

GOODVOY, INC.

FINANCIAL STATEMENTS
For the year ended December 31, 2006
and the month ended December 31, 2005

and

AUDITOR'S REPORT



Philippine Pesos

GOODVOY, INC.


Statement of Management's Responsibility for Financial Statements


The management of GOODVOY, INC. (formerly Good Voyage Shipping Lines, Inc.) is responsible for all information and representations contained in the financial statements for the year ended December 31, 2006 and the month ended December 31, 2005. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Mr. Leopoldo Huang, the independent auditor appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards in the Philippines and has expressed his opinion on the fairness of presentation upon completion of such examination, in his report to the Board of Directors and stockholders.

 **ALEXANDER A. TAN**
Chairman and President

 **JESSIE L. TAN**
Chief Financial Officer

February 27, 2007
Zamboanga City

LEOPOLDO G. HUANG
Certified Public Accountant

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REPORT OF INDEPENDENT AUDITOR

The Stockholders and the Board of Directors
GOODVOY, INC.
Pioneer Tower I, Pioneer Street, Mandaluyong City

I have audited the accompanying financial statements of **GOODVOY, INC.** (formerly Good Voyage Shipping Lines, Inc.) which comprise the statements of financial position as at December 31, 2006 and 2005, and the statements of recognised income and expenses, statements of changes in stockholders' equity, and cash flow statements for the year ended December 31, 2006, and the month ended December 31, 2005, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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In my opinion, the financial statements present fairly, in all material respects, the financial position of **GOODVOY, INC.** (formerly Good Voyage Shipping Lines, Inc.) as of December 31, 2006 and 2005, and of its financial performance and its cash flows for the year ended December 31, 2006, and the month ended December 31, 2005, in accordance with Philippine Financial Reporting Standards.



LEOPOLDO G. HUANG
CPA No. 41851
TIN 114-348-477

February 27, 2007

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GOODVOY, INC.

STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31	
	2006	2005
ASSET		
Current asset		
Cash and cash equivalents (Note 2)	₱ 1,500,000	₱ 1,500,000
Total asset	₱ 1,500,000	₱ 1,500,000

LIABILITY AND STOCKHOLDERS' EQUITY

Current liability		
Due to a related party (Note 3)	₱ 56,950	₱ 35,450
Stockholders' equity (Note 4)		
Capital stock	1,500,000	1,500,000
Retained earnings	(56,950)	(35,450)
	1,443,050	1,464,550
Total liability and stockholders' equity	₱ 1,500,000	₱ 1,500,000

See accompanying Notes to Financial Statements

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STATEMENTS OF RECOGNISED INCOME AND EXPENSES FOR THE PERIODS ENDED DECEMBER 31, 2006 AND 2005

	2006 (whole year)	2005 (one month)
REVENUES (Note 2)	₱ -	₱ -
OPERATING EXPENSES		
Organization expenses (Note 5)	21,500	35,450
NET LOSS	₱ (21,500)	₱ (35,450)

See accompanying Notes to Financial Statements

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**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE PERIODS ENDED DECEMBER 31, 2006 AND 2005**

	2006 (whole year)	2005 (one month)
Capital stock - P1 par (Note 4)		
Authorized - 5,000,000 shares	₱ 5,000,000.00	₱ 5,000,000.00
Subscribed capital stock	2,500,000.00	2,500,000.00
Subscription receivable	(1,000,000.00)	(1,000,000.00)
Paid-up capital stock	1,500,000.00	1,500,000.00
Deficit		
Balance at beginning of year	(35,450.00)	-
Net loss	(21,500.00)	(35,450.00)
Balance at end of year	(56,950.00)	(35,450.00)
Total stockholders' equity	₱ 1,443,050.00	₱ 1,464,550.00

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CASH FLOW STATEMENTS FOR THE PERIODS ENDED DECEMBER 31, 2006 AND 2005

	2006 (whole year)	2005 (one month)
Cash flows from operating activities		
Net loss	₱ (21,500.00)	₱ (35,450.00)
Cash flows from financing activities		
Proceeds from issuance of capital stock	-	1,500,000.00
Increase in due to a related party	21,500.00	35,450.00
	21,500.00	1,535,450.00
Net increase in cash and cash equivalents	-	1,500,000.00
Cash and cash equivalents, beginning	1,500,000.00	-
Cash and cash equivalents at end of year	₱ 1,500,000.00	₱ 1,500,000.00

See accompanying Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

The company was originally incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 22, 2005, under the name "Good Voyage Shipping Lines, Inc.

In 2006, the stockholders approved the change in the primary purpose from a domestic passenger and cargo shipping company to a water and land carrier/transportation corporation and subsequently changed the corporation's name to "Goodvoy, Inc."

The corporation has not started commercial operations since its organization in 2005.

The registered address of the company's head office is at UG-11 Pioneer Tower 1, Pioneer Street, Mandaluyong City.

The financial statements of the corporation as of December 31, 2006 and 2005, and for the year ended December 31, 2006, and the month ended December 31, 2005, were authorized for issue by the Board of Directors (BOD) on February 27, 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

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

Statement of Compliance

The financial statements have been prepared in conformity with the applicable Philippine Accounting Standards (PAS) issued by the Accounting Standards Council (ASC) of the Philippines.

The ASC approved the issuance of new and revised accounting standards which are based on International Accounting Standards (IAS), revised IAS and new International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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The new and revised standards are effective for financial statements covering periods beginning on or after January 1, 2005. Accounting standards issued by the ASC were renamed to correspond better to the issuances of the IASB. PASs correspond to adopted IASs while Philippine Financial Reporting Standards (PFRS) correspond to IFRS.

In addition, the company qualifies as a "non-publicly accountable entity" under PAS 101 – Financial Reporting Standards for Non-Publicly Accountable Entities (NPAEs)." PAS 101 provides temporary relief to qualified small and medium entities in the application of new PASs and PFRSs which became effective in 2005. Under this standard, a qualifying entity need not apply in its general purpose financial statements the new PASs and PFRSs but may still choose to apply any or all of the new PFRSs that became effective in 2005. Accordingly, the company availed of the option not to apply some of the new PASs and PFRSs that became effective in 2005.

Accounting Period and Basis of Preparation

The company uses the calendar year accounting period and adopts the accrual basis of accounting. The financial statements have been prepared using the historical cost basis.

Reporting Currency

The financial statements are prepared in Philippine peso. Fractions of peso amounts are rounded off.

Revenue Recognition

Revenue is recognized and recorded to the extent that it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

Service fees revenue is recognized and recorded upon performance of the related service. This revenue is earned through domestic passenger shipping and cargo operations of the company and is shown net of value-added taxes.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position consist of cash on hand and deposits held at call with the bank.

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Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by the company, including holding companies, subsidiaries and affiliated companies are related parties of the company.

Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related parties in an economically comparable market.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Subsequent Events

Post-year-end events that provide additional information about the position of the business at the balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Management's Use of Judgments and Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the Philippines requires management to make estimates and assumptions that affect certain reported amounts and disclosures. In preparing the financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Accordingly, actual results could differ from those estimates, and such estimates will be adjusted accordingly.

3. RELATED PARTY TRANSACTIONS

The company obtains/gives periodic advances from/to its stockholders or officers that are non-interest bearing and with repayment periods of less than one year. These short-term advances from related parties, stockholders, or officers are presented in the statement of financial position as current liabilities under the title "Due to a related party."

The amount of advances of P56,950 as of December 31, 2006, and P35,450 as of December 31, 2005 were obtained from the president of the company and were for the purpose of payment of the company's organizational costs.

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4. STOCKHOLDERS' EQUITY

The corporation has authorized capital consisting of 5,000,000 shares with par value of P1 per share. Of this total, 2,500,000 shares or P2,500,000 were subscribed while P1,500,000 were paid on subscriptions. Subscriptions still collectible as of December 31, 2006 amounted to P1,000,000.

The company has accumulated deficit of P56,950 as of December 31, 2006 and P35,450 as of December 31, 2005 as a result of net losses incurred during the two non-revenue years.

5. ORGANIZATION EXPENSES

This account represents payments made for organizational expenses of the company at the time of its incorporation. The account also includes payments for the company's pre-operating costs. Amounts incurred are charged to operations for the respective periods.

