

17408 1629

# COVER SHEET

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SEC Registration Number

A L E S O N S H I P P I N G L I N E S I N C .

(Company's Full Name)

1 7 2 V E T E R A N S A V E N U E

Z A M B O A N G A C I T Y

(Business Address: No. Street City / Town / Province)

ERNESTO S. FELISILDA

Contact person

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

F S 2010

FORM TYPE

0 4 2 6

MONTH DAY ANNUAL MEETING

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc.

Amended Articles Number/Section

Total of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Name

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17408 1630

**FLORIVEL M. DE JESUS**

Certified Public Accountant

E-mail: [florivel@yahoo.com](mailto:florivel@yahoo.com)

SEC, BOA, CDA & BIR Accredited

Daisy Road, Guiwan, Zamboanga City

Contact No. 991-1011 926-3874



**ALESON SHIPPING LINES, INC.**

172 VETERANS AVENUE, ZAMBOANGA CITY

**FINANCIAL STATEMENTS**

For the years ended December 31, 2010, 2009 and 2008

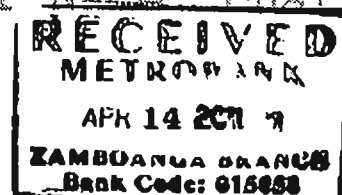
And

Report of an Independent Auditor

Date: 5-9-2011 Time: 8:53:14 AM  
Philippine Pesos

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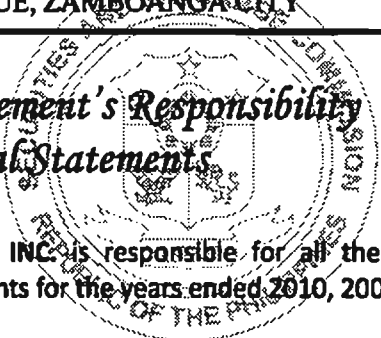


17408 1631

# ALESON SHIPPING LINES, INC.

172 VETERANS AVENUE, ZAMBOANGA CITY

## Statement of Management's Responsibility for Financial Statements



The management of **ALESON SHIPPING LINES, INC.** is responsible for all the information and representation contained in the financial statements for the years ended 2010, 2009 and 2008.

The Financial Statements for 2010 have been prepared in conformity with Philippine Financial Reporting Standards for small and medium sized entities and PFRS for NonPublicly Accountable Entities for the years 2009 and 2008 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 authorized and approved for issuance.

Mrs. Florivel M. De Jesus, the independent auditor appointed by the Shareholders, has examined the financial statements of the business in accordance with Philippine Standards on Auditing and has expressed her opinion on the fairness of presentation upon completion of such examinations in her report to the Shareholders.

**ANTONIA A. TAN**  
President

Date: 5 <sup>th</sup> ~~th~~ <sup>th</sup> Apr 2011 Time: 8:53:16 AM  
**ATTY. NELSON A. TAN**  
Treasurer

www.sec.gov.ph

User Name



**ALESON SHIPPING LINES, INC.**  
172 VETERANS AVENUE, ZAMBOANGA CITY

*Statement of Management's Responsibility  
for Annual Income Tax Return*

The management of ALESON SHIPPING LINES, INC. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2010, 2009 and 2008. 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, and any and all other tax returns.

In this regard, management affirms that the attached audited financial statements for the years ended December 31, 2010, 2009 and 2008 and the accompanying Annual Income Tax Return are in accordance with the book and records of ALESON SHIPPING LINES, INC. complete and correct in all material respects. Management likewise affirms that:

- a) The Annual Income Tax Return has been prepared in accordance with the provisions of 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 preparations 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 Regulations No. 8-2007 and other relevant issuances;
- c) ALESON SHIPPING LINES, INC. 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.

The Board of Directors reviews the financial statements before such statements are approved for issuance.

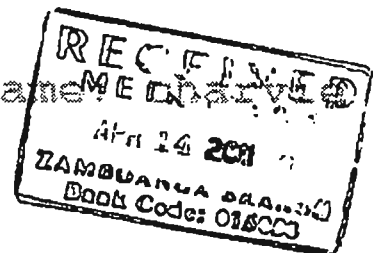
Mrs. Florivel M. De Jesus, the independent auditor appointed by the management, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and has expressed her opinion on the fairness of presentation upon completion of such examinations.

Date: 4-9-2011 Time: 8:53:17 AM  
**ANTONIA A. TAN**  
President

www.sec.gov.ph

User Name

**ATTY. NELSON A. TAN**  
Treasurer



17408 1633

# FLORIVEL M. DE JESUS

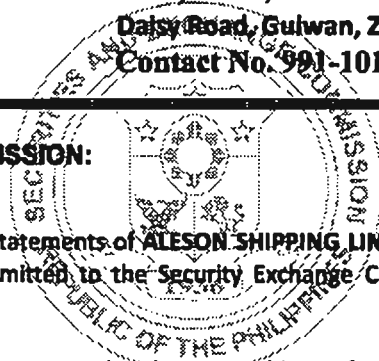
Certified Public Accountant

E-mail: Florivel36@yahoo.com

SEC, BOA, CDA & BIR Accredited

Daisy Road, Gulwan, Zamboanga City

Contact No. 991-1011 926-3874



## TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **ALESON SHIPPING LINES, INC.** for the year ended December 31, 2010 which are herewith submitted to the Security Exchange Commission, I hereby represent the following:

1. That said financial statements herewith were prepared and presented in conformity with Philippines Financial Reporting Standards for Small and Medium Enterprise in the Philippines in all cases where I shall express an unqualified opinion; expect that in case of any departure from such principles, I shall indicate that nature of the departure, the effects thereof and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
2. That as the conduct of my audit, I adhered to the Philippine Standards on Auditing promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
3. That I am qualified as provided for in Section 14 of the Code of Professional Ethics for the Certified Public Accountants;
4. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements;
5. That I am fully aware of my responsibility as an independent auditor for the audit certificate issued and attached to the financial statements and the sanctions to be bestowed on me for any misrepresentations that I may have willingly or unwillingly committed, and;
6. That I am a VICE PRESIDENT for PROFESSIONAL DEVELOPMENT Zamboanga-Basilan PICPA Chapter, active practice of the accounting profession and duly registered with the Board of Accountancy (BOA)

As a CPA engaged in public practice pursuant to Board Resolution No. 38, Series of 1990, Board of Accountancy, approved on February 19, 1990 by the Professional Regulation Commission, I make this representations in my individual capacity and as an accountant in the accounting firm of Florivel M. De Jesus, Accounting Office.

**FLORIVEL M. DE JESUS**

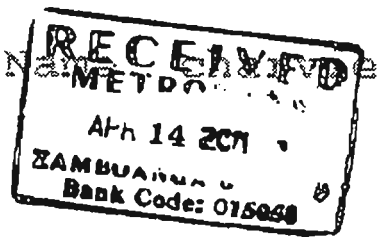
Board certificate no. 87417  
TIN 283-445-116  
PTR no 0348235

Issued on January 04, 2011 at Zamboanga City  
SEC accreditation no. 1095-A  
Issued on March 07, 2011 until March 07, 2014  
BIR accreditation no: AN-15001997-1-2010  
Issued on December 10, 2010 until December 09, 2013  
BOA accreditation no.0727  
Issued on October 27, 2009 until December 31, 2012  
DTI no. 00890730  
Issued on March 14, 2009 until March 13, 2014  
CDA accreditation no. 0323  
Issued on January 25, 2011 until January 24, 2014

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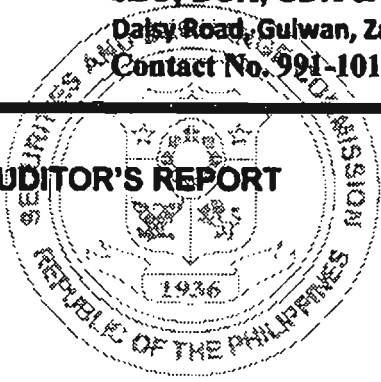
5-9-2011 Time: 8:53:18 AM

User Name



**FLORIVEL M. DE JESUS**  
Certified Public Accountant  
E-mail: [charj36@yahoo.com](mailto:charj36@yahoo.com)

**SEC, BOA, CDA & BIR Accredited**  
Daisy Road, Gulwan, Zamboanga City  
Contact No. 991-1011 926-3874



**INDEPENDENT AUDITOR'S REPORT**

The Shareholders and Board Members  
**ALESON SHIPPING LINES, INC.**  
172 VETERANS AVENUE, ZAMBOANGA CITY

**REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of **ALESON SHIPPING LINES, INC.** which comprise the Statements of Financial Position as at December 31, 2010, 2009 and 2008 and the Statements of Recognized Income and Expenses, Statements of Changes in Shareholders' Equity, and Statements of Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

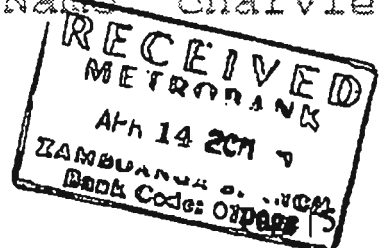
**MANAGEMENTS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for small and medium sized entities for 2010 and PFRS for NonPublicly Accountable Entities for the years 2009 and 2008, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 and 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.



17408 1635

# FLORIVEL M. DE JESUS

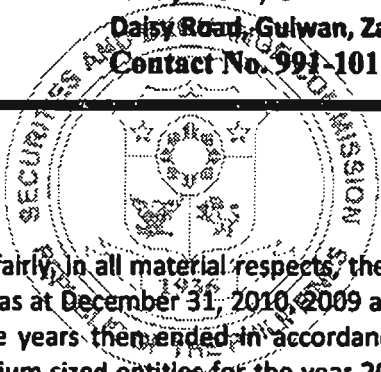
Certified Public Accountant

E-mail: [florivel36@yahoo.com](mailto:florivel36@yahoo.com)

SEC, BOA, CDA & BIR Accredited

Daisy Road, Guiwan, Zamboanga City

Contact No. 991-1011 926-3874



## Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of your business, **ALESON SHIPPING LINES, INC.**, as at December 31, 2010, 2009 and 2008 and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for small and medium sized entities for the year 2010 and Philippine Financial Reporting Standards for NonPublicly Accountable Entities for the years 2009 and 2008.

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

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and duties in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
**FLORIVEL M. DE JESUS**

Board certificate no. 87417

TIN: 283-445-116

PTR no 0346235

Issued on January 04, 2011 at Zamboanga City

SEC accreditation no. 1095-A

Issued on March 07, 2011 until March 07, 2014

BIR accreditation no: AN-15001997-1-2010

Issued on December 10, 2010 until December 09, 2013

BOA accreditation no.0727

Issued on October 27, 2009 until December 31, 2012

DTI no. 00690730

Issued on March 14, 2009 until March 13, 2014

CDA accreditation no. 0323

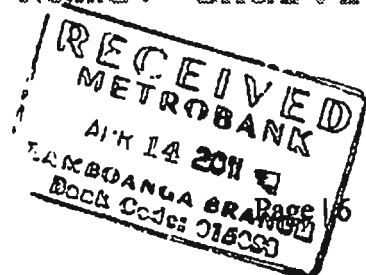
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Date: 5-9-2011 Time: 8:53:20 AM

April 2, 2011

[www.sec.gov.ph](http://www.sec.gov.ph)

User Name: charvie



**FLORIVEL M. DE JESUS**

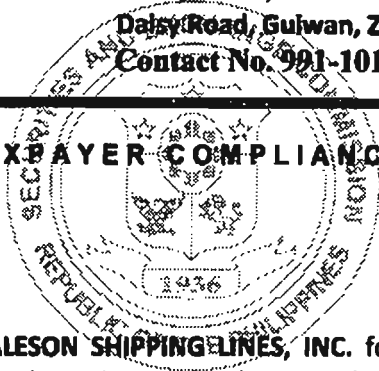
Certified Public Accountant

florivel@yahoo.com

SEC, BOA, CDA & BIR Accredited

Daisy Road, Guiwan, Zamboanga City

Contact No. 991-1011 926-3874



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**CERTIFICATE OF TAXPAYER COMPLIANCE**

The Commissioner of Internal Revenue  
Department of Finance  
Manila

I have examined the financial statements of **ALESON SHIPPING LINES, INC.** for the year ended December 31, 2010 on which I have rendered an independent auditor's report dated April 2, 2011.

In compliance with Revenue Regulation No. 3-90, I have performed procedures necessary to determine the aforementioned taxpayer's tax obligation and verified the extend of its compliance with the requirements prescribed in said revenue regulation.

My examination of the business tax returns and accounting records, was made in accordance with applicable Philippine Standards on Auditing, disclosed the following:

- a. The company is engaged in the common carrier business and is registered as a VAT enterprise. Starting in November 2005, passenger fare and cargo/freight revenues became subject to Value-added Tax (VAT). There were no inventory items at the end of the year since the company was not engaged in trading but in water transport and cargo services.
- b. The monthly and annual returns of creditable withholding income taxes of the company substantially comply with existing NIRC rules and regulations applicable to withholding taxes. The withholding taxes have been properly withheld, reconciled with the financial statements attached to the income tax return and remitted to the Bureau of Internal Revenue.
- c. Items of income and deductions reflected in the company's annual income tax return are substantially in accordance with existing provisions of the tax code and revenue regulations.

Furthermore, in compliance with Revenue Regulation No. V-20, I hereby state that the kinds and amounts of taxes and licenses paid and/or accrued by the Company for the year ended December 31, 2010 are shown in the Schedule of Taxes and Licenses attached in the Notes to the Financial Statements; and I am not related to the taxpayer by consanguinity or affinity within the fourth civil degree of relationship and have no interest whatsoever in her business directly or indirectly.

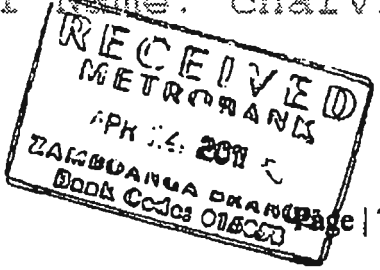
*Florivel M. de Jesus*  
**FLORIVEL M. DE JESUS**

Board certificate no. 87917  
TIN: 267-445-116  
PTR no 0346235

Issued on January 04, 2011 at Zamboanga City --- 9 --- 2011 Time: 8:53:21 AM  
 SEC accreditation no. 1095-A  
 Issued on March 07, 2011 until March 07, 2014  
 BIR accreditation no: AN-15001997-1-2010  
 Issued on December 10, 2010 until December 09, 2013  
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 DTI no. 00690730  
 Issued on March 14, 2009 until March 13, 2014  
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 Issued on January 25, 2011 until January 24, 2014

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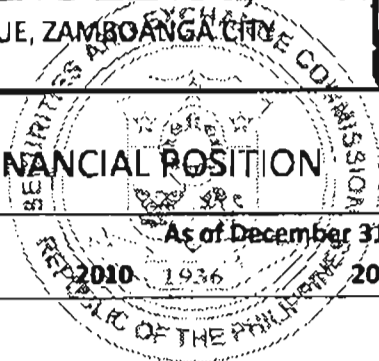
User Name: charvie



April 2, 2011

17408 1637

**ALESON SHIPPING LINES, INC.**  
 172 VETERANS AVENUE, ZAMBOANGA CITY



**STATEMENTS OF FINANCIAL POSITION**

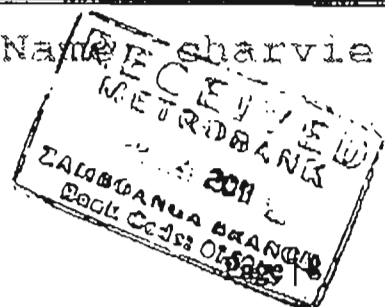
As of December 31

	NOTES	2010	2009	2008
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2.5,4 P	6,529,381	30,808,989	10,095,960
Trade receivables	2.6,5	977,193	1,015,324	3,129,513
Taxes withheld by customers	6	56,877	104,333	68,409
VAT input tax	20	996,042	3,599,520	2,136,664
Prepaid taxes	7	219,688	93,047	121,459
		<b>8,779,181</b>	<b>35,621,213</b>	<b>15,552,005</b>
<b>Noncurrent assets</b>				
Property and equipment - net	2.8,8	83,232,401	83,060,594	75,193,426
Intangibles - net	9	350,000	350,000	350,000
		<b>83,582,401</b>	<b>83,410,594</b>	<b>75,543,426</b>
<b>Total assets</b>	<b>P</b>	<b>92,361,582</b>	<b>119,031,807</b>	<b>91,095,431</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade Payables	10 P	2,974,948	28,640,363	1,356,489
Accrued Expenses	11	823,146	799,630	860,278
Withholding taxes payable	12	85,644	156,372	35,610
VAT output tax	20	1,396,682	3,825,912	2,234,859
Income tax payable	13	766,427	451,866	504,885
		<b>6,046,847</b>	<b>33,874,143</b>	<b>4,992,121</b>
<b>Noncurrent Liability</b>				
Due to related parties	14	60,000,000	60,000,000	62,000,000
<b>Equity</b>				
Share capital	16	20,000,000	20,000,000	20,000,000
Retained earnings	16	26,314,735	25,157,665	24,103,310
		<b>26,314,735</b>	<b>25,157,665</b>	<b>24,103,310</b>
<b>Total liabilities and equity</b>	<b>P</b>	<b>92,361,582</b>	<b>119,031,807</b>	<b>91,095,431</b>

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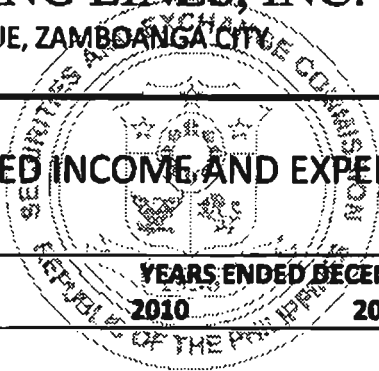
User Name: sharvie



17498 1638

# ALESON SHIPPING LINES, INC.

172 VETERANS AVENUE, ZAMBOANGA CITY



## STATEMENTS OF RECOGNIZED INCOME AND EXPENSES

	NOTES	YEARS ENDED DECEMBER 31		
		2010	2009	2008
Revenue	17	253,002,933	184,665,218	174,200,714
Cost of services	18	(214,681,608)	(156,359,865)	(151,735,705)
Gross income		38,321,325	28,305,354	22,465,009
General and administrative expenses	19	(36,397,828)	(26,799,133)	(21,022,480)
Income before income tax		1,923,497	1,506,221	1,442,529
Provision for income tax	13	(766,427)	(451,866)	(504,885)
Net income		1,157,070	1,054,355	937,644

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17408 1639

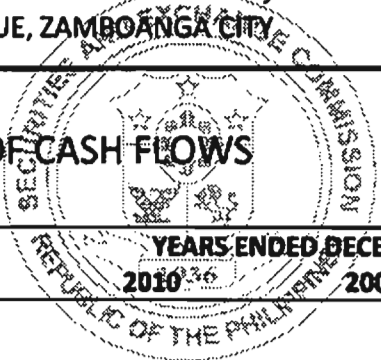
# ALESON SHIPPING LINES, INC.

172 VETERANS AVENUE, ZAMBOANGA CITY

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31

NOTES	2010	2009	2008
<b>Cash flows from operating activities</b>			
Income before income tax	P 1,923,497	1,506,221	1,442,529
Adjustments to reconcile income before income tax to operating income before working capital changes:			
Depreciation	2.8,8 3,418,575	2,713,216	2,684,154
Gain on disposal of assets		-	(41,935)
Operating income before working capital changes	5,342,072	4,219,437	4,084,748
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade receivables	2.6,5 38,132	2,114,189	(2,287,132)
Taxes withheld by customers	6 47,456	(35,924)	(61,133)
VAT input tax	20 2,603,478	(1,462,856)	(1,940,997)
Prepaid Taxes	7 (126,641)	28,412	(61,949)
Other prepaid expenses	-	-	3,751,093
Increase (decrease) in:			
Trade Payables	10 (25,665,415)	27,283,874	124,076
Accrued Expenses	11 23,516	(60,648)	524,996
Withholding taxes payable	12 (70,728)	120,762	9,413
VAT output tax	20 (2,429,230)	1,591,053	1,920,455
Income Tax Payable	13 314,561	(53,019)	380,902
Cash generated from (used in) operations	(19,922,799)	33,745,280	6,444,472
Income taxes	13 (766,427)	(451,866)	(504,885)
Net cash provided by (used in) operating activities	(20,689,226)	33,293,414	5,939,587



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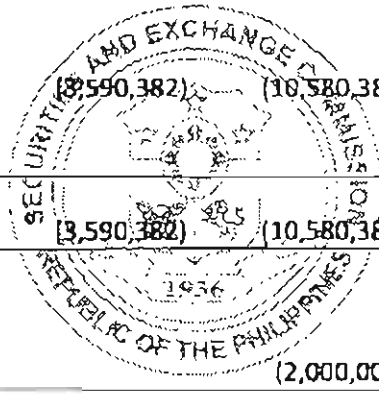
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Cash flows from investing activities

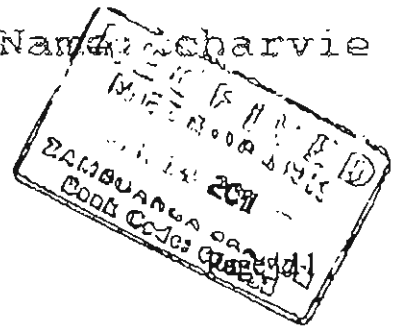
o Additions to property and equipment	2.8,8	(8,590,382)	(10,580,384)	(1,496,793)
o Proceeds from disposal of assets				2,000,000
<b>Net cash used in investing activities</b>		<b>(3,590,382)</b>	<b>(10,580,384)</b>	<b>503,207</b>
<b>Cash flows from a financing activities</b>				
o Increase in due to related parties	14		(2,000,000)	-
<b>Net increase in cash and cash equivalents</b>		<b>(24,279,608)</b>	<b>20,713,029</b>	<b>6,442,794</b>
Cash and cash equivalents at beginning of year		30,808,989	10,095,960	3,653,166
Cash and cash equivalents at end of year	2.5,4 P	6,529,381	30,808,989	10,095,960



Date: 5-9-2011 Time: 8:53:24 AM

www.sec.gov.ph

User Name: charvie



17408 1641

# ALESON SHIPPING LINES, INC.

172 VETERANS AVENUE, ZAMBOANGA CITY

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

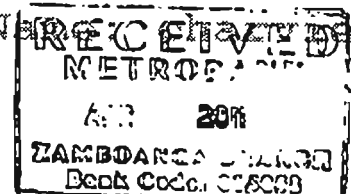
YEARS ENDED DECEMBER 31

	2010	2009	2008
<b>Share capital - P100 par</b>			
Authorized: 1988 -			
160,000 shares	P 16,000,000	16,000,000	16,000,000
2001 - 140,000			
shares	14,000,000	14,000,000	14,000,000
	30,000,000	30,000,000	30,000,000
<b>Share capital subscribed and paid-up</b>			
1988 - 60,000 shares	6,000,000	6,000,000	6,000,000
2001 - 35,000 shares	3,500,000	3,500,000	3,500,000
2006 - 105,000 shares	10,500,000	10,500,000	10,500,000
	20,000,000	20,000,000	20,000,000
<b>Retained earnings</b>			
Balance at beginning of year	5,157,665	4,103,310	3,165,666
Net income	1,157,070	1,054,355	937,644
Balance at end of year	6,314,735	5,157,665	4,103,310
<b>Total equity</b>	<b>P 26,314,735</b>	<b>25,157,665</b>	<b>24,103,310</b>

Date: 5-9-2011 Time: 8:53:25 AM

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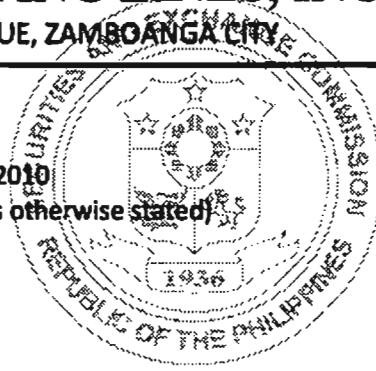
# ALESON SHIPPING LINES, INC.

172 VETERANS AVENUE, ZAMBOANGA CITY

## NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010

(All amounts are shown in Philippines Peso, unless otherwise stated)



### 1. CORPORATE INFORMATION

**Aleson Shipping Lines, Inc.** was originally incorporated and registered with the Securities and Exchange Commission (SEC) on September 14, 1988. The Company is engaged in the common carrier business and deals primarily in the transport of passengers and cargoes at various seaports of call in the Philippines. Its income is principally derived from passenger fare and freight fees.

The company's registered office and mailing address is at 172 Veterans Avenue, Zamboanga City.

At present, the Company provides work for 20 employees.

The financial statements as at December 31, 2010, 2009, 2008, and for the years ended December 31, 2010, 2009, 2008 were approved and authorized for issuance by Board of Directors on April 2, 2011.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

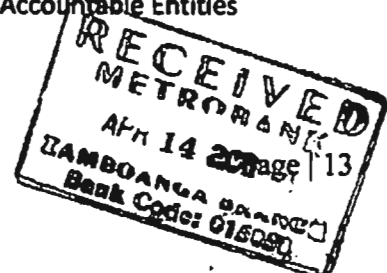
This is the first set of financial statements prepared by **ALESON SHIPPING LINES, INC.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Financial Reporting Standards Council. The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis of Presentation

The financial statements of **ALESON SHIPPING LINES, INC.** have been prepared in accordance with the 'Philippine Financial Reporting Standard for Small and Medium-sized Entities' (PFRS for SMEs). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the PFRS for SMEs 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.

The financial statements have been prepared in conformity with the applicable PFRS for SMEs issued by the Financial Reporting Standards Council. The FRSC approved the issuance of the new and revised accounting standards which are based on the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board (IASB). PFRS for SMEs will replace Philippine Accounting Standards 101, Financial Reporting Standards for Non-publicly Accountable Entities



## **2.2 Accounting Period**

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

## **2.3 Reporting Currency**

The financial statements are prepared in Philippine peso, which is the company's functional and presentation currency under PFRS. Amounts in the financial statements are rounded off to the nearest peso.

## **2.4 Revenue Recognition**

Revenue is measured by the Company at fair value of the consideration received or receivable. The Company recognizes revenue when it is probable that the economic benefit associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. Revenue arising from the transport of passengers and cargoes is recognized when performance of service has already taken place and the amount of revenue can be measured reliably, which is normally upon performance.

The company's revenues are made up of the following:

Passenger fare – refers to passage revenues of passengers.

Freight fees – refers to revenues earned from cargo and freight transport.

All revenues are recognized net of value-added taxes (VAT). Customer payments for services which have not been rendered, if any, are classified as unearned revenue. Gains on disposal of assets are recorded net of VAT.

## **2.5 Cash and Cash Equivalents**

Cash and cash equivalents include only cash deposited at call with bank.

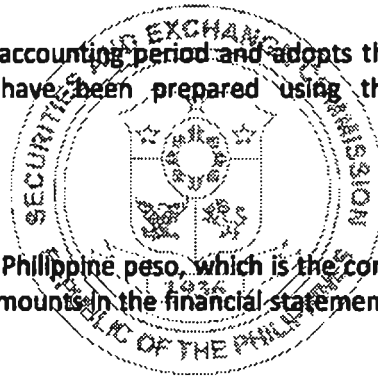
## **2.6 Trade Receivables**

Trade receivables are recognized and carried at original invoice amount less any allowance for uncollectible amount. Provision is made when there is objective evidence that the business will not be able to collect the debts. Bad debts are written off when identified.

## **2.7 Financial Assets and Financial Liabilities**

Financial assets and financial liabilities, if any, are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities. The business recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument and derecognizes a financial asset when it no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold or all the cash flows attributable to the instrument are passed to an independent third party. A financial liability is derecognized when the obligation is extinguished.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial



Instrument or a component that is a financial liability, are reported as expense or income. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The business determines initially whether receivables and payables are financial assets or liabilities upon existence of these category of assets and liabilities and where allowed and appropriate, re-evaluates this designation at every reporting date.

Receivables are included in current assets and payables are included in current liabilities if their maturities are within twelve months from the statement date. Otherwise, they are classified as non-current assets or non-current liabilities.

**2.8 Property, Plant and Equipment**

Property and equipment, except land, are carried at cost less accumulated depreciation and any impairment losses. Land and non-depreciable land improvements are shown at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, if any, and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Dry-docking costs, consisting mainly of main engine overhaul, steel plate replacement of the vessels' hull and related expenditures, if any, are capitalized as part of "Shipping vessels" under the "Property and Equipment" account in the statement of financial position and amortized over a period of two and three years for passenger and cargo vessels, respectively.

When significant dry-docking expenditures are incurred prior to the end of this period, the unamortized balance of the original dry-docking costs is expensed in the month of subsequent dry-docking. Amortization of dry-docking costs is directly deducted from the cost of vessels.

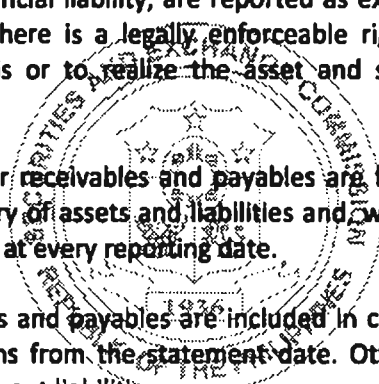
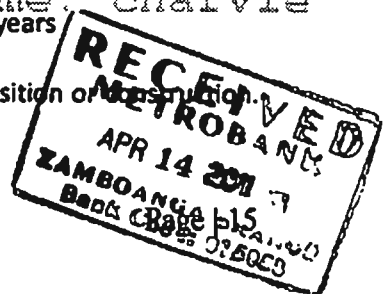
Depreciation on the assets is determined using straight-line method computed over the assets' estimated useful lives, as follows:

Shipping vessels	15 years
Container vans	10 years
Cargo handling equipment	10 years
Tools and equipment	6 years
Office furniture and equipment	10 years

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Assets are depreciated on a full-year basis in the year following acquisition or disposition. No partial depreciation is recorded in any year.



Vessels under refurbishment, if any, include the acquisition cost of the vessels, the cost of ongoing refurbishment and other direct costs. These vessels are not depreciated until such time that they are completed and put into operational use.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are disposed of or are permanently withdrawn from use, and no future economic benefits are expected from their disposals or retirements, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts, and the resulting gains or losses arising from the disposals or retirements are reflected in the results of current operations.

**2.9 Employee Benefits**

Employee benefits, as defined in Section 28 of PFRS for SMEs, are all forms of considerations given by an entity in exchange of services rendered by employees. This includes short-term benefits, post-employment benefits, other long-term benefits and termination benefits.

*Short term benefits*

The entity provides short term benefits to its employees in terms of Social Security System (SSS), Philhealth and Pag-ibig employer contributions that would allow them to enjoy the benefits provided by these government agencies to its members. Likewise, salaries and wages, 13<sup>th</sup> month pay, and employee vacation leave and sick leave are also provided in accordance with law.

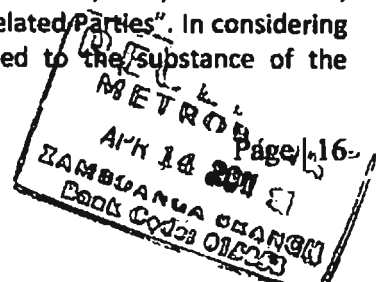
*Post-employment Benefits*

Under section 28 of PFRS for SMEs, "Employee Benefits", the cost of defined retirement benefits, including those mandated under RA 7641, "Retirement Pay Law" should be determined using the accrued benefit valuation method or the projected benefit. RA 7641 provides that an employee upon reaching the age of 60 years or more, but not beyond 65 which is declared the compulsory retirement age, who has served at least 5 years is entitled to retirement benefits. The law likewise provides that retail, service and agricultural establishments or operations employing not more than ten (10) employees or workers are exempted from the coverage of the said law. Presently, the entity is exempted from the aforesaid plan.

**2.10 Related Party Transactions**

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 subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

Transaction between related parties, if any, are accounted for at arm's-length prices or on terms similar to those offered to non-related parties in an economically comparable market, and recorded in the books of the Company as "Due to/from Related Parties". In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.



### **2.11 Impairment of Assets**

At each end of the reporting period, the business assesses whether there is any indication that its tangible assets may be impaired. When an indicator of impairment exists, the business makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

### **2.12 Events after the End of the Reporting Period**

Post-year-end events that provide additional information about the position of the business at the end of reporting period (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.

### **2.13 Management's Use of Judgments and Estimates**

The preparation of the financial statements in conformity with Philippine Financial Reporting Standards for small- and medium-sized entities requires management to make estimates and assumptions that affect certain reported amounts and disclosures. In preparing the financial statements, managements 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 be different from those estimates, and such estimates will be adjusted accordingly.

#### *Property, Plant and Equipment*

The useful life of each of the company's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expense and decrease the carrying value of property and equipment.

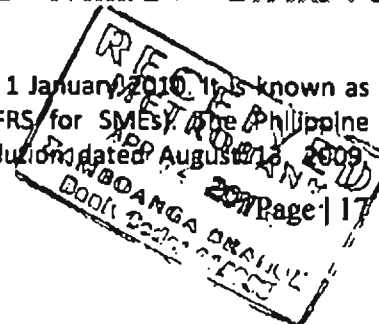
## **3. TRANSITION TO THE PFRS FOR SMEs**

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### **3.1 Small and Medium-sized Entities (SMEs)**

The PFRS for SMEs was adopted in the Philippines effective 1 January 2010. It is known as the Philippine Financial Reporting Standard for SMEs (PFRS for SMEs) by the Philippine Securities and Exchange Commission, in its En Banc Resolution dated August 13, 2009.

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adopted a definition of 'small and medium-sized entities' that includes a size criterion. An entity is an SME if:

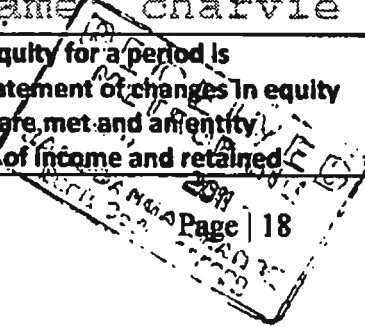
1. The entity has total assets of between P3 million and P350 million or total liabilities of between P3 million and P250 million;
2. It is not required to file financial statements under SRC Rule 88.1;
3. It is not in the process of filing its financial statements for the purpose of issuing any class of instruments in a public market;
4. It is not a holder of a secondary license issued by a regulatory agency, such as a bank (all types of banks), an investment house, a finance entity, an insurance entity, a securities broker/dealer, a mutual fund and a pre-need entity; and
5. It is not a public utility.

Entities below those thresholds (so-called 'micro entities') may use the PFRS for SMEs or 'another acceptable basis of accounting'.

**3.2 Derivation Table**

The table below identifies the sections of the PFRS for SMEs which is applicable to ALESON SHIPPING LINES, INC.

SECTION NO.	TITLE	DESCRIPTION
1	Small and Medium-sized Entities (SMEs)	Defined as entities that (a) do not have public accountability, and (b) publish general purpose financial statements for external users.
2	Concepts and Pervasive Principles	Major concepts and basic principles underlying the financial statements of SMEs, such as definitions of assets, liabilities, income and expenses.
3	Financial Statement Presentation	A complete set of financial statement comprises: a. a statement of financial position; b. either a single statement of comprehensive income, or separate income statement and a separate statement of comprehensive income; c. a statement of changes in equity; d. a statement of cash flows; and e. notes, comprising a summary of significant accounting policies, other explanatory information and comparatives.
4	Statement of Financial Position	A Statement of Financial Position consists of certain minimum line items. These items are classified as either current or non-current unless a presentation based on the liquidity of the items provides information that is more reliable and relevant.
5	Statement of Comprehensive Income and Income Statement	Total comprehensive income is presented in either a single statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income).
6	Statement of Changes in Equity and Statement of Income and	Changes in an entity's equity for a period is presented either in a statement of changes in equity or, if certain conditions are met and an entity chooses, in a statement of income and retained

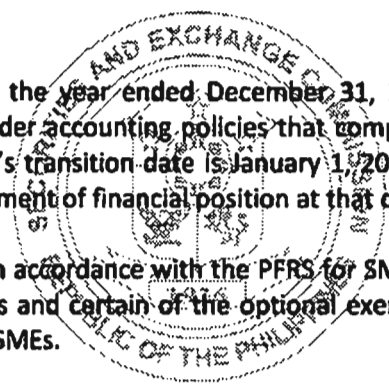


	<b>Retained Earnings</b>	<p>earnings.</p> <p>A statement of income and retained earnings can be used where the only changes to the entity's equity during the period arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy.</p>
<b>7</b>	<b>Statement of Cash Flows</b>	<p>Changes in cash and cash equivalents are reported, showing separately changes from operating activities, investing activities and financing activities.</p>
<b>8</b>	<b>Notes to the Financial Statements</b>	<p>Significant accounting policies are disclosed, together with details of judgments made and key sources of estimation uncertainty.</p>
<b>10</b>	<b>Accounting Policies, Estimates and Errors</b>	<p>Prior period errors are accounted for on a retrospective basis.</p> <p>Changes in accounting estimates are recognized prospectively.</p> <p>Changes in accounting policy are accounted for on a retrospective basis unless specific transitional provisions apply.</p>
<b>11</b>	<b>Basic Financial Instruments</b>	<p>An amortized cost or cost less impairment model is used for basic financial instruments such as cash, loans and trade receivables and payables.</p>
<b>22</b>	<b>Liabilities and Equity</b>	<p>Equity is the residual interest in the assets of an entity after deducting all its liabilities. A financial liability is a present obligation of the entity arising from past events, which is expected to result in an outflow of economic benefits.</p> <p>Split accounting must be applied to compound financial instruments (such as convertible debt), which contain both a liability and an equity component.</p>
<b>23</b>	<b>Revenue</b>	<p>For the sale of goods, revenue is recognized on transfer of the significant risks and rewards of ownership. In most cases, this will coincide with the transfer of legal title or the passing of possession to the buyer.</p> <p>For services and construction contracts, revenue is recognized according to the stage of completion at the end of the reporting period.</p> <p>Interest and royalties receivable are recognized on an accrual basis. Dividends are recognized when the right to receive the payment is established.</p>
<b>32</b>	<b>Events after the End of the Reporting Period</b>	<p>Adjustment is made for events that provide evidence of conditions that existed at the end of the reporting period.</p> <p>No adjustment is made for events that are indicative of conditions that arose after the end of the reporting period, although they are disclosed.</p>
<b>35</b>	<b>Transition to the IFRS for SMEs</b>	<p>Mandatory exceptions to and optional exemptions from the full requirements of the IFRS for SMEs enable the Standard to be applied more easily by entities adopting it for the first time.</p>

**3.3 Application of the PFRS for SMEs**

The company's financial statements for the year ended December 31, 2010 are its first annual financial statements prepared under accounting policies that comply with the PFRS for SMEs. ALESON SHIPPING LINES, INC.'s transition date is January 1, 2010. The company prepared its opening PFRS for SMEs statement of financial position at that date.

In preparing these financial statements in accordance with the PFRS for SMEs, the company has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the PFRS for SMEs.



**4. CASH AND CASH EQUIVALENTS**

The Cash and Cash equivalents in the statements of financial position consist only of cash deposited at Metrobank amounting to Php6, 529, 381.

**5. TRADE RECEIVABLES**

		2010	2009	2008
Accounts Receivable	P	977,193	1,015,324	3,129,513

This account consists of amounts collectible from customers in the ordinary course of the business.

**6. TAXES WITHHELD BY CUSTOMERS**

This represents claimable deductions on the income tax liability when paid to the Bureau of Internal Revenue amounting to Php56, 877.

**7. PREPAID TAXES**

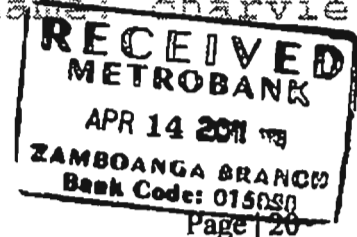
This account represents the quarterly payments made by ALESON SHIPPING LINES, INC. to the Bureau of Internal Revenue for the year amounting to Php219, 688. This amount is deductible to the income tax payable when paid.

QUARTER	Date of Payment	BANK	AMOUNT
FIRST QUARTER	15-Apr-10	METROBANK	34,902
SECOND QUARTER	15-Jul-10	METROBANK	36,107
THIRD QUARTER	15-Nov-10	METROBANK	148,679
<b>TOTAL</b>			<b>219,688</b>

**8. PROPERTY, PLANT AND EQUIPMENT**

The details of this account are summarized as follows:

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	BALANCE 1-Jan-10	ADDITIONS (PROVISIONS)	BALANCE 31-Dec-10
<b>COST</b>			
Land and Improvements	54,713,178		54,713,178
Shipping Vessels	46,860,419	3,590,382	50,450,801
Container Vans	4,721,000		4,721,000
Cargo Handling Equipment	1,909,050		1,909,050
Tools and Equipment	65,729		65,729
Office Furniture and Equipment	30,000		30,000
	<b>108,299,377</b>	<b>3,590,382</b>	<b>111,889,759</b>
<b>ACCUMULATED DEPRECIATION</b>			
Land and Improvements	-	-	-
Shipping Vessels	20,599,711	2,755,570	23,355,281
Container Vans	2,825,200	472,100	3,297,300
Cargo Handling Equipment	1,718,145	190,905	1,909,050
Tools and Equipment	65,728	-	65,728
Office Furniture and Equipment	29,999	-	29,999
	<b>25,238,782</b>	<b>3,418,575</b>	<b>28,657,358</b>
<b>Property, plant and Equipment, net</b>	<b>83,060,594</b>	<b>171,807</b>	<b>83,232,401</b>

## 9. INTANGIBLES

This account represents the net unamortized cost of franchises paid by the company in prior years. Details of the account as of December 31, 2009, 2008 and 2007 follow:

		2010	2009	2008
Franchise – Estrella del Mar	P	300,000	300,000	300,000
Franchise – Aleson I		50,000	50,000	50,000
<b>Totals</b>	<b>P</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>

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## 10. TRADE PAYABLES

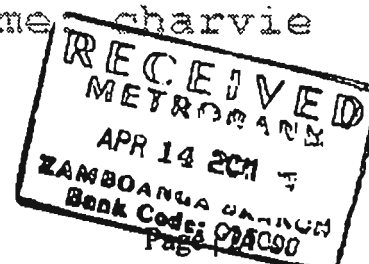
Trade Payables consist of amounts payable to suppliers for goods purchased on account. For the year 2010, this amounts to Ph2, 974, 948.

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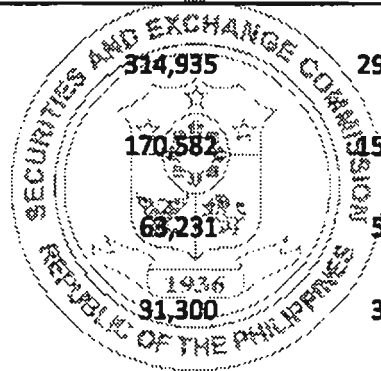
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## 11. ACCRUED EXPENSES

The details of this account consist of:



		2010	2009	2008
SSS, Philhealth and EC contributions payable		314,935	290,069	238,695
SSS and Philhealth withheld		170,582	156,674	128,449
Pag-ibig contribution withheld		68,231	57,982	49,078
Pag-ibig contribution payable		31,300	30,988	28,952
Other Accrued Expenses		243,099	263,917	415,104
<b>Total Accrued Expenses</b>	<b>P</b>	<b>823,146</b>	<b>799,630</b>	<b>860,278</b>



**12. WITHHOLDING TAX PAYABLE**

Withholding taxes due for remittances at the end of each year, presented in the statements of financial position under "current liabilities", include withholding tax on compensation and creditable income taxes withheld (expanded) – rental which remains to be unpaid.

		2010	2009	2008
Withholding taxes payable – creditable	P	78,783	150,081	25,885
Withholding taxes payable – compensation		6,862	6,291	9,725
<b>Total Unpaid Withholding Taxes</b>	<b>P</b>	<b>85,644</b>	<b>156,372</b>	<b>35,610</b>

• Breakdown for Withholding Taxes Payable - Creditable

Nature of Payment - December	Date of Payment	Tax Base	Tax Rate	OR No./Bank	Amount
Income from top 10k Corporation	10-Jan-11	6,061,605.29	1%	METROBANK	60,616
		908,324.46	2%	METROBANK	18,166

Withholding Tax - Expanded Date: 5-9-2011 Time: 8:53:36 AM  
**78,783**

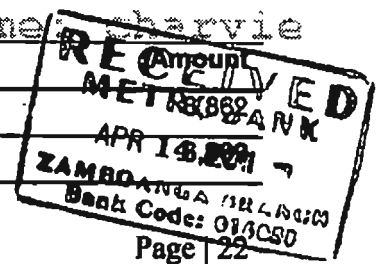
• Breakdown for Withholding Taxes Payable – Compensation

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Date of Payment	OR No./Bank
December	10-Jan-11 METROBANK

Withholding Tax - Compensation



**13. TAXATION**

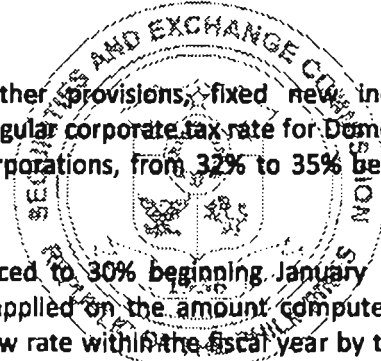
Republic Act. No. 9337, among other provisions, fixed new income tax rates for corporations. The Act increased the regular corporate tax rate for Domestic Corporation and resident and non-resident foreign corporations, from 32% to 35% beginning November 1, 2005.

The corporate tax rate will be reduced to 30% beginning January 1, 2009. The regular corporate income tax rate shall be applied on the amount computed by multiplying the number of months covered by the new rate within the fiscal year by the taxable income of the corporation for the period, divided by 12 months.

The Company is subject to Minimum Corporate Income Tax (MCIT) under the provisions of Republic Act No. 8424, otherwise known as "The Tax Reform Act of 1997 which provides for the computation of income tax liabilities based on the higher amount between 2% of gross revenues (under MCIT) and the regular corporation income tax rate multiplied by net taxable income. The MCIT rule would begin on the fourth taxable year immediately following the year in which the corporation commenced its business operations.

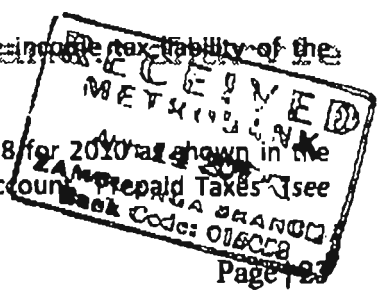
The Income Tax is computed below:

		2010
<b>Income tax due - regular rate</b>		
Income before income tax	P	1,923,497
Multiply by regular corporate income tax rate		30%
	P	577,049
<b>Minimum corporate income tax (MCIT)</b>		
Gross revenues	P	253,002,933
Cost of services		(214,681,608)
Gross taxable income - MCIT		38,321,326
Multiply by MCIT rate		2%
	P	766,427
<b>Income tax payable</b> (higher amount between regular income tax and MCIT)	P	766,427



The withheld taxes are to be claimed as deductions from the income tax liability of the company for the respective years.

The company also paid quarterly income taxes of PhP219, 688 for 2010 as shown in the current assets section of the financial statements under the account Prepaid Taxes.



note 7). The prepaid income taxes are deductible against the total annual income tax payable of the company.

**14. DUE TO RELATED PARTIES**

The Company obtains advances from its shareholders that are non-interest bearing and with repayment periods of more than one year. These advances are made to finance capital expenditures and augment working capital requirements.

The long-term advances obtained by the company from its stockholders are presented in the statement of financial position as noncurrent liabilities under the title "Due to related parties".

The balance for the year 2010 amounts to Php60, 000, 000.

**15. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to a variety of financial risks. The main types of risks are market risk, credit risk, and liquidity risk. The business does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the business is exposed to are described below.

**Market Risk**

The Company is exposed to market risk specifically to currency risk which results from its operating activities.

**Credit Risk**

Credit risk is the risk that counterparty fails to discharge an obligation to the business. The business is exposed to this risk for various financial instruments, for example by granting advances to shareholders.

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The business' policy is to deal only with creditworthy counterpart.

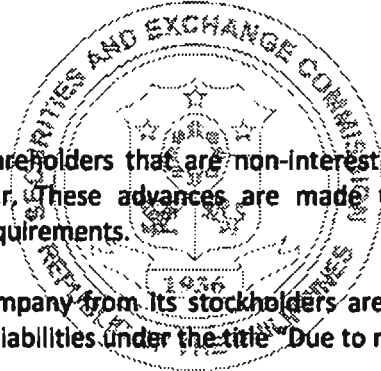
**16. SHAREHOLDERS' EQUITY**

The Corporation has authorized capital consisting of 300,000 common shares with par value of P100 per share. Of this total, 60,000 shares were subscribed in 1988 and 35,000 shares in 2001. The total subscribed stock consisting of 95,500,000, were fully paid at the end of 2005.

In 2006, the company issued additional 105,000 common shares exclusively to its existing stockholders, thereby increasing the total paid-up and outstanding capital as of December 31, 2006 to P20, 000, 000. The increase in the company's total paid-up equity was approved in a resolution by the Board of Directors for the purpose of financing the purchase of capital assets during the year.

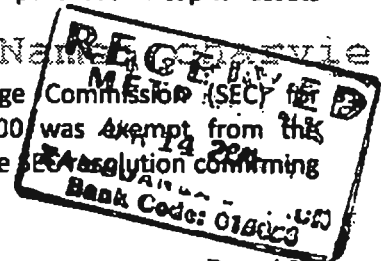
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The company filed a request with the Securities and Exchange Commission (SEC) for confirmation that the additional stock issuance of P10, 500, 000 was exempt from the resignation requirements of the Securities Regulation Code (SRC). The exemption was issued on November 28, 2006.

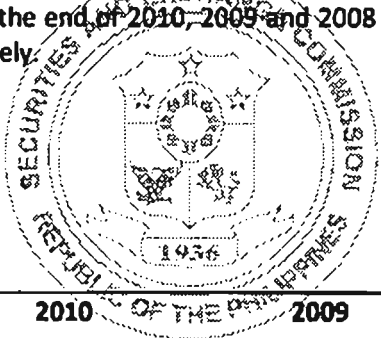


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Net income after taxes for the year ended December 31, 2010, 2009 and 2008 amounted to Php1, 157, 070, Php1, 054, 355, Php937, 644 respectively. The income for the three years increased the retained earnings balances at the end of 2010, 2009 and 2008 to Php6, 314, 735, Php5, 157, 665 and Php4, 103, 310 respectively.



**17. REVENUE**

The details of this account follow:

		2010	2009	2008
Passenger fare	P	118,531,874	76,179,942	69,079,962
Freight fees		134,471,059	108,485,276	104,688,007
Gain on disposal of assets		-	-	432,745
<b>Total Revenue</b>	<b>P</b>	<b>253,002,933</b>	<b>184,665,218</b>	<b>174,200,714</b>

**18. COST OF SERVICES**

The cost of services of the Company is summarized as follows:

		2010	2009	2008
Fuel and lubricants	P	201,867,649	147,745,759	144,103,403
Salaries and wages - vessel personnel		6,899,725	3,348,680	3,615,575
Depreciation		3,418,575	2,713,216	2,684,154
Subsistence pay		1,958,310	2,024,340	993,515
Berthing, entrance and clearance fees		537,349	527,870	339,058
<b>Total Cost of Services</b>	<b>P</b>	<b>214,681,608</b>	<b>156,359,865</b>	<b>151,735,705</b>

**19. OPERATING EXPENSES**

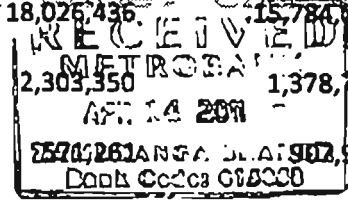
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The operating expenses of the Company consist of:

		2010	2009	2008
Repairs and maintenance	P	20,041,593	18,026,436	15,780,071
Salaries and wages - office		4,359,395	2,303,350	1,378,745
Miscellaneous expense		4,880,916		902,903

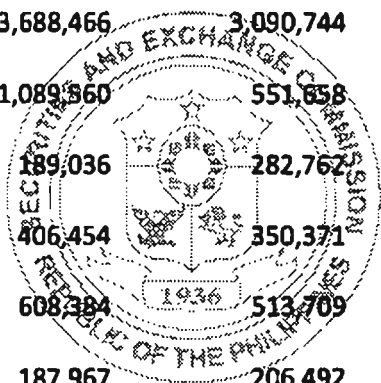
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SSS, Philhealth and EC contributions	3,688,466	3,090,744	706,268
Taxes and licenses	1,089,860	551,658	440,314
Representation	189,036	282,762	426,616
Transportation and travel	406,454	350,371	364,421
Light, power and water	608,384	513,709	351,639
Communications	187,967	206,492	238,757
Supervision expense	215,435	197,967	190,792
Office supplies	352,616	350,371	160,702
Pag-ibig fund contributions	378,008	354,012	72,252
<b>Total General and Administrative Expenses</b>	<b>P 36,397,829</b>	<b>26,799,133</b>	<b>21,022,480</b>



**20. REQUIRED DISCLOSURES**

**VALUE ADDED TAX**

In 2005, the Philippine Congress Issued Republic Act. No. 9337 amending the Value-added Tax Law. The Act became effective in November 1, 2005 and allowed changes to the rate of Value-added Tax (VAT).

Starting in February 2006, the rate of Value-added Tax (VAT) increased from 10% to 12%. The business is a registered VAT entity and remits quarterly/monthly Value-added Taxes (VAT) of 12% based on gross taxable sales less the corresponding input VAT credits, if any.

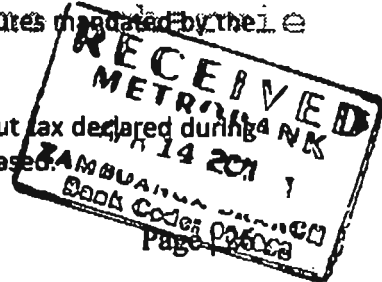
VAT output tax, represents the value-added taxes arising from revenues for the month of December which are still to be remitted to the Bureau of Internal Revenue at year-end. VAT input tax represents the input value-added tax applicable as deductions from output VAT when computing for net VAT payable. The net VAT payable represents the unpaid tax liability of the business.

**REQUIRED DISCLOSURES**

The BIR issued the Revenue Regulations (RR) No. 45-2010, last December 13, 2010 prescribing additional requirements in the submission of Financial Statements by individual and corporate taxpayers, thereby amending Section 2 of RR No. 21-2002.

The regulation now requires taxpayers to include information on taxes, duties and license fees, paid or accrued during the taxable year in addition to the disclosures mandated by the Philippine Financial Reporting Standards.

Taxpayers must now disclose information on the amount of VAT output tax declared during the year and the account title and amount upon which the same was based.



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Information on the amount of VAT input taxes claimed beginning of the year as well the current year's domestic purchases and payments for goods for resale/manufacture or further processing, goods other than for resale or manufacture, capital goods subject or not subject to amortization and services lodged under cost of goods sold and other accounts must also be indicated. It must also include claims for tax credit/refund and other adjustments and balance at the end of the year.

Pertinent information regarding the entity to comply with the above regulations is summarized as follow:

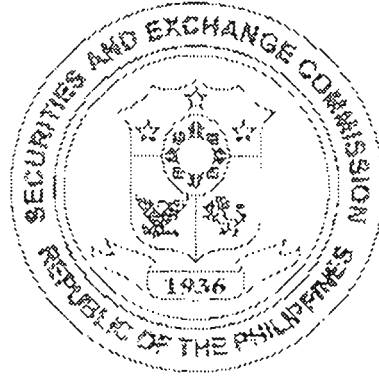
VAT Schedule

MONTH	Taxable Sales	Date of payment	O.R No. / Name of Bank	VAT OUTPUT	VAT INPUT	Tax previously paid	VAT PAYMENT
January	25,074,066	2/22/2010	METROBANK	3,008,887.89	2,741,748.16		267,139.73
February	21,559,260	3/22/2010	METROBANK	2,587,111.25	2,377,671.07		209,440.18
March	24,881,089			2,985,730.68	2,736,150.81		
1ST QUARTER	71,514,415	4/26/2010	METROBANK	8,581,729.82	7,855,570.04	476,579.90	249,579.88
April	21,742,742	5/20/2010	METROBANK	2,609,128.99	2,351,638.24		257,490.75
May	20,227,665	6/21/2010	METROBANK	2,427,319.78	2,161,838.11		265,481.67
June	27,797,447			3,335,693.64	3,060,201.84		
2ND QUARTER	69,767,853	7/26/2010	METROBANK	8,372,142.41	7,573,680.19	522,972.43	275,489.79
July	23,811,742	8/20/2010	METROBANK	2,857,408.99	2,595,051.99		262,357.00
August	24,299,775	9/20/2010	METROBANK	2,915,973.02	2,648,829.00		267,144.02
September	23,201,525			2,784,183.01	2,439,662.23		
3RD QUARTER	71,313,042	10/26/2010	METROBANK	8,557,565.02	7,683,543.22	529,501.04	344,520.76
October	17,825,972	11/22/2010	METROBANK	2,139,044.67	1,750,232.94		388,811.73
November	10,943,235	12/21/2010		1,313,158.25	973,024.47		340,133.78
December	11,639,015		METROBANK	1,386,711.84	996,042.36		
4TH QUARTER	40,407,623	1/25/2011	METROBANK	4,848,914.76	3,719,299.77	728,945.51	400,669.48
TOTAL	253,082,933			30,360,352.01	26,832,093.22	2,257,998.88	3,528,258.77

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**METROBANK**  
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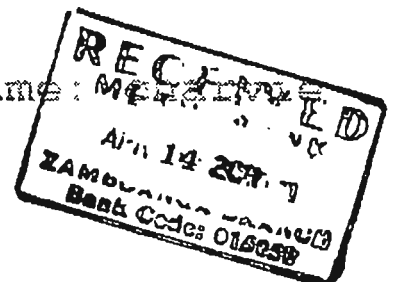
Taxes and Licenses paid



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**FLORIVEL M. DE JESUS**

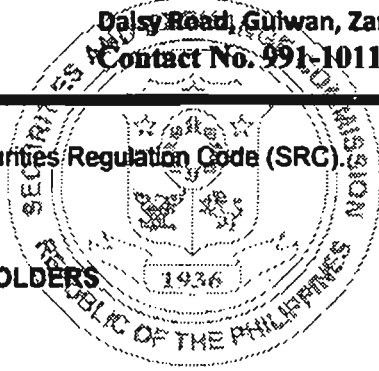
Certified Public Accountant

E-mail: [Flor36@yahoo.com](mailto:Flor36@yahoo.com)

SEC, BOA, CDA & BIR Accredited

Daisy Road, Giliwan, Zamboanga City

Contact No. 991-1011 926-3874




Statements Required by Rule 68, Section 3 d, Securities Regulation Code (SRC)  
As Amended on October 25, 2005

**TO THE BOARD OF DIRECTORS AND STOCKHOLDERS  
ALESON SHIPPING LINES, INC.  
172 VETERANS AVENUE, ZAMBOANGA CITY**

I have audited the financial statements of **ALESON SHIPPING LINES, INC.** as of December 31, 2010 and for the year ended December 31, 2010, on which I have rendered the attached report, dated April 2, 2011. In connection with my audit obtained a certification from the Company's corporate secretary on the number of shareholders and their corresponding shareholdings, performed reasonableness tests of the share capital balance as of December 31, 2010 in relation to the certification issued by the corporate secretary, and conducted certain tests necessary to validate their entries and balances.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as of December 31, 2010, the said Company has six (6) shareholders owning more than one hundred (100) shares.

  
**FLORIVEL M. DE JESUS**  
Board certificate no. 27417  
TIN: 963-496-116  
PTR no. 0346235

Issued on January 04, 2011 at Zamboanga City  
SEC accreditation no. 1095-A  
Issued on March 07, 2011 until March 07, 2014  
BIR accreditation no: AN-15001997-1-2010  
Issued on December 10, 2010 until December 09, 2013  
BOA accreditation no.0727  
Issued on October 27, 2009 until December 31, 2012  
DTI no. 00690730  
Issued on March 14, 2009 until March 13, 2014  
CDA accreditation no. 0323  
Issued on January 25, 2011 until January 24, 2014

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April 2, 2011  
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