



## **Jackstones, Inc. and Subsidiary**

Consolidated Financial Statements with Supplementary  
Schedules for the Securities and Exchange Commission  
December 31, 2020

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**FIRST SECTION**

# JACKSTONES INC.

593 Antonio Drive, Bagumbayan, Taguig City 1630

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

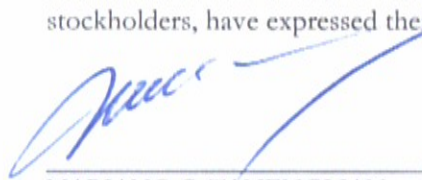
The management of Jackstones, Inc. and its Subsidiary (the "Group") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting 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 Group'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 Group or to cease operations, or has no realistic alternative to do so.

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

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

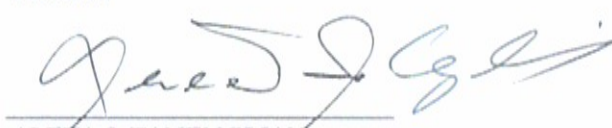
Isla Lipana & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



MARIANO C. TANENGLIAN  
Chairman of the Board



MAXIMILIAN S. TANENGLIAN  
President



ALETA S. TANENGLIAN  
Treasurer

Signed this 8<sup>th</sup> day of April 2021



## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Jackstones, Inc. and Subsidiary**  
593 Antonio Drive, Bagumbayan  
Taguig City, Philippines

## **Report on the Audits of the Financial Statements**

### ***Our Opinion***

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jackstones, Inc. (the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at December 31, 2020 and 2019, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

### ***What we have audited***

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2020;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2020;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Group 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 our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Jackstones, Inc. and Subsidiary  
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**Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is recognition of revenue under PFRS 15.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Revenue recognition under PFRS 15</b></p> <p>The Group has started developing and pre-selling residential units in 2019. The Group adopted the revenue recognition standard, PFRS 15, Revenue from Contracts with Customers which is considered significant to our audit because this involves application of significant judgment in the identification of the contract for sale of real estate property that would meet the requirements of PFRS 15.</p> <p>At contract inception, the Group evaluates the following criteria before it can apply the revenue recognition model under PFRS 15: a) The parties to the contract have approved the contract and are committed to perform their obligations; b) The Group can identify each party's rights regarding the goods or services to be transferred; c) The Group can identify the payment terms for the goods or services to be transferred; d) The contract has commercial substance (i.e., the risk,</p>	<p>We addressed the matter by obtaining an understanding of the Group's process for sale of real estate property, including the process of implementing the revenue recognition under PFRS 15. We reviewed the accounting policies prepared by management and reviewed the contracts with customers.</p> <p>We evaluated and challenged the judgment made by management in applying the Group's accounting policy to the different contracts with customer. Specific procedures are discussed below:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed the terms and provisions of contracts with customers and assessed management's application of the revenue recognition criteria under PFRS 15.</li> </ul>



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To the Board of Directors and Shareholders of  
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<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>timing or amount of the entity's future cash flows is expected to change as a result of the contract); and e) It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group consider only the customer's ability and intention to pay that amount of consideration when it is due. This is relevant because customer's credit risk is an important part to determine whether a contract is valid.</p> <p>If a contract with a customer does not meet the criteria at contract inception, the Group continues to assess the contract to determine whether the criteria are subsequently met. When a contract with a customer does not meet the criteria and the Group receives consideration from the customer, the Group recognizes the consideration received as revenue only when either of the following events has occurred: a) The Group has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable; or b) The contract has been terminated and the consideration received from the customer is non-refundable.</p> <p>For the year ended December 31, 2020, the Group recognized revenue from sale of real estate property amounting to P4,620,780 (2019 - Nil) (Note 11). All considerations received related to contracts with the customers that have not met the criteria are recognized as contract liabilities in the statement of financial position (Note 8).</p>	<ul style="list-style-type: none"><li>• Examined the documents supporting the advance payments received from customers to ascertain the nature and purpose of such payments and assessed proper accounting and recording as contract liabilities in accordance with PFRS 15.</li><li>• Validated that contract liabilities are properly released to revenue when all criteria for revenue recognition are met.</li><li>• Evaluated the management's assessment of the collectability of the consideration and the probability that the customers will exercise their right to a refund based on the contract terms and applicable laws in the Philippines.</li></ul>



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***Other Information***

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A (Annual Report) for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity in the Group 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 an entity in the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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 consolidated financial statements.





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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 ability of each entity within the Group 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 consolidated 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 an entity within the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Isla Lipana & Co.

Independent Auditor's Report  
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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nelson Charsegun L. Aquino.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read "NCA", with a long horizontal line extending to the left and right.

Nelson Charsegun L. Aquino  
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 5, 2021, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City  
April 8, 2021



Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Jackstones, Inc. and Subsidiary**  
593 Antonio Drive, Bagumbayan  
Taguig City, Philippines

We have audited the consolidated financial statements of Jackstones, Inc. (the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at and for the year ended December 31, 2020, on which we have rendered the attached report dated April 8, 2021. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, a Map Showing the Relationships among the Group and its Ultimate Parent Company and Schedules A, B, C, D, E, F and G, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the SRC.

**Isla Lipana & Co.**

Nelson Charsegun L. Aquino  
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 5, 2021, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City  
April 8, 2021



Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Jackstones, Inc. and Subsidiary**  
593 Antonio Drive, Bagumbayan  
Taguig City, Philippines

We have audited the consolidated financial statements of Jackstones, Inc. (the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at and for the year ended December 31, 2020, on which we have rendered the attached report dated April 8, 2021.

In compliance with Rule 68 of the SRC and based on the certification received from the Parent Company's corporate secretary and the results of our work performed, the Parent Company has 307 shareholders each owning one hundred (100) or more shares as at December 31, 2020.

**Isla Lipana & Co.**

Nelson Charsegun L. Aquino  
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 5, 2021, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City  
April 8, 2021



Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Jackstones, Inc. and Subsidiary**  
593 Antonio Drive, Bagumbayan  
Taguig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Jackstones, Inc. and its Subsidiary (the "Group") as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 8, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

**Isla Lipana & Co.**

Nelson Charsegun L. Aquino  
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 5, 2021, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City  
April 8, 2021

**Jackstones, Inc. and Subsidiary**

Consolidated Statements of Financial Position  
As at December 31, 2020 and 2019  
(All amounts in Philippine Peso)

	Notes	2020	2019
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	2	8,909,784	5,022,715
Short-term investment	2	4,982,833	5,196,150
Real estate held for development and sale	3	76,520,316	44,517,085
Due from related parties	7	254,732	10,296,958
Contract assets	8	1,417,900	1,393,337
Prepayments and other current assets	4	32,874,109	30,485,031
Total current assets		124,959,674	96,911,276
<b>Non-current assets</b>			
Property and equipment, net	5	8,427,759	494,172
Right-of-use asset, net	14	1,060,890	-
Input value-added tax	4	1,442,724	1,339,199
Deferred income tax assets	13	1,545,973	1,663,447
Total non-current assets		12,477,346	3,496,818
<b>Total assets</b>		<b>137,437,020</b>	<b>100,408,094</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	6	1,223,326	4,078,859
Advances from shareholders	7	102,977,769	66,277,769
Contract liabilities	8	7,587,810	10,616,280
Lease liabilities, current portion	7, 14	1,179,535	-
Total current liabilities		112,968,440	80,972,908
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	7, 14	411,800	-
Security deposit and advance rental	14	8,027,452	-
Total non-current liabilities		8,439,252	-
Total liabilities		121,407,692	80,972,908
<b>Equity</b>			
Share capital, net of treasury shares	1, 9	188,184,097	188,184,097
Share premium	9	143,334,770	143,334,770
Deficit		(315,489,539)	(312,083,681)
Total equity		16,029,328	19,435,186
<b>Total liabilities and equity</b>		<b>137,437,020</b>	<b>100,408,094</b>

The notes on pages 1 to 36 are integral part of these consolidated financial statements.

**Jackstones, Inc. and Subsidiary**

Consolidated Statements of Total Comprehensive Income  
For each of the three years in the period ended December 31, 2020  
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Revenue	10	14,104,689	-	-
Cost of sales and services	11	(8,002,388)	-	-
Gross Profit		6,102,301	-	-
Operating expenses	12	(9,147,926)	(7,849,362)	(4,721,770)
Interest income	2	68,741	705,895	484,173
Foreign exchange (loss) gain	16	(287,981)	(351,638)	158,353
Loss from operations		(3,264,865)	(7,495,105)	(4,079,244)
Finance costs	7, 14	(23,519)	-	-
Loss before income tax		(3,288,384)	(7,495,105)	(4,079,244)
Income tax (expense) benefit	13	(117,474)	1,328,416	335,031
Loss for the year		(3,405,858)	(6,166,689)	(3,744,213)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		(3,405,858)	(6,166,689)	(3,744,213)
Loss per share (basic and diluted)	15	(0.0136)	(0.0247)	(0.0154)

The notes on pages 1 to 36 are integral part of these consolidated financial statements.

## Jackstones, Inc. and Subsidiary

### Consolidated Statements of Changes in Equity For each of the three years in the period ended December 31, 2020 (All amounts in Philippine Peso)

	Authorized		Share capital (Note 9)		Paid up Amount	Share premium (Note 9)	Treasury shares (Note 9)	Deposit for future stock subscription (Note 9)	Deficit	Total equity
	No. of shares	Amount	No. of shares	Subscribed and issued Amount						
Balances at January 1, 2018	170,000,000	170,000,000	167,559,179	167,559,179	113,074,880	(82)	50,884,890	(302,172,779)	29,346,088	
Comprehensive income	-	-	-	-	-	-	-	-	(3,744,213)	(3,744,213)
Loss for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	-	-	-	(3,744,213)	(3,744,213)
<b>Transaction with owners</b>										
Deposit for future stock subscription	330,000,000	330,000,000	82,500,000	82,500,000	20,625,000	-	(50,884,890)	-	-	-
<b>Balances at December 31, 2018</b>	500,000,000	500,000,000	250,059,179	250,059,179	188,184,179	(82)	-	(305,916,992)	25,601,875	
<b>Comprehensive income</b>										
Loss for the year	-	-	-	-	-	-	-	-	(6,166,689)	(6,166,689)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	-	-	-	(6,166,689)	(6,166,689)
<b>Balances at December 31, 2019</b>	500,000,000	500,000,000	250,059,179	250,059,179	188,184,179	(82)	-	(312,083,681)	19,435,186	
<b>Comprehensive income</b>										
Loss for the year	-	-	-	-	-	-	-	-	(3,405,858)	(3,405,858)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	-	-	-	(3,405,858)	(3,405,858)
<b>Balances at December 31, 2020</b>	500,000,000	500,000,000	250,059,179	250,059,179	188,184,179	(82)	-	(315,489,539)	16,029,328	

The notes on pages 1 to 36 are integral part of these consolidated financial statements.



## Jackstones, Inc. and Subsidiary

Consolidated Statements of Cash Flows  
For each of the three years in the period ended December 31, 2020  
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
<b>Cash flows from operating activities</b>				
Loss before income tax		(3,288,384)	(7,495,105)	(4,079,244)
Adjustment for:				
Depreciation expense	5	4,023,537	54,652	14,805
Amortization of right-of-use assets	14	530,445	-	-
Unrealized foreign exchange loss (gain)	16	107,862	81,120	(61,025)
Interest expense on lease liability	7, 14	23,519	-	-
Interest income	2	(68,741)	(705,895)	(484,173)
Operating income (loss) before changes in assets and liabilities		1,328,238	(8,065,228)	(4,609,637)
Decrease (increase) in:				
Due from related parties	7	10,042,226	14,035,242	(24,332,200)
Real estate held for development and sale	3	(32,003,231)	(27,122,260)	(17,394,825)
Contract asset	8	(24,563)	(1,393,337)	-
Prepayments and other current assets	4	(1,500,222)	(29,732,023)	(727,729)
Input value-added tax, non-current	4	(103,525)	(129,902)	(163,661)
(Decrease) increase in:				
Trade payables and other liabilities	6	(2,879,052)	3,021,474	75,794
Contract liabilities	8	(3,028,470)	10,616,280	-
Security deposit and advance rental	14	8,027,452	-	-
Cash used in operations		(20,141,147)	(38,769,754)	(47,152,258)
Interest received	2	79,108	680,616	484,173
Income taxes paid	13	(899,223)	-	-
Net cash used in operating activities		(20,961,262)	(38,089,138)	(46,668,085)
<b>Cash flow from investing activities</b>				
Short-term investment	2	121,512	(5,265,994)	-
Acquisition of property and equipment	5	(11,957,124)	(465,539)	(60,263)
Net cash used in investing activities		(11,835,612)	(5,731,533)	(60,263)
<b>Cash flow from financing activity</b>				
Advances from shareholders	7	36,700,000	20,000,000	20,500,000
Increase (decrease) in cash and cash equivalents		3,903,126	(23,820,671)	(26,228,348)
Cash and cash equivalents at January 1		5,022,715	28,854,662	55,021,985
Effect of foreign exchange changes on cash and cash equivalents	16	(16,057)	(11,276)	61,025
<b>Cash and cash equivalents at December 31</b>	2	8,909,784	5,022,715	28,854,662

The notes on pages 1 to 36 are integral part of these consolidated financial statements.