiply by: Tax rate | 12% |
| Total Output tax for the year | ₱1,191,685 |

Value Added Tax (VAT) Input

The amount of VAT Input taxes claimed is broken down into:

| | |
|---|-----------|
| Current year's purchases/payments for: | ₱273,142 |
| Goods other than resale or manufacture | - |
| Total input tax at the end of the year | 273,142 |
| Vat output tax declared for the year | 1,191,685 |
| Less: Balance of VAT input tax at the end of the year | 454,015 |
| Value Added Tax Payable for the year 2022 | 464,529 |
| Less: VAT Payments for the current year | |
| 1st Quarter | 48,347 |
| 2nd Quarter | 80,508 |
| 3rd Quarter | 351,818 |
| 4th Quarter | 54,654 |
| VAT Payable | -₱70,798 |

Withholding Taxes

The Company's withholding taxes are as follows:

i. Withholding tax on compensation

| | | 2022 |
|--|---|-----------|
| Total withholding tax payable for the year | ₱ | 1,374,151 |
| Less: Payments made from January to November | | 1,374,151 |
| Withholding tax still due and payable | ₱ | - |

ii. Expanded Withholding Tax

| | | 2022 |
|--|---|---------|
| Total withholding tax payable for the year | ₱ | 113,676 |
| Less: Payments made from January to November | | 95,461 |
| Withholding tax still due and payable | ₱ | 18,215 |

Other Taxes

This account consists of taxes and licenses paid as follows:

| | | 2022 |
|--|---|---------|
| Renewal Business Permit | ₱ | 128,633 |
| Processing of Transfer of Share | | 2,001 |
| Additional Payment for Processing of Business Permit | | 1,263 |
| Annual Registration Fee | | 500 |
| | ₱ | 132,397 |

Net Operating Loss Carry-over

The details of the Company's NOLCO that can be claimed as deduction from normal taxable income and against regular corporate income tax due and their respective an ailment period are as follows:

| NOLCO | | | | | | | |
|---------------|----------|------------------------|--------------------------|-------------------------|-------------------------|----------|-----------------|
| Year Incurred | Amount | Non-deductible expense | Applied in previous year | Expired in current year | Applied in Current Year | Balance | Available Until |
| 2021 | ₱269,543 | | | | | ₱269,543 | 2024 |
| 2020 | - | - | - | - | - | - | |
| 2019 | - | - | - | - | - | - | |
| 2018 | ₱263,009 | ₱168,441 | ₱94,568 | ₱0 | ₱0 | ₱0 | 2021 |

The company recognized deferred tax asset on NOLCO, from prior years, amounting to ₱0 and ₱69,520 for the year ended December 31, 2022 and 2021, respectively.

Statement on Disclosure of Supplementary Information

The additional information discussed above on taxes and licenses is presented as compliance with the requirement of BIR and is not a required part of the basic financial statements. Said information has been subjected to the auditing procedures performed in our audit with applied materiality to the basic financial statements taken as a whole.

14. Income Taxes

This account consists of current income tax expense amounting to ₱99,307 and ₱68,291 for the year ended December 31, 2022, and 2021, respectively.

Computation under Normal Income Tax Rate

| | 2022 | 2021 |
|---|-------------|-------------|
| Revenue | ₱ 9,930,710 | ₱ 6,829,063 |
| Cost of Services | - | - |
| Gross Income | 9,930,710 | 6,829,063 |
| Operating Expenses | 9,515,995 | 7,098,606 |
| Net Taxable Income before Difference: ₱ | 414,715 | ₱ (269,543) |
| Add: Non-deductible Expenses | | |
| Expenses from FPA | | - |
| Less: Non-taxable Income | | |
| NOLCO Applied | (269,543) | (68,291) |
| Net Taxable Income after Differences | 145,172 | (337,834) |
| Income Tax Due (25%) | ₱ 36,293 | ₱ (84,459) |

Computation under MCIT

| | 2022 | 2021 |
|--------------|-----------|-----------|
| Gross Income | 9,930,710 | 6,829,063 |
| MCIT Rate | 1% | 1% |
| MCIT Due | ₱ 99,307 | ₱ 68,291 |

Computation of Income Tax Payable

| | 2022 | 2021 |
|---|-----------|----------|
| Income Tax Still Due (Normal or MCIT whichever is higher) | ₱99,307 | ₱68,291 |
| Less: Total Tax Credits | 397,972 | 137,811 |
| Net Income Tax Payable/ (Overpayment) | -₱298,665 | -₱69,520 |