COVER SHEET

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SEC Registration Number

F & J PRINCE HOLDINGS CORPORATION

(Company's Full Name)

5TH FLR. BDO TOWERS PASEO 8741 PASEO DE ROXAS MAKATI

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

Atty. Fina C. Tantuico

Contact Person

8892-7133 · 8892-7137

Company Telephone Numbers

1 2	3 1		0 4	1 2
Month	Day		Month	Day
Fiscal Year			Annual Meeting	

SEC FORM 17-Q
(As of SEPTEMBER 30, 2023)

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.1(1) (A) (ii) THEREUNDER

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **30 September 2023**

2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**

4. *F & J Prince Holdings Corporation*
Exact name of registrant as specified in its charter

5. **Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **5th Floor, BDO Towers Paseo**
8741 Paseo de Roxas, Makati City **1226**
Address of principal office Postal Code

8. **(632) 8892-7133**
Registrant's telephone number, including area code

9.
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

TITLE OF CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND AMOUNT OF DEBT OUTSTANDING
Class "A" Common	**292,610,118 Shares**
Class "B" Common	**189,217,535 Shares**

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [✓] No [ ]

If yes, state the name of such Stock Exchange and class/es of securities listed therein:

Philippine Stock Exchange **Common Shares, Class "A" and "B"**

....

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and RSA Rule 17(2)-(b) thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [✓] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [✓] No [ ]

PART I
FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

The following financial statements, presented in a comparative format, are submitted:

(1) Unaudited Interim Balance Sheet as of 30 September 2023 and Audited Balance Sheet as of 31 December 2022 as Annex “A”;

(2) Unaudited Interim Statement of Income and Retained Earnings for the nine (9) month period ending 30 September 2023 and the 9-month period ending 30 September 2022 as Annex “B”;

(3) Unaudited Statement of Income and Retained Earnings for the three-month period ending 30 September 2023 and three months period ending 30 September 2022 shown as Annex “C”;

(4) Unaudited Interim Statement of Changes in Stockholders’ Equity for the 9-month period ending 30 September 2023 and 30 September 2022 and Audited Statement of Changes in Stockholders’ Equity for the year ending 31 December 2022 as Annex “D”;

(5) Unaudited Interim Consolidated Cash Flow Statement for the 9-month period ending 30 September 2023 and the 9-month period ending 30 September 2022 as Annex “E”;

(6) Interim Cash Flow for the quarterly periods ending 30 September 2023 and 30 September 2022, as Annex “F”; and

(7) Consolidated Balance Sheet as of 30 September 2023 and 31 December 2022 with vertical and horizontal percentage analysis as Annex “G”.

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(1) Management's Discussion and Analysis

The Registrant's consolidated revenue in 2022 increased to ₱162.1 million from ₱128.3 million in 2021. Equity in net earnings of associates increased to ₱26.2 million in 2022 from ₱18.9 million in 2021. Interest income decreased to ₱14.6 million in 2022 from ₱18 million in 2021 as interest levels have gone down due to monetary easing by monetary authorities. A net foreign exchange gain of ₱74.5 million was recorded in 2022 versus a loss of ₱30.8 million in 2021 as the Peso devalued against foreign currencies which benefited the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent increased slightly from ₱21.9 million in 2021 to ₱23.9 million in 2022. Gain on AFS, HTM and FVPL Financial Assets of ₱13.7 million was recorded in 2022 versus ₱31.6 million in 2021. Dividend income increased to ₱5.7 million in 2022 from ₱4.7 million in 2021.

Total consolidated expenses of the Registrant increased to ₱136.4 million in 2022 compared to ₱52.6 million in 2021 due mainly to reversal of Net FX losses to Net FX gains in 2021.

As a result of the above, total consolidated income before tax in 2022 totaled ₱25.7 million compared to ₱75.6 million in 2021. After provision for income tax, total consolidated net income after tax totaled ₱19.7 million in 2022 compared to ₱58.6 million in 2021.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled to a loss of ₱0.6 million in 2022 compared to a gain of ₱1.4 million in 2021.

Net income attributable to equity holders of the Registrant totaled ₱20.3 million in 2022 compared to ₱58.6 million in 2021.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2022, the Registrant's consolidated cash and cash equivalent totaled ₱467.7 million compared to ₱506.5 million as of December 31, 2021. The Registrant and its subsidiary are planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱58.1 million at year-end 2022 compared to ₱63.2 million at year-end 2021. Total equity amounted to ₱1.88 billion as of the end of 2022 compared to ₱1.94 billion at the end of 2021.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2022 totaled ₱467.7 million compared to ₱506.5 million at the end of 2021 while total current assets totaled ₱750.2 million at year-end 2022 compared to ₱794.9 million at year-end 2021. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(a) Operating Results and Financial Condition for the Third Quarter of 2023

(i) There are no known trends, demands, events or uncertainties that would have a material effect on the Issuer's liquidity.

(ii) There are no known or anticipated events that would trigger direct or contingent financial obligation that is material to the Company including any default or acceleration of any obligation.

(iii) There are no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during third quarter of 2023 or in prior periods.

(iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary.

(v) There are no trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable impact on net revenues/income from continuing operations except for possible unrealized or realized foreign exchange gains from the dollar denominated investments of the Company and unrealized gains on trading securities. These are generally recognized in the year-end Audited Financial Statements except for realized foreign exchange gain which are reported in the period realized.

(vi) The Company did not realize any non-operating income in the third quarter of 2023 or in the third quarter of 2022 aside from unrealized gain on trading securities, gain on disposal of AFS/HTM investments and net unrealized foreign exchange gains.

The following is a detailed discussion of the Registrant's operations and financial condition during the third quarter of 2023 and third quarter of 2022.

Operating Results

Breakdown of Revenue for the Three-Month Periods Ending September 30, 2023 and September 30, 2022 with Vertical and Horizontal Percentage Analysis is shown below:

(₱000)	THIRD QUARTER September 30, 2023	VERTICAL PERCENTAGE ANALYSIS September 30, 2023	THIRD QUARTER September 30, 2022	VERTICAL PERCENTAGE ANALYSIS September 30, 2022	INCREASE (DECREASE) AMOUNT September 30, 2023	INCREASE (DECREASE) PERCENTAGE September 30, 2023
INTEREST INCOME From Banks	₱ 2,517	6.0%	₱ 830	1.8%	₱ 1,687	106.6%
From Securities	1,069	2.6%	2,786	6.2%	(1,717)	(61.6%)
TOTAL	**3,586**	**8.6%**	**3,616**	**8.0%**	**(30)**	**(0.8%)**
RENT INCOME	6,018	14.5%	6,509	14.4%	(491)	(7.5%)
DIVIDEND INCOME	1,844	4.4%	2,984	6.6%	(1,140)	(38.2%)
UNREALIZED FX GAIN	-	-	21,736	48.2%	(21,736)	(100%)
EQUITY IN NET EARNINGS OF ASSOCIATE	25,900	62.5%	10,269	22.8%	15,271	152.2%
GAINS OF DISPOSAL OF FVOCI	1,584	3.8%	-	-	1,584	100%
OTHER INCOME	345	0.8%	-	-	345	100%
REALIZED FOREX GAIN	232	0.5%	-	-	232	100%
TOTAL	**₱ 41,405**	**100%**	**₱ 45,116**	**100%**	**₱ (3,711)**	**(8.2%)**

Revenues. Consolidated Revenues of the Registrant during the three-month period ending September 2023 totaled ₱41.4 million compared to ₱45.1 million during the same period in 2022. The decrease in revenue in third quarter of 2022 was due mainly to the decrease in unrealized gain which totaled ₱21.7 million in the Third Quarter of 2022 from NIL in Third Quarter of 2023. In addition, there was a decrease in rental income from ₱6.5 million in the third quarter of 2022 to ₱6.0 million in the third quarter of 2023. Interest income was almost flat in 2023 compared to 2022 3rd Quarter. Dividend income decreased to ₱1.8 million in the third quarter of 2023 from ₱2.9 million in the third quarter of 2022.

Expenses. Consolidated general and administrative expenses of the Registrant totaled ₱17.1 million in the third quarter of 2023 compared to ₱18.7 million in the same period in 2022. The decrease in expenses was mainly due to a decrease in unrealized loss on financial assets at FVPL totaling ₱9.5 million in the Third Quarter of 2022 compared to ₱3.9 million in the Third Quarter of 2023 as prices of listed stocks held by the Registrant and its Subsidiaries stabilized. Movement of other items in the consolidated general and administrative expenses were relatively minor.

Net Income. Due to the movements in the revenues and expenses discussed above, consolidated net income in the third quarter of 2023 was ₱24.3 million compared to a net income of ₱26.5 million in the third quarter of 2022. After deducting the share of minority shareholders in the Registrant's majority-owned subsidiary Magellan Capital Holdings Corporation, the consolidated net income attributable to the shareholders of the Registrant was ₱23.1 million in the third quarter of 2023 compared to a net income of ₱25.1 million in the third quarter of 2022.

BALANCE SHEET ACCOUNTS

Annex "A" shows the Consolidated Balance Sheet of the company as of September 30, 2023 and December 31, 2022 while Annex "G" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Accounts for September 30, 2023 compared to December 31, 2022. The various balance sheet accounts are discussed below:

ASSETS

Current Assets. Consolidated current assets as of September 30, 2023 totaled ₱740.1 million compared to ₱750.2 million as of December 31, 2022. The decrease was mainly due to the decrease in cash and cash equivalents which dropped from ₱467.7 million as of December 31, 2022 to ₱387.3 million as of September 30, 2023. There was also a decrease in dividends receivables as dividends declared by the Registrant's outsourcing affiliates. Financial assets at fair value increased from ₱238.3 million at year-end 2022 to ₱313.9 million at the end of September 2023.

Investments in Associates. This account which consists of the Registrant's investment in Pointwest Technologies Corporation and BPO International, Inc. (BPOI) increased from ₱267.6 million at year-end 2022 to ₱293.5 at the end of September 2023 due to the share of the Registrant in equity in net earnings of Pointwest and BPO International.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of bond investments decreased to ₱377.6 million at September 30, 2023 from ₱462.3 million at year-end 2022 due mainly to unrealized loss on financial assets as bond prices declined due to the increase in interest rates.

Property and Equipment. This account totaled ₱3.6 million as of September 30, 2023 compared to ₱4.6 million as of December 31, 2022 due to additional allowance for depreciation.

Investment in Property. This account decreased to ₱348.7 million at the end of September 2023, compared to ₱359.1 million at the end of December 31, 2022 due to additional allowance for depreciation.

Other Non-Current Assets. This account totaled ₱19.8 million as of September 30, 2023 from ₱2.8 million at year-end 2022.

Total Assets. As a result of the foregoing, total assets decreased to ₱1,833.1 million as of September 30, 2023 from ₱1,879.9 million as of December 31, 2022.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities increased to ₱22.5 million as of September 30, 2023 from ₱16.2 million as of December 31, 2022. The increase was due mainly to an increase in total accounts payable and accrued expenses.

Non-Current Liabilities. Non-current liabilities remained stable at ₱41.3 million as of September 30, 2023 compared to ₱41.8 million at year-end 2022.

Stockholder's Equity. Total stockholders' equity decreased to ₱1,769 million at the end of September 2023 from ₱1,821.9 million at the end of 2022 due mainly to decreased retained earnings as a result from the dividends paid out. Minority interest which represents the share of minority shareholders of MCHC in the equity of MCHC totaled ₱71.6 million at the end of September 2023 compared to ₱70.4 million at the end of 2022. Total equity attributable to stockholders of the Registrant was ₱1,697.7 million as of September 30, 2023 compared to ₱1,821.9 million at the end of December 2022.

Top Performance Indicators

The top five (5) performance indicators for the Registrant are as follows:

1) Change in revenue
2) Change in net income
3) Earnings per share
4) Current ratio
5) Book value per share

Change in Revenues. Consolidated revenues in the third quarter of 2023 and 2022 are presented below in summary form:

(₱000)	3rd Quarter 2023	Percentage (%)	3rd Quarter 2022	Percentage (%)
Interest Income	₱ 3,586	8.6%	₱ 3,616	8.0%
Unrealized FX Gain	-	-	21,736	48.2%
Rental Income	6,018	14.5%	6,509	14.4%
Equity in Net Earnings of Associate	25,900	44.5%	10,269	22.8%
Dividend Income	1,844	4.5%	2,984	6.6%
Gain on Disposal/Redemptive of AFS/HTM Investments	1,584	3.8%	-	-
Other Income	345	0.8%	-	-
Realized FX Gain	232	0.6%	-	-
TOTAL INCOME	**₱ 41,405**	**100%**	**₱ 45,116**	**100%**

Total revenue decreased to ₱41.4 million in the third quarter of 2023 from ₱45.1 million in the third quarter of 2022. The higher revenue in 2022 was due mainly to unrealized FX gain.

Change in Net Income. The income statement in the third quarter of 2023 and 2022 are shown in Annex "C" and summarized below:

(₱000)	3rd Quarter 2023	Percentage (%)	3rd Quarter 2022	Percentage (%)
Revenues	₱ 41,405	100%	₱ 45,116	100%
Expenses	17,090	41.3%	18,661	41.4%
Net Income	24,314	58.7%	26,454	58.6%
Attributable to:				
- Minority Interest	1,215	2.9%	1,348	3.0%
- Stockholders of Company	23,099	55.8%	25,106	55.6%

The Registrant realized a consolidated net income of ₱24.3 million in the third quarter of 2023 versus consolidated net income of ₱26.4 million in the third quarter of 2022. After deducting the share of minority shareholders of MCHC, the company realized a net income of ₱23.1 million attributable to stockholders of the company in the third quarter of 2023 compared to a net income of ₱25.1 million attributable to stockholders of the company in the third quarter of 2022. Unrealized FX gain accounted for the bulk of the decrease.

Earnings per Share. The net income per share attributable to shareholders of the Company during the third quarter of 2023 was ₱0.0607 per share compared to net income per share of ₱0.0661 in the third quarter of 2022.

Current Ratio. Current ratio as of September 30, 2023 was 33.6 X compared to 46.8 X as of December 31, 2021.

Book Value Per Share. Book value per share as of September 30, 2023 was ₱4.58 per share compared to ₱4.69 per share at year end 2022 after deducting the shares held by subsidiaries of the Registrant which in the consolidated financial accounts are classified as treasury shares. The decrease was due to decrease in retained earnings after paying out dividends.

PART II
OTHER INFORMATION

As of September 30, 2023, the following resolutions of the Board of Directors were reported under SEC Form 17-C:

(1) Election of Directors and Officers

During the Annual Meeting of the Stockholders of the Corporation held on 07 September 2023 via Zoom at which 82% of the Stockholders were present and/or represented, the following persons were unanimously elected as the new members of the Board of Directors of the Corporation, to wit:

(in alphabetical order)

Charlie K. Chua
Francis L. Chua
Johnson U. Co
Johnny O. Cobankiat
Katrina Marie K. Cokeng
Mark Ryan K. Cokeng
Mary K. Cokeng
Peter L. Kawsek, Jr.
Johnson Tan Gui Yee
Rufino B. Tiangco

The independent directors of the Corporation are Charlie K. Chua and Peter L. Kawsek, Jr.

Thereafter, at the Organizational Meeting of the newly-elected directors, held immediately after the annual stockholders meeting, the following persons were elected to the positions indicated opposite their respective names:

Johnson Tan Gui Yee	-	Chairman
Mark Ryan K. Cokeng	-	President
Ponciano K. Mathay	-	Senior Vice President, Compliance Officer, and Asst. Corporate Secretary
Johnson U. Co	-	Vice President for Administration
Mary K. Cokeng	-	Treasurer
Katrina Marie K. Cokeng	-	Assistant Treasurer
Fina Bernadette D.C. Tantuico	-	Corporate Secretary

The members of the different committees were elected as follows:

Audit Committee:

Peter L. Kawsek, Jr.	-	Chairman/Independent Director
Mark Ryan K. Cokeng		
Johnson Tan Gui Yee		
Rufino B. Tiangco		

Nomination Committee:

Mark Ryan K. Cokeng	-	Chairman
Rufino B. Tiangco		
Johnson Tan Gui Yee		
Charlie K. Chua	-	Independent Director

Compensation Committee:

Mark Ryan K. Cokeng	-	Chairman
Johnson U. Co		
Rufino B. Tiangco		
Charlie K. Chua		

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer .... *F & J Prince Holdings Corporation*

Principal Executive Officer

Signature and Title .... **MARK RYAN K. COKENG, President**

Date .... **13 November 2023**

Principal Financial/Accounting Officer/Controller

Signature and Title .... **MARY K. COKENG, Treasurer**

Date .... **13 November 2023**

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3RD Quarter Report-30 September 2023

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

ANNEX "A"

ASSETS		UNAUDITED SEPT.30, 2023		AUDITED DEC. 31,2022
Current Assets				
Cash and cash equivalents	P	387,305,452	P	467,697,273
Financial assets at fair value through profit or loss		313,986,391		238,309,793
Convertible note receivable		0		0
Receivables-net :				
Advances to Officers & Employees		0		0
Interest Receivable		2,326,112		4,215,899
Dividends Receivable		0		5,249,962
Receivable from related parties		393,172		173,419
Others		646,616		913,725
Total Receivables		3,365,900		10,553,005
Allowance for impairment losses		1,007,000		1,007,000
Total Receivables-Net		2,358,900		9,546,005
Current portion of HTM investments		0		0
Current portion of AFS financial assets		477,020		477,020
Prepaid expenses & other current assets:				
Input Tax		26,944,817		25,656,949
Prepaid Income Tax		1,099,103		1,099,103
Others		7,975,982		7,420,602
Total Prepaid expenses and other current assets		36,019,902		34,176,654
Total Current Assets	P	740,147,665	P	750,206,745
Non-current Assets				
Convertible notes receivable		5,612,000		5,612,000
Investments in associates		293,517,402		267,617,359
Investment in rights issue subscription		44,016,400		27,632,400
Financial assets at FVOCI-net of current portion		377,675,514		462,343,736
Investment in property		348,701,568		359,082,446
Property and Equipment				
Building		20,755,943		20,755,943
Building Improvements		10,050,133		8,764,062
Transportation equipment		3,663,170		7,234,510
Furniture and fixtures		3,076,890		3,039,303
Total		37,546,136		40,964,889
Less: Accumulated depreciation		33,910,862		36,322,799
Net Book Value		3,635,274		4,642,090
Total Property and Equipment		3,635,274		4,642,090
Other non-current assets		19,824,229		2,857,086
Total Non-Current Assets		1,092,982,387		1,129,787,117
TOTAL ASSETS	P	1,833,130,052	P	1,879,993,862

LIABILITIES & STOCKHOLDERS' EQUITY		UNAUDITED SEPT.30, 2023		AUDITED DEC. 31, 2022
Current Liabilities				
Accounts Payable and accrued expenses				
Accounts payable-trade		0		0
Accounts payable-others		378,904		957,570
Withholding taxes payable		2,312,020		452,893
SSS Premium Payable		25,082		23,242
HDMF Premium Payable		1,896		1,896
Philhealth Premium Payable		8,065		8,065
Deposit Payable		9,424,647		4,270,053
Output Vat Payable		2,729,813		1,672,735
Accrued expenses		526,991		1,744,548
Total Accounts payable and accrued expenses	P	15,407,418	P	9,131,002
Dividends Payable		6,964,039		6,964,039
Income Tax Payable		124,280		124,280
Provision for legal obligation		0		0
Total Current Liabilities	P	22,495,737	P	16,219,321
Non-Current Liabilities				
Deferred tax liabilities		22,943,545		22,943,545
Deposits payable		580,000		1,099,000
Retirement benefit obligation		17,796,176		17,796,176
Total Non-Current Liabilities		41,319,721		41,838,721
Stockholders' Equity				
Capital stock		481,827,653		481,827,653
Additional paid in capital		144,759,977		144,759,977
Treasury shares		(102,094,826)		(102,094,826)
Unrealized gain on financial assets at FVOCI		1,039,668		(16,798,687)
Actuarial loss on retirement benefit obligation		615,438		615,438
Accumulated share in other comprehensive income of associates		107,814,148		107,814,148
Retained earnings		1,063,710,290		1,135,349,885
Total Equity Attributable to Stockholders of the Company		1,697,672,348		1,751,473,588
Minority Interest		71,642,246		70,462,232
Total Stockholders' Equity		1,769,314,594		1,821,935,820
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P	1,833,130,052	P	1,879,993,862

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "B"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS PERIOD ENDING SEPT. 30, 2023 AND SEPT. 30, 2022

		UNAUDITED SEPT.30, 2023		UNAUDITED SEPT. 30, 2022
REVENUES				
Equity in net earnings in associate	P	25,900,043	P	10,269,352
Interest Income				
From Banks	P	7,202,658	P	1,867,127
From Securities		4,716,167		6,548,103
Total Interest Income		11,918,825		8,415,230
Unrealized gains on trading securities		42,854,545		1,536,863
Rental Income		15,824,062		18,172,845
Gains on disposal /redemption of financial assets at FVTPL		0		274,049
Dividend Income		3,846,477		4,967,048
Realized gain on disposal of fin.assets at FVTPL		0		5,993,835
Net unrealized foreign exchange gain		2,359,723		53,404,373
Realized foreign exchange gain		0		1,681,580
Miscellaneous		1,127,660		0
	P	103,831,335	P	104,715,175
EXPENSES				
Doubtful accounts expense		0		23,862
Realized loss on disposal of bonds		15,255,351		0
Salaries, wages and employees' benefits		8,164,072		8,958,291
Depreciation		13,310,951		7,655,862
Professional fees		2,899,886		1,697,967
Condominium dues		5,288,097		3,129,667
Litigation expense		0		24,615,173
Taxes and licenses		4,314,131		746,671
Entertainment, amusement and recreation		183,967		394,764
Unrealized loss on financial assets at FVPL		5,481,884		42,712,432
Others		3,531,837		4,404,288
		58,430,176		94,338,977
NET INCOME	P	45,401,159		10,376,198
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	44,221,145	P	10,146,970
MINORITY INTERESTS		1,180,014		229,228
EARNINGS PER SHARE	P	0.116	P	0.0267

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDING SEPT. 30, 2023 AND SEPT. 30, 2022

		UNAUDITED SEPT.30, 2023		UNAUDITED SEPT. 30, 2022
NET INCOME	P	45,401,159	P	10,376,198
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		-		-
Amortization of unrealized losses on changes in fair value of AFS investments				
Unrealized gains on financial assets at FVOCI		17,838,355		(43,910,015)
Impairment loss on AFS investments				
Others				
		17,838,355		(43,910,015)
TOTAL COMPREHENSIVE INCOME(LOSS)	P	63,239,514	P	(33,533,817)
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	60,077,538	P	(31,857,126)
MINORITY INTERESTS		3,161,976		(1,676,691)
	P	63,239,514	P	(33,533,817)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS PERIOD JULY 1-SEPT. 30, 2023 AND JULY 1-SEPT. 30, 2022

		UNAUDITED JULY 1-SEPT.30, 2023		UNAUDITED JULY 1-SEPT. 30, 2022
REVENUES				
Equity in net earnings in associates	P	25,900,043	P	10,269,352
Interest Income				
From Banks	P	2,517,188	P	830,380
From Securities		1,069,555		2,785,811
Total Interest Income		3,586,743		3,616,191
Unrealized gains on trading securities		1,893,228		0
Rental Income		6,018,649		6,509,071
Dividend Income		1,844,339		2,984,410
Unrealized forex gain		0		21,736,569
Realized gain on sale of FVOCI		1,584,597		0
Realized forex exchange gain		232,934		0
Other income		345,278		
	P	41,405,811	P	45,115,593
EXPENSES				
Doubtful accounts expense		0		
Repairs and maintenance		0		
Salaries, wages and employees' benefits		2,892,067		3,015,244
Depreciation		4,452,849		2,575,721
Professional fees		520,411		506,611
Condominium dues		1,635,223		1,060,663
Realized loss on disposal/redemption of bonds/FVOCI		0		0
Taxes and licenses		1,020,454		60,919
Entertainment, amusement and recreation		69,565		146,803
Unrealized loss on financial assets at FVPL		3,867,173		9,547,141
Others		2,633,231		1,748,209
		17,090,973		18,661,311
NET INCOME	P	24,314,838	P	26,454,282
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	23,099,096	P	25,106,181
MINORITY INTERESTS		1,215,742		1,348,101
EARNINGS PER SHARE	P	0.0608	P	0.0661

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "C"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD JULY 1-SEPT. 30,2023 AND JULY 1-SEPT. 30,2022

		UNAUDITED JULY 1-SEPT. 30,2023		UNAUDITED JULY 1-SEPT. 30,2022
NET INCOME	P	24,314,838	P	26,454,282
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		-		-
Amortization of unrealized losses on changes in fair value of AFS investments				
Unrealized gain/loss on financial assets at FVOCI		(5,273,286)		171,395
Impairment loss on AFS investments				
Others				
		(5,273,286)		171,395
TOTAL COMPREHENSIVE INCOME(LOSS)	P	19,041,552	P	26,625,677
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	18,089,474	P	25,294,393
MINORITY INTERESTS		952,078		1,331,284
	P	19,041,552	P	26,625,677

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

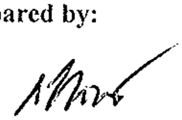
ANNEX "D"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPT.30, 2023 AND SEPT. 30, 2022
AND THE YEAR ENDED DECEMBER 31, 2022

		UNAUDITED SEPT. 30, 2023		UNAUDITED SEPT. 30,2022		AUDITED DEC. 31, 2022
CAPITAL STOCK						
Balance at beginning of year	P	481,827,653	P	481,827,653	P	481,827,653
Issuance of additional shares of stock						
Subscription of additional shares of stock						
Balance at end of period		481,827,653		481,827,653		481,827,653
ADDITIONAL PAID-IN CAPITAL		144,759,977		144,759,977		144,759,977
Treasury Shares		(102,094,826)		(102,094,826)		(102,094,826)
Unrealized gain on financial assets at FVOCI		1,039,668		(43,910,015)		(16,798,687)
Other Reserves						
Actuarial loss on retirement benefit obligation		615,438		1,005,072		615,438
Share in other comprehensive income of associates		107,814,148		87,890,753		107,814,148
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES						
RETAINED EARNINGS						
Balance at beginning of period, as restated		1,135,349,885		1,214,760,272		1,172,570,596
Net Income		44,221,145		10,146,970		20,333,318
Dividends declared		(115,860,740)		(59,761,724)		(57,554,029)
Balance at end of period		1,063,710,290		1,165,145,518		1,135,349,885
		1,697,672,348		1,734,624,132		1,751,473,588
Minority Interests		71,642,246		74,001,928		70,462,232
TOTAL STOCKHOLDERS' EQUITY	P	1,769,314,594	P	1,808,626,060	P	1,821,935,820

See accompanying Notes to Consolidated Financial Statements

Prepared by:



ARSENIO T. LIAO
Accountant

ANNEX "E"

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDING SEPT. 30,2023 AND SEPT. 30, 2022

		UNAUDITED SEPT. 30, 2023		UNAUDITED SEPT. 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income	P	44,221,145	P	10,146,970
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority Interest		1,180,014		229,228
Depreciation and amortization		13,310,951		7,655,862
Net unrealized gains on financial assets at FVOCI		17,838,348		(30,407,071)
Decrease (increase) in:				
Receivables		7,187,105		18,515,017
Prepaid expenses and other current assets		(1,843,248)		578,884
Increase (decrease) in accounts payable and accrued expenses		6,276,417		3,935,549
Net cash provided by operating activities		88,170,732		10,654,439
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(1,923,251)		(2,238,201)
Investment in rights issue subscription		(16,384,000)		(11,106,400)
Financial assets at FVOCI and FVPL		8,991,624		22,394,939
Decrease (increase) in:				
Investment in associates		(25,900,043)		(10,269,352)
Other assets		(16,967,143)		26,261,748
Net cash provided by (used in) investing activities		(52,182,813)		25,042,734
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Deposits payable		(519,000)		
Cash dividends declared and paid		(115,860,740)		(59,761,724)
Provision for legal obligation				(5,000,000)
Dividends payable		0		(31,228)
Income tax payable				(60,199)
Net cash provided by (used in) financing activities		(116,379,740)		(64,853,151)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	(80,391,821)	P	(29,155,978)
CASH AND CASH EQUIVALENTS, BEGINNING		467,697,273		506,730,242
CASH AND CASH EQUIVALENTS, ENDING	P	387,305,452	P	477,574,264

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "F"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3 MONTHS PERIOD JULY 1-SEPT. 30,2023 AND JULY 1-SEPT. 30, 2022

		UNAUDITED JULY 1-SEPT.30, 2023		UNAUDITED JULY 1-SEPT. 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	P	23,099,096	P	25,106,181
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in net earnings in associate		0		0
Minority interest		1,215,742		1,348,101
Depreciation and amortization		4,452,849		2,575,721
Net unrealized gains on financial assets at FVOCI		(5,273,286)		171,395
Amortization of unrealized loss/gain on FV of AFS inv.				
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		258,967		(451,065)
Prepaid expenses and other current assets		(2,049,486)		354,400
Increase (decrease) in:				
Accounts payable and accrued expenses		540,692		4,846,943
Net cash provided by operating activities		22,244,574		33,951,676
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(851,288)		(116,106)
Investment in property				
Financial assets at FVOCI and FVPL		10,180,525		6,640,277
Investment in associates		(25,900,043)		(10,269,352)
Decrease(increase) in				
Investment in rights issue subscription		2,790,350		(11,106,400)
Other assets		(16,467,143)		
Net cash provided by (used in) investing activities		(30,247,599)		(14,851,581)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Cash dividends declared and paid		(115,860,740)		(59,761,724)
Deposits payable		0		0
Dividends payable		0		(31,228)
Income tax payable		0		0
Net cash provided by (used in) financing activities		(115,860,740)		(59,792,952)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	(123,863,765)	P	(40,692,857)
CASH AND CASH EQUIVALENTS, BEGINNING		511,169,217		518,267,121
CASH AND CASH EQUIVALENTS, ENDING	P	387,305,452	P	477,574,264

F& J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30,2023 AND DECEMBER 31, 2022
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX G"

	UNAUDITED SEPT. 30, 2023	VERTICAL PERCENTAGE ANALYSIS SEPT. 30, 2023	AUDITED DEC. 31,2022	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2022	INCREASE (DECREASE) AMOUNT SEPT. 30, 2023	INCREASE (DECREASE) PERCENTAGE ANALYSIS SEPT. 30, 2023
ASSETS						
Current Assets						
Cash and cash equivalents	387,305,452	21.13%	467,697,273	24.87%	(80,391,821)	-17.19%
Financial assets at fair value through fair value thru profit or loss (FVPL)	313,986,391	17.13%	238,309,793	12.68%	75,676,598	31.76%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	2,326,112	0.13%	4,215,899	0.22%	(1,889,787)	-44.83%
Dividends Receivable	0	0.00%	5,249,962	0.28%	(5,249,962)	-100.00%
Receivable from related parties	393,172	0.02%	173,419	0.01%	219,753	126.72%
Others	646,616	0.04%	913,725	0.05%	(267,109)	-29.23%
Total Receivables	3,365,900	0.19%	10,553,005	0.56%	(7,187,105)	-68.10%
Allowance for impairment losses	1,007,000	-0.05%	1,007,000	-0.05%	0	0.00%
Total Receivables-Net	2,358,900	0.14%	9,546,005	0.51%	(7,187,105)	-75.29%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	477,020	0.03%	477,020	0.03%	0	0.00%
Prepaid expenses & other current assets:						
Others	7,975,982	0.44%	7,420,602	0.39%	555,380	7.48%
Input Tax	26,944,817	1.46%	25,656,949	1.36%	1,287,868	5.02%
Prepaid Income Tax	1,099,103	0.06%	1,099,103	0.06%	0	0.00%
Total Prepaid expenses & other current assets	36,019,902	1.96%	34,176,654	1.81%	1,843,248	5.39%
Total Current Assets	740,147,665	40.39%	750,206,745	39.90%	(10,059,080)	-1.34%
Non-current Assets						
Convertible notes receivable	5,612,000	0.31%	5,612,000	0.30%	0	0.00%
Investments in associates	293,517,402	16.00%	267,617,359	14.24%	25,900,043	9.68%
Investment in rights issue subscription	44,016,400	2.40%	27,632,400	1.47%	16,384,000	59.29%
Financial assets at FVOCI	377,675,514	20.60%	462,343,736	24.59%	(84,668,222)	-18.31%
Investment in properties	348,701,568	19.02%	359,082,446	19.10%	(10,380,878)	-2.89%
Property and Equipment						
Building	20,755,943	1.13%	20,755,943	1.11%	0	0.00%
Building Improvements	10,050,133	0.55%	9,935,133	0.53%	115,000	1.16%
Transportation equipment	3,663,170	0.20%	7,234,510	0.38%	(3,571,340)	-49.37%
Furniture and fixtures	3,076,890	0.17%	3,039,303	0.16%	37,587	1.24%
Total Property and Equipment	37,546,136	2.05%	40,964,889	2.18%	(3,418,753)	-8.35%
Less: accumulated depreciation	33,910,862	-1.85%	36,322,799	-1.93%	(2,411,937)	-6.64%
Net Book Value	3,635,274	0.20%	4,642,090	0.25%	(1,006,816)	-21.69%
Total Property and Equipment	3,635,274	0.20%	4,642,090	0.25%	(1,006,816)	-21.69%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets – net	19,824,229	1.08%	2,857,086	0.15%	16,967,143	593.86%
Total Non-Current Assets	1,092,982,387	59.61%	1,129,787,117	60.10%	(36,804,730)	-3.26%
TOTAL ASSETS	1,833,130,052	100.00%	1,879,993,862	100.00%	(46,863,810)	-2.49%

	UNAUDITED SEPT. 30, 2023	VERTICAL PERCENTAGE ANALYSIS SEPT. 30, 2023	AUDITED DEC. 31,2022	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2022	INCREASE (DECREASE) AMOUNT SEPT. 30, 2023	INCREASE (DECREASE) PERCENTAGE ANALYSIS SEPT. 30, 2023
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	378,904	0.02%	957,570	0.05%	(578,666)	-60.43%
Withholding taxes payable	2,312,020	0.12%	452,893	0.02%	1,859,127	410.50%
SSS Premium Payable	25,082	0.00%	23,242	0.00%	1,840	7.92%
HDMF Premium Payable	1,896	0.00%	1,896	0.00%	0	0.00%
Philhealth Premium Payable	8,065	0.00%	8,065	0.00%	0	0.00%
Deposit Payable	9,424,647	0.51%	4,270,053	0.23%	5,154,594	120.71%
Output Vat Payable	2,729,813	0.15%	1,672,735	0.09%	1,057,078	63.19%
Accrued expenses	526,991	0.03%	1,744,548	0.09%	(1,217,557)	-69.79%
Total Accounts payable & accrued expenses	15,407,418	0.83%	9,131,002	0.48%	6,276,416	68.74%
Dividends Payable	6,964,039	0.38%	6,964,039	0.37%	0	0.00%
Income Tax Payable	124,280	0.01%	124,280	0.01%	0	0.00%
Provision for legal obligation	0	0.00%	0	0.00%	0	0.00%
Total Current Liabilities	22,495,737	1.22%	16,219,321	0.86%	6,276,416	38.70%
Non-Current Liabilities						
Deposits payable	580,000	0.03%	1,099,000	0.06%	(519,000)	-47.22%
Deferred tax liabilities	22,943,545	1.25%	22,943,545	1.22%	0	0.00%
Retirement benefit obligation	17,796,176	0.97%	17,796,176	0.95%	0	0.00%
Total Non-Current Liabilities	41,319,721	2.25%	41,838,721	2.23%	(519,000)	-1.24%
Stockholders' Equity						
Capital stock	481,827,653	26.28%	481,827,653	25.63%	0	0.00%
Additional paid in capital	144,759,977	7.90%	144,759,977	7.70%	0	0.00%
Unrealized gain on fin. assets at FVOCI	1,039,668	0.06%	(16,798,687)	-0.89%	17,838,355	106.19%
Actuarial loss on retirement obligation	615,438	0.03%	615,438	0.03%	0	0.00%
Accumulated share in OCI of associates	107,814,148	5.88%	107,814,148	5.73%	0	0.00%
Treasury shares	(102,094,826)	-5.57%	(102,094,826)	-5.43%	0	0.00%
Retained earnings	1,063,710,290	58.04%	1,135,349,885	60.39%	(71,639,595)	-6.31%
Total Equity Attributable to Stock-holders of the Company	1,697,672,348	92.62%	1,751,473,588	93.16%	(53,801,240)	-3.07%
Minority Interest	71,642,246	3.91%	70,462,232	3.75%	1,180,014	1.67%
Total Stockholders' Equity	1,769,314,594	96.53%	1,821,935,820	96.91%	(52,621,226)	-2.89%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,833,130,052	100.00%	1,879,993,862	100.00%	(46,863,810)	-2.49%

1. Corporate Information

F & J Prince Holdings Corporation (the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, and associations, domestic or foreign.

The Parent Company is a public company under Section 17.2 of the Revised Securities Regulation Code and its shares of stock are listed in and traded through the Philippine Stock Exchange, Inc. (PSE).

The registered office address of the Parent Company is 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as a "Group") as of December 31, 2022 and for the year ended December 31, 2022 were approved and authorized for issuance by the Board of Directors (BOD) on April 26, 2023.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest Peso except as otherwise indicated.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs, which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

2.3 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis of accounting, except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Financial assets at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries and the Group's interest in associates accounted for under equity method of accounting as at December 31, 2022, 2021 and 2020.

Control is achieved when the Group has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components while any resulting gain or loss is recognized in consolidated statements of income. Any investment retained is recognized at fair value.

Transactions involving noncontrolling interest in a subsidiary without a change of control are accounted for as equity transactions. Any excess or deficit of consideration paid over the carrying amount of noncontrolling interest acquired is recognized in equity of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, including intercompany profits and losses, are eliminated.

Details on the subsidiaries as of December 31, 2022, 2021 and 2020 are as follows:

	Country of Incorporation	**Percentage of Ownership**
Magellan Capital Holdings Corporation (MCHC)*	Philippines	95%
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	95%
Malabrigo Corporation (MC)	Philippines	95%
Magellan Capital Realty Development Corporation (MCRDC)**	Philippines	95%
Magellan Capital Trading Corporation (MCTC)**	Philippines	95%

**Intermediate parent company*
***Non-operational since incorporation*

MCHC
MCHC is a holding company involved in investing real and personal properties of every kind, including, but not limited to, land, buildings, condominium units, shares of stock, bonds, and other securities of any corporation or association, domestic or foreign. MCHC was registered with SEC on November 6, 1990. MCHC has investments in subsidiaries, mainly PIEI, MC, MCRDC and MCTC.

PIEI
PIEI was organized primarily as a real estate developer and was registered with the SEC on May 5, 1993.
MC
MC was organized primarily to purchase, operate, maintain and sell coal mines and their products and by-products. MC was registered with the SEC on August 31, 1993.

MCRDC
MCRDC was organized to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts and obligations of any corporation or corporations, domestic or foreign. MCRDC was registered with the SEC on November 14, 1990 and has been non-operational since incorporation.

MCTC
MCTC was organized to conduct and carry on the business of buying, selling, distributing and marketing at wholesale and retail all kinds of goods, commodities, wares and merchandise. MCTC was registered with the SEC on January 7, 1991 and has been non-operational since incorporation.

3. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the changes in accounting policies explained below.

3.1 Adoption of Amendments to Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Business Combinations – Reference to the Conceptual Framework.*
  The amendments add an exception to the recognition principle of PFRS 3 to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies,* if incurred separately. It also clarifies that contingent assets do not qualify recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*
  The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.

- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract.*
  The amendments specify the costs a Company includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a

"directly related approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

- Annual Improvements to PFRS Standards 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of PFRS - Subsidiary as a First-time Adopter* The amendment permits a subsidiary that applies paragraph D 16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.

  - Amendments to PFRS 9, *Financial Instruments – Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities.*
    The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender including fees paid or received by either the entity or the lender on the other's behalf.

  - Amendments to PFRS 16, *Leases – Lease Incentives.*
    The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

  - Amendments to PAS 41, *Agriculture – Taxation in Fair Value Measurements.*
    The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

3.2 Amendments to Standards Issued but not yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2022, and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent*
  The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023, as a result of COVID-19 pandemic.

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements – Disclosure Initiative – Accounting Policies*
  The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates.*
  The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique

are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction.*
  The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

Effective for annual periods beginning on or after January 1, 2024

- Amendments to PAS 1, *Presentation of Financial Statements – Noncurrent Liabilities with Covenants*
  The amendments clarify how conditions with which an entity must comply within twelve months after the reporting date affect the classification of a liability. The amendments modify the requirements introduced by PAS1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent*, on how an entity classifies debt and other financial liabilities as current or noncurrent in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or noncurrent. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months.

- Amendments to PAS 16, *Leases – Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee should apply the subsequent measurement requirements in PFRS 16 to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss relating to the partial or full termination of a lease. The amendments also do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

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

- PFRS 17, *Insurance Contracts**
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, "Insurance Contracts". This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adoption for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

- Amendments to PFRS 17, *Insurance Contracts**
  The amendments, which respond to feedback from stakeholders, are designed to:

  - Reduce costs by simplifying some requirements in the Standard;
  - Make financial performance easier to explain; and
  - Ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

- Amendment to PFRS 17, *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information**
  The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

**On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferment of Implementation of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) for the Real Estate Industry
  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

  On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

No Mandatory Effective Date

- Amendments to PFRS 9, *Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39)*
  The amendments require the inclusion of general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVTPL) to be presented in the OCI.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Group. The Group continues to assess the impact of the above new and amended accounting standards and interpretations when they become effective. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

3.3 Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

3.4 Fair Value Measurement

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

3.5 Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>3.5.1 Financial Assets</u>
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables, due from related parties, and convertible notes receivable.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from date of placements and that are subject to an insignificant risk of change in value.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statements of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value. Gains and losses arising from fair value changes are recognized in the consolidated statements of income.

Impairment of financial assets
The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The ECL calculation using general approach is composed of three major components - probability of default (PD), loss given default (LGD), and exposure at default (EAD). The 12-month ECL is computed for Stage 1 accounts, while the lifetime ECL is calculated for Stage 2 and Stage 3 accounts. The ECL calculation using simplified approach is computed for Stage 2 and 3 accounts, using lifetime ECL. Accounts with objective evidence of impairment are classified under Stage 3 and shall follow the Group's impairment methodology.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

A loss allowance at an amount equal to at least 12-month ECLs will be recognized throughout the life of financial assets. A loss allowance at an amount equal to lifetime ECLs will be recognized when credit risk has significantly increased since initial recognition, resulting in the timely recognition of expected credit losses.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statements of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

<u>3.5.2 Financial Liabilities</u>
Initial recognition and measurement
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Group's financial liabilities include "Accounts payable and accrued expenses", excluding payables to the government, "Due to related parties", "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

3.5.3 Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counter parties.

3.6 Prepayments and Other Current Assets
3.6.1 Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

3.6.2 Value-Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.

3.7 Investments in Associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associates after the date of acquisition. The Group's share of the associates' profit or loss is recognized in the consolidated statements of income. Distributions received from associates reduce the carrying amount of the investment.

Any change in OCI of those investees is presented as part of the consolidated statements of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. If the Group's shares of losses of an associate equal or exceeds its interest in the associate, the Group shall discontinue recognizing its share of further losses.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in its associates. At each reporting date, the Group determines whether there is objective evidence that the investments in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognize the loss in the consolidated statements of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of income.

The Group has equity interest in the following associates as of December 31, 2022, 2021 and 2020:

	Country of Incorporation	Percentage of Ownership
Magellan Utilities Development Corporation (MUDC)	Philippines	43%
Pointwest Technologies Corporation (PTC)	Philippines	30%
Business Process Outsourcing International (BPO)	Philippines	35%
Melrose Park Investments, L. P. (MPI)	United States	7.813%

3.8 Investment Properties
Investment properties, comprising a parcel of land and condominium units, are held either to earn rental income or for capital appreciation or both. Investment property pertaining to land is measured at cost, including transaction costs less any accumulated impairment in value.

Investment property pertaining to condominium units is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is computed using straight-line method over the estimated useful life of 25 years.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statements of income in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.9 Property and Equipment
Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations 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. Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statements of income of such period.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Property and Equipment	Number of Years
Transportation equipment	10
Furniture, fixtures, and equipment	5
Condominium	25
Condominium improvements	10 or useful life whichever is shorter

Expected useful lives are reviewed at each consolidated statements of financial position date and if they differ significantly from previous estimates, the remaining depreciation periods are adjusted accordingly.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income in the year the asset is derecognized.

3.10 Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs 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 groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.
An assessment must be made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.11 Accrued Expenses and other payables

3.11.1 Accrued Expenses
Accrued expenses are recognized in the period in which the related money, goods or services are received or incurred and have been invoiced or formally agreed with the supplier. These are non-interest bearing and are stated at their amortized cost if payable beyond 12 months otherwise are stated at undiscounted amount.

3.11.2 Other Payables
Other payables include government-imposed obligations such as withholding taxes, statutory payroll obligations and income tax payable to the Local Government Unit (LGU) and are stated at cost.

3.12 Provisions
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statements of financial position date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statements of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.
Adjustment is reflected in the right-of-use asset, or in profit or loss if the right-of-use asset is already reduced to zero.

3.13 Capital Stock and Additional Paid-in Capital
The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

3.14 Treasury Shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

3.15 Retained Earnings
The amount included in retained earnings includes income attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the BOD. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the relevant transitional provisions.

3.16 Revenue Recognition
Revenue is recognized when control over a product or service is transferred to the customer, or the customer has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Revenue outside the Scope of PFRS 15
The specific recognition criteria described below must be met before revenue is recognized.

3.16.1 Dividend income
Revenue is recognized when the Group's right to receive payment is established, which is generally when the investee's BOD approves the dividend.

3.16.2 Interest income
For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the EIR method. EIR is the rate that exactly discounts the estimated future

cash payments or receipts over the expected life of the financial instrument or shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is recognized in the consolidated statements of income.

3.16.3 Rent income

Rent income arising from operating lease on investment properties is accounted for on a straight-line basis over the non-cancellable lease term and is included in revenue in the consolidated statements of income.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on a straight-line basis. Contingent rents are recognized as revenue in the period in which these are earned.

3.16.4 Other income

Other income earned outside the normal course of business is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

3.17 Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in the decrease in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when goods are received by and services are rendered to the Group or when the expenses are incurred.

3.18 Retirement Benefits

The Group operates an unfunded defined benefit plan in the Philippines.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurement comprising of actuarial gains and losses, return on plan assets and any change in the effect of asset ceiling (excluding amounts net interest on the net defined benefit liability), are recognized immediately in the consolidated statements of comprehensive income in the period in which they occur. Remeasurement are not reclassified to the consolidated statements of income in subsequent periods.

Past service costs are recognized in the consolidated statements of income on the earlier of:

- The date of the plan amendment or curtailment, or
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Retirement benefits" in consolidated statements of income:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3.19 Leases

3.19.1 Group as a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received as income on a straight-line basis over the lease term in the consolidated statements of income.

3.20 Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the functional currency spot rates of exchange at the reporting date. Differences arising from settlement or translation of monetary items are recognized in profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values are determined. The gain or loss arising on translation of nonmonetary items measured at fair values is treated in line with the recognition of gain or loss on the change in fair value of the item.

3.21 Income Taxes

3.21.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

3.21.2 Deferred Income Tax

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits in the form of minimum corporate income tax (MCIT) and unused tax losses in the form of net operating loss carryover (NOLCO). Deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences of MCIT and NOLCO can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates and income tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside of profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustments are either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the consolidated statements of income.

3.22 Provisions, Contingent Assets and Contingent Liabilities

3.22.1 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

3.22.2 Contingencies

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

3.23 Earnings per Share (EPS)
Basic EPS is computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.
Outstanding share options plan (SOP) shares will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. Where the effect of the exercise of all outstanding options has anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Potential ordinary shares are weighted for the period they are outstanding. Potential ordinary shares that are converted into ordinary shares during the period are included in the calculation of diluted EPS from the beginning of the period to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted EPS.

3.24 Related Party Transactions
Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

3.25 Segment Reporting
For purposes of Management reporting, the Group operates mainly in one reportable business segment and one reportable geographical segment. The Group's identified operating segment is consistent with the segment reported to the BOD which is the Group's Chief Operating Decision Maker (CODM).

3.26 Events after the Reporting Period
Events after the reporting period that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRSs require management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following items are those matters which the Group assess to have significant risks arising from estimation uncertainties:

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

4.1.1 Determination of Significant Influence over an Investee Company
The Group considers its investments in Pointwest Technologies Corporation (PTC) and Business Process Outsourcing International, Inc. (BPO) as investments in associates. The Group concluded that given its 30% and 35% ownership interest in PTC and BPO, respectively, it has significant influence over the operating and financial policies of these associates, with considerations of the following factors:

- representation on the BOD;
- participation in policy-making processes, including participation in decision about dividend and other distributions; and
- material transactions between the investor and investee.

Also, the Group considers its investment in Melrose Park Investments, L.P. (MPI), a limited partnership, with an interest of 7.813% as investment in an associate. An ownership interest greater than 3-5% in limited partnerships is presumed to provide the Group with the ability to influence the operating and financial policies of MPI.

4.1.2 Classification of Financial Instruments
The Group exercises judgments in classifying a financial instrument, or its component parts, upon initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether market transactions take place with sufficient frequency and volume.

4.1.3 Contractual Cash Flows Assessment
For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Investments in a financial asset that are convertible into equity instruments of the issuer are analyzed for classification in its entirety. A convertible financial asset does not meet the SPPI criterion when its interest rate does not reflect the consideration for the time value of money and the credit risk of the issuer. This is not the case when the issuer's shares are used to settle the instrument with a variable number of shares being issued that are equal in value to the unpaid principal and interest of the financial asset.

The Group's convertible notes receivable amounting to ₱5.6 million, nil and ₱42.1 million as at

December 31, 2022, 2021 and 2020, respectively, met the SPPI criterion.

4.1.4 Evaluation of Business Model in Managing Financial Instruments
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

4.2.1 Determination of Fair Values of Financial Instruments
The Group carries and discloses certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, (i.e., quoted prices, interest rates, foreign exchange rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology.

Where the fair value of certain financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Group's financial instruments are presented in Note 26.

4.2.2 Estimating Provision for Expected Credit Losses
The Group uses the general approach to calculate expected credit losses for receivables. The provision rates are based on days past due for each customer. The Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date. The information about the Group's expected credit losses is disclosed in Note 9.

In 2022 and 2021, the Group recognized additional provision for expected credit losses on its receivables amounting to ₱0.09 million and ₱0.07 million, respectively.

The aggregate allowance for expected credit losses on receivables amounted to ₱189.7 million, ₱189.6

million and ₱189.5 million as at December 31, 2022, 2021 and 2020, respectively. The receivables, net of allowance for expected credit losses, amounted to ₱9.5 million, ₱22.0 million and ₱30.8 million as at December 31, 2022, 2021 and 2020, respectively (see Notes 7 and 21).

4.2.3 Estimating Impairment of Debt Securities Classified as Financial Assets at FVOCI
The Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instruments has increased significantly since initial recognition.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group's debt instruments in FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

No expected credit losses are provided in 2022, 2021 and 2020. The carrying value of debt securities classified as financial assets at FVOCI amounted to ₱145.0 million, ₱165.8 million and ₱203.0 million as at December 31, 2022, 2021 and 2020, respectively (see Note 9).

4.2.4 Estimating Impairment of Investments in Associates
The Group performs an impairment review of its investments in associates whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows.

The carrying amount of investments in associates amounted to ₱267.6 million, ₱253.8 million and ₱282.9 million as at December 31, 2022, 2021 and 2020, respectively (see Note 11).

4.2.5 Estimating Impairment of Nonfinancial Assets
The Group determines whether prepayments and other current assets, property and equipment, and other noncurrent assets are impaired whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end

of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.
The Group has not identified any events or changes in circumstances that would indicate an impairment of its nonfinancial assets as of December 31, 2022, 2021 and 2020 presented below:

	Notes	2022	2021 (As restated)	2020 (As restated)
Prepayments and other current assets	8	**₱34,176,654**	₱35,478,770	₱35,621,892
Property and equipment – net	13	**4,642,090**	4,762,944	6,038,954
Investment properties – net	14	**359,082,446**	373,683,236	382,487,422
Other noncurrent assets*	15	**2,857,086**	2,857,386	2,837,386
		₱400,758,276	₱416,782,336	₱426,985,654

**excluding cash restricted for legal proceedings amounting to ₱26.3 million in 2021 and 2020*

<u>4.2.6 Estimating Realizability of Deferred Income Tax Assets</u>
Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Group did not recognize deferred tax asset on its temporary differences amounting to ₱283.5 million as of December 31, 2022 and ₱288.4 million as of December 31, 2021 and 2020 as management believes that sufficient future taxable income will not be available to allow all or part of the deferred tax assets to be utilized (see Note 19).

<u>4.2.7 Estimating Provision for Legal Obligation</u>
The estimate of provision for legal obligation has been developed by management. The management currently does not believe the provision will have a material adverse effect on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates of provisions. The Group recognized provision for legal obligation amounting to P5.0 million in 2021 and 2020.which was settled in 2022 (see Note 24). No additional provisions were recognized in 2022, 2021 and 2020.

5. Cash and Cash Equivalents

This account consists of:

	Sept. 2023	2022
Cash on hand and in banks	**₱31,974,677**	**₱83,520,956**
Short-term placements	**355,330,775**	**384,176,317**
	₱387,305,452	**₱467,697,273**

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 0.01% to 2.75% in 2022, 0.625% to 3.25% in 2021 and 0.6% to 3.8% in 2020.

Interest income earned from these bank deposits and short-term placements amounted to ₱4.6 million, ₱2.8 million and ₱7.9 million in 2022, 2021 and 2020, respectively.

6. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL consist of listed securities which are traded in the PSE, New York Stock Exchange (NYSE) and Hong Kong Stock Exchange (HKEx). Fair values of listed equity securities are based on quoted market prices in the PSE, NYSE and HKEx.

The carrying value of financial assets at FVTPL includes cumulative unrealized gain on fair value changes amounting to ₱35.6 million, ₱68.6 million and ₱51.9 million in 2022, 2021 and 2020, respectively.

As of September 30, 2023, the financial assets at FVTPL is valued at P 313,986,391.

7. Receivables – net

This account consists of:

	Note	Sept. 2023	2022
Accrued interest	9	₱2,326,112	₱4,215,899
Rent receivable		521,055	853,034
Others		125,561	60,691
		2,972,728	5,129,624
Less: allowance for expected credit losses		1,007,000	1,007,000
		₱1,965,728	₱4,122,624

Accrued interest from third parties pertain to interest earned on investments in short-term placements, short-term investments and debt securities classified as financial assets at FVOCI that are expected to be collected within one year.

8. Prepayments and Other Current Assets

This account consists of:

	Sept. 2023	2022
Current input tax	₱26,944,817	₱25,656,949
Deposits on contracts	3,416,271	3,260,796
Creditable withholding tax	3,181,776	2,703,631
Prepaid expenses	1,325,918	1,299,157
Prepaid income tax	1,099,103	1,099,103
Deferred input tax	52,017	157,018
	₱36,019,902	₱34,176,654

Input VAT represents tax paid on purchases of applicable goods and services and can be recovered as tax credit against future tax liability of the Company upon approval by the Bureau of Internal Revenue (BIR) and/or the Bureau of Customs (BOC).

9. Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

This account consists of:

	Sept. 2023	2022
Quoted		
Debt securities, net of allowance for impairment loss of ₱2.1 million	**₱60,336,014**	**₱145,004,236**
Equity securities	**10,952,293**	**10,952,293**
Unquoted equity securities	**306,864,227**	**306,864,227**
	₱378,152,534	**₱462,820,756**

Movements in financial assets at FVOCI financial assets are as follows:

	2022	2021 (As restated)	2020 (As restated)
Beginning balances	**₱460,117,630**	₱340,776,301	₱295,740,338
Additions	**57,719,216**	110,383,556	133,541,293
Disposals	**(26,136,716)**	(40,297,141)	(74,583,944)
Changes recognized in profit or loss	**14,787,070**	10,851,463	(4,429,558)
Movements in net unrealized valuation gains (losses)	**(43,666,444)**	38,403,451	(9,491,828)
	₱462,820,756	₱460,117,630	₱340,776,301

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. Changes in market values are included in the consolidated statements of comprehensive income. The debt securities bear fixed interest rates ranging from 4.75% to 6.625% in 2022, 4.75% to 6.625% in 2021 and 4.337% to 7.25% in 2020. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

The Group has investment in government-issued debt security that is a peso-denominated, fixed-income Philippine Treasury Note with an effective interest rate of 8.125%.

Investments in equity securities carried at fair value consist of investments in quoted and unquoted shares of stock which the Group has neither control nor significant influence. The fair market values of the listed shares are determined by reference to published quotations in an active market as of December 31, 2022, 2021 and 2020. For unlisted shares of stocks that do not have readily available market values, the Group uses valuation for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Movements in the net unrealized valuation gains (losses) on financial assets at FVOCI are as follows:

	2022	2021 (As restated)	2020 (As restated)
Beginning balances	**₱19,655,689**	(₱13,727,520)	₱926,044
Movements in fair value before tax	**(42,677,823)**	36,577,626	(122,453)
Tax effect	**6,223,447**	(3,194,417)	(14,531,111)
	(₱16,798,687)	₱19,655,689	(₱13,727,520)

Allowance for expected credit losses on financial assets at FVOCI amounted to ₱2.1 million as of December 31, 2022, 2021 and 2020.

Net unrealized valuation gains (losses) on financial assets at FVOCI attributable to equity holders of the Group amounted to (₱16.8 million), ₱19.7 million and (₱13.7 million) in 2022, 2021 and 2020, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to ₱10.0 million, ₱12.4 million and ₱13.3 million in 2022, 2021 and 2020, respectively, presented as "Interest income" in the consolidated statements of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to ₱0.8 million, nil and ₱0.9 million in 2022, 2021 and 2020, respectively.

The Group disposed certain financial assets at FVOCI and recognized a gain (loss) from disposal amounting to (₱2.2 million), ₱2.1 million, and (₱2.1 million) in 2022, 2021 and 2020, respectively.

10. Convertible Notes Receivable

The Group entered into an agreement with Xen Technologies Pte. Ltd. ("Xen"), whereby the Group was issued convertible promissory notes ("Notes"). A total amount of US$100,000, US$1,050,000 and US$850,000 was paid for the years ended December 31, 2022, 2021 and 2020, respectively. The Notes bear interest at 8% per annum and all unpaid interest and principal, to the extent not already converted, are due and payable upon request of the Group on or before the maturity date.

The Notes are convertible upon the occurrence of the following events:

- Conversion upon a qualified financing which is an equity financing of at least US$1,500,000;
- If a liquidation event occurs before maturity date, the Notes, together with all unpaid interest accrued, will automatically convert to shares on the date of the liquidation event; or
- Optional conversion at the maturity date.

In September 2021, the Note with carrying value of ₱56.2 million was converted into preferred shares recognized and measured as financial assets at FVOCI.

The carrying amount of the Notes amounted to ₱5.6 million, nil and ₱42.1 million as at December 31, 2022, 2021 and 2020, respectively.

Interest income earned amounted to ₱2.8 million in 2021 and none in 2022 and 2020.

11. Investment in Associates

This account consists of:

	Sept. 2023	2022
Acquisition cost	₱205,189,635	₱205,189,635
Accumulated equity in net earnings:		
As at beginning of year	157,257,853	143,457,795
Share in net income of associates	25,900,043	26,211,341
Share in other comprehensive income of associates/Effect of reclassification		2,474,577
Share in dividends declared by associates		(32,494,215)
Cumulative translation adjustment		17,608,355
	183,157,896	157,257,853
	388,347,531	362,447,488
Less: allowance for impairment losses	(94,830,129)	(94,830,129)
	₱293,517,402	₱267,617,359

The Group has equity interest in the following associates as of December 31:

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investments 2022	2021 (As restated)	2020 (As restated)
MUDC	Philippines	43%	**₱94,830,129**	₱94,830,129	₱94,830,129
Less: allowance for impairment losses			**(94,830,129)**	(94,830,129)	(94,830,129)
			–	–	–
PTC	Philippines	30%	**164,684,146**	161,165,221	203,003,334
BPO	Philippines	35%	**98,676,293**	89,164,414	75,907,372
MPI	United States	7.813%	**4,256,920**	3,487,666	4,015,358
			₱267,617,359	₱253,817,301	₱282,926,064

PTC

PTC is a global service company outsourcing information technology services from the Philippines. Among others, it offers software servicing, maintenance, testing and development to various clients, mostly in the US.

Dividends

On October 18, 2022, PTC declared cash dividends amounting to $1.5 million or $0.0110 per share of the outstanding stocks. Dividends shall be payable on or before November 30, 2022.

On September 1, 2021, PTC declared cash dividends amounting to $2.0 million or $0.0147 per share of the outstanding stocks. Dividends shall be payable on or before October 31, 2021.

On December 16, 2021, PTC declared another cash dividends amounting to $2.0 million or $0.00147 per share of the outstanding stocks. Dividends shall be payable on or before February 28, 2022.

On December 17, 2020, PTC declared cash dividends amounting to $0.8 million or $0.0055 per share of the outstanding stocks. Dividends shall be payable on or before April 30, 2021 (see Note 19).

The Group's share in the dividends declared amounted to ₱25.8 million in 2022, ₱30.8 million and ₱30.4 million in 2021 and ₱10.9 million in 2020.

The summarized financial information of PTC is as follows ('000):

	2022	2021	2020
Current assets	**₱596,618**	₱675,339	₱676,233
Noncurrent assets	**109,930**	109,512	267,288
Total assets	**706,547**	784,851	943,522
Current liabilities	**146,442**	241,150	225,997
Noncurrent liabilities	**11,158**	6,484	40,847
Total liabilities	**157,600**	247,634	266,844
Equity	**548,947**	537,217	676,678
Revenues	**789,563**	752,052	714,638
Operating income	**64,097**	36,912	58,956
Net income	**30,627**	20,797	76,222
OCI	**8,249**	5,586	1,400
Group's share in net income	**9,188**	6,239	22,867
Group's share in OCI	**2,475**	1,676	420

The difference between the carrying value of the investment in PTC against the share in net assets of PTC represents goodwill at acquisition date.

BPO

BPO is a provider of accounting and finance related services such as payroll, internal audit, payables processing and others. It is involved in outsourcing business process services in the Philippines, servicing many of the multinational and large corporations operating in the country.

Dividends

On September 5, 2022, BPO declared cash dividends amounting to ₱15.0 million or ₱19.20 per share of the outstanding stocks as of latest record date. Dividends will be paid in the subsequent year.

On December 29, 2020, BPO declared cash dividends amounting to ₱10.0 million or ₱12.82 per share of the outstanding stocks as of record date December 25, 2020. Dividends will be paid in the subsequent year.

The Group's share in the dividends declared amounted to ₱5.02 million, nil and ₱3.5 million in 2022, 2021 and 2020, respectively.

Dividend receivable of the Group amounted to nil, ₱1.7 million and ₱10.5 million as of December 31, 2022, 2021 and 2020, respectively.

The summarized financial information of BPO is as follows ('000):

	2022	2021	2020
Current assets	**₱246,533**	₱202,043	₱172,863
Noncurrent assets	**100,944**	107,674	107,407
Total assets	**347,477**	309,717	280,270
Current liabilities	**106,486**	98,521	109,768
Noncurrent liabilities	**18,455**	15,837	13,020
Total liabilities	**124,941**	114,358	122,787
Equity	**222,536**	195,359	157,482
Revenues	**433,991**	403,299	411,399
Operating income	**61,994**	56,023	36,333
Net income	**42,177**	37,639	26,298
OCI	**–**	238	–
Group's share in net income	**14,762**	13,174	9,204
Group's share in OCI	**–**	83	–

The difference between the carrying value of the investment in BPO against the share in net assets of BPO represents goodwill at acquisition date.

MUDC

The Group has a 43% interest in MUDC. As of December 31, 2022, 2021 and 2020, MUDC has been non-operational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As of December 31, 2022, 2021 and 2020, MUDC has project development costs of ₱207.1 million. The recoverability of these assets and the ultimate success of MUDC's future operations are dependent upon the signing of these agreements. The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt on MUDC's ability to continue as a going concern and the recoverability of the Group's significant investment in MUDC.

The Group has investment in MUDC amounting to ₱94.8 million as of December 31, 2022, 2021 and 2020 and advances to MUDC amounting to ₱188.5 million as of December 31, 2022 and ₱188.4 million as of December 31, 2021 and 2020. The Group has assessed that its investment in MUDC amounting to ₱94.8 million as of December 31, 2022, 2021 and 2020 and its advances to MUDC amounting to ₱188.5 million as of December 31, 2022 and ₱188.4 million as of

December 31, 2021 and 2020 are impaired since management believes that it will no longer recover such investment and advances. Management is not required to infuse more capital to MUDC and that losses are limited to the invested additional advances as of December 31, 2022, 2021 and 2020.

MPI

On June 5, 2007, the Company invested in a limited partnership with Melrose Park Investments, L.P., located at 904-184 West North Avenue, Melrose Park (Cook County), Illinois, with principal office address at 9595 Wilshire Blvd., Suite 501, Beverly Hills, CA 90212. The partnership engages in owning, holding, selling, assigning, transferring, operating, leasing, mortgaging, pledging and otherwise dealing with the property and any interests in the property.

The Company invested $250,000, advanced by the Immediate Parent Company, MCHC, to acquire a 7.813% limited share with Winston Investment Group, LLC, a Delaware limited liability company, being the General Partner.

The financial statements of the investee company come every June of the succeeding taxable year, which makes the current year's investment value the same as what was reported in the previous year. This will be restated upon receipt of the investee's financial reports, in the next reporting period.

12. Investment in Rights Issue Subscription

The Group entered into an agreement with Xen to invest in rights issue subscription amounting to ₱27.6 million, ₱26.5 million and ₱19.2 million in 2022, 2021 and 2020, respectively. These rights issue subscriptions grant the Group certain preferential rights in Xen, including right to receive dividends, and are convertible into Xen's ordinary shares subject to certain conditions as stated in the contract agreement.

As at December 31, 2022, 2021 and 2020 investments in rights issue subscription are measured at FVOCI and are valued based on the recently transacted price which is deemed the fair value. The recent transacted price has been concluded to best represent the fair value on the basis that there have been no significant changes between the transaction date and the consolidated statements of financial position date.

As of September 30, 2023, the investment in rights issue subscription amounted to P44,016,400.

13. Property and Equipment – net

Movements in and compositions of the Group's property and equipment are as follows:

	As of September 30, 2023				
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	₱20,755,943	₱8,764,062	₱7,234,510	₱2,892,436	₱39,646,951
Additions	–	1,286,071	–	184,454	1,470,525
Disposals	–	–	(3,571,340)	–	(3,571,340)
Ending balances	20,755,943	10,050,133	3,663,170	3,076,890	37,546,136
Accumulated depreciation					
Beginning balances	18,473,099	8,825,613	6,235,104	2,788,983	36,322,799
Depreciation	622,677	231,446	249,576	55,704	1,159,403
Disposals	–	–	(3,571,340)	–	(3,571,340)
Ending balances	19,095,776	9,057,059	2,913,340	2,844,687	33,910,862
Net Book Values	₱1,660,167	₱993,074	₱749,830	₱232,203	₱3,635,274

	As of December 31, 2022				
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	₱20,755,943	₱8,764,062	₱7,234,510	₱2,892,436	₱39,646,951
Additions	–	1,171,071	–	146,867	1,317,938
Disposals	–	–	–	–	–
Ending balances	20,755,943	9,935,133	7,234,510	3,039,303	40,964,889
Accumulated depreciation					
Beginning balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Depreciation	830,237	226,690	332,766	49,099	1,438,792
Disposals	–	–	–	–	–
Ending balances	18,473,099	8,825,613	6,235,104	2,788,983	36,322,799
Net Book Values	₱2,282,844	₱1,109,520	₱999,406	₱250,320	₱4,642,090

The Group recognized gain (loss) on disposal of property and equipment amounting to nil, (₱929) and ₱363,762 in 2022, 2021 and 2020, respectively.

Management believes that there is no indication of impairment loss that has occurred on its property and equipment.

14. **Investment Properties** – net

The roll forward of the Group's investment properties is as follows:

	As of September 30, 2023		
	Land	**Condominium and Improvements**	**Total**
Cost			
Beginning balances	46,319,625	397,188,127	443,507,752
Additions	–	1,770,666	1,770,666
Ending balances	46,319,625	398,958,793	445,278,418
Accumulated depreciation			
Beginning balances	–	84,425,305	84,425,305
Depreciation	–	12,151,545	12,151,545
Ending balances	–	96,576,850	96,576,850
Net Book Values	₱46,319,625	₱302,381,943	₱348,701,568

	As of December 31, 2022		
	Land	Condominium and Improvements	Total
Cost			
Beginning balances	₱46,319,625	₱395,755,000	₱442,074,625
Additions	–	1,433,127	1,433,127
Ending balances	46,319,625	397,188,127	443,507,752
Accumulated depreciation			
Beginning balances	–	68,391,389	68,391,389
Depreciation	–	16,033,917	16,033,917
Ending balances	–	84,425,306	84,425,306
Net Book Values	₱46,319,625	₱312,762,821	₱359,082,446

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to ₱23.9 million, ₱22.0 million and ₱23.3 million in 2022, 2021 and 2020, respectively (see Note 24). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to ₱21.2 million, ₱12.2 million and ₱11.6 million in 2022, 2021 and 2020, respectively.

The assessed fair value of the investment properties excluding office spaces in Units 5-3 and 5-4 amounted to ₱1,688.5 million as of December 31, 2022 and 2021 and ₱1,763.1 million as of December 31, 2020. The fair values of the investment properties are based on valuations performed by an accredited independent valuer in March and April 2021. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group used the Sales Comparison Approach in determining the fair value of the investment properties. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable data to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

The fair value is estimated under Level 3 inputs. The significant unobservable inputs to valuation of investment properties ranges from ₱92,700 - ₱855,000 per square meter.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. Other Noncurrent Assets

This account consists of:

	Sept. 2023	2022
Refundable deposits	**₱575,780**	**₱575,780**
Cash restricted for legal proceedings	**–**	**–**
Others	**19,248,449**	**2,281,306**
	₱19,824,229	**₱2,857,086**

As at December 31, 2021 and 2020, cash amounting to ₱26.3 million has been restricted in relation to the Company's on-going legal proceeding which was settled in 2022.

16. Trade and Other Payables

This account consists of:

	Sept. 2023	2022
Deposits payable	**₱9,203,933**	₱4,270,053
Accounts payable	**861,953**	1,489,570
Accrued professional fees	**260,089**	1,192,505
Government payables	**5,081,443**	2,178,874
	₱15,407,418	₱9,131,002

Deposits payable pertain to deposits made by tenants for the lease of an insignificant portion of the Group's condominium spaces and will be refunded to the lessee after the lease term.

Accounts payable are generally noninterest-bearing payables to third party contractors with a credit term of 30 days.

17. Retirement Benefit Obligation

The existing regulatory framework, Republic Act (RA) No. 7641, otherwise known as *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Group has an unfunded defined benefit pension plan covering substantially all its regular employees. Retirement benefits under the plan are based on a percentage of latest monthly salary and years of credited service.

The table below summarizes the components of retirement benefit expense recognized in the consolidated statements of income, the remeasurement effects recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

	2022	2021	2020
Balances at beginning of year	**₱15,741,117**	₱16,606,435	₱18,344,610
Retirement expense recognized in the consolidated statements of income			
Current service cost	**687,637**	619,817	897,887
Interest cost	**818,337**	920,643	811,397
	1,505,974	1,540,460	1,709,284
Remeasurements recognized in OCI			
Actuarial losses (gains) due to:			
Experience adjustments	**1,166,810**	(2,237,387)	(3,734,360)
Changes in financial assumptions	**(617,725)**	(168,391)	286,901
	549,085	(2,405,778)	(3,447,459)
Balances at end of year	**₱17,796,176**	₱15,741,117	₱16,606,435

Actuarial gains (losses) on retirement benefit obligation attributable to the equity holders of the Group amounted to (₱0.4 million), ₱1.7 million and ₱2.4 million as of December 31, 2022, 2021 and 2020, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2022	2021	2020
Discount rate	**5.20% to 6.70%**	1.70% to 4.30%	1.70% to 3.60%
Salary increase rate	**5%**	5%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022, 2021 and 2020, assuming if all other assumptions were held constant:

	Effect on Defined Benefit Obligation		
	2022	2021	2020
Discount rate			
+100 basis points	**(₱200,180)**	(₱211,726)	
+ 50 basis points			(₱125,928)
- 100 basis points	**230,998**	248,469	
- 50 basis points			137,199
Salary increase rates			
+100 basis points	**₱161,719**	₱181,607	
+ 50 basis points			₱100,939
- 100 basis points	**(134,154)**	(149,586)	
- 50 basis points			(91,271)

The average duration of the retirement benefit obligation as at December 31, 2022, 2021 and 2020 is 6 years, 7 years and 5 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2022	2021	2020
More than 1 year to 5 years	**₱18,037,793**	₱15,735,118	₱16,766,632
More than 5 years to 10 years	**707,527**	693,854	777,059
More than 15 years to 20 years	**7,624,547**	5,522,599	5,925,493
	₱26,369,867	₱21,951,571	₱23,469,184

18. Other Income

In 2020, the Group has signed a compromise agreement with a defendant wherein the defendant will pay ₱10.0 million to settle the legal case against them. ₱7.5 million of which has been paid and the remaining balance is subject to 10% interest rate per annum until the amount is fully paid.

19. Income Taxes

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in profit or loss is as follows:

	2022	2021 (As restated)	2020 (As restated)
Statutory income tax	**₱6,318,662**	₱22,845,700	₱11,214,352
Adjustments to income tax arising from:			
Non-deductible expenses	**10,250,994**	655,507	2,317,857
Non-taxable income	**(305,850)**	(2,250,699)	(450,428)
Dividend income exempt from tax	**(209,803)**	(4,194,054)	237,443
Forward			
Equity in net losses (earnings) of associates	**(6,439,767)**	(4,747,692)	9,284
Tax rate difference on dividend income subjected to final tax	**(187,768)**	(127,007)	–
Tax rate difference on interest income subjected to final tax	**(421,740)**	(202,745)	(10,695,520)
Movements in unrecognized deferred tax assets	**151,261**	3,956,646	28,296
Application of NOLCO	**(3,133,722)**	–	–
Effect of lower income tax rate	–	1,093,985	–
	₱6,022,267	₱17,029,641	₱2,661,284

The Group's net deferred tax assets (liabilities) as of December 31, 2022, 2021 and 2020 are as follows:

2022

	Beginning Balance	**Credited (Charged) to Profit**	**Credited (Charged) to Equity**	**Ending Balance**
Unrealized valuation losses (gains) on financial assets at FVOCI	**(₱17,061,680)**	**₱–**	**₱6,545,553**	**(₱10,516,127)**
Unrealized foreign exchange gains	**(18,178,591)**	**(9,045,506)**	**–**	**(27,224,097)**
Retirement benefit obligation	**3,935,279**	**376,494**	**137,271**	**4,449,044**
Advance rental	**44,532**	**(44,532)**	**–**	**–**
NOLCO	**2,139,341**	**(118,002)**	**–**	**2,021,339**
MCIT	**133,606**	**32,820**	**–**	**166,426**
Unrealized valuation loss (gain) on financial assets at FVTPL	**(8,482,815)**	**4,724,013**	**–**	**(3,758,802)**
Allowance for expected credit losses on receivables, financial assets at FVOCI	**11,918,672**	**–**	**–**	**11,918,672**
	(₱25,551,656)	**(₱4,074,713)**	**₱6,682,824**	**(₱22,943,545)**

2021

	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains on financial assets at FVOCI	(₱13,729,048)	₱–	(₱3,332,632)	(₱17,061,680)
Unrealized foreign exchange gains	(8,359,007)	(9,819,584)	–	(18,178,591)
Retirement benefit obligation	5,050,957	(468,276)	(647,402)	3,935,279
Advance rental	53,438	(8,906)	–	44,532
NOLCO	2,975,727	(836,386)	–	2,139,341
MCIT	187,058	(53,452)	–	133,606
Unrealized valuation gain on financial assets at FVTPL	(5,529,055)	(2,953,760)	–	(8,482,815)
Allowance for expected credit losses on receivables, financial assets at FVOCI	14,493,718	(2,575,046)	–	11,918,672
	(₱4,856,212)	(₱16,715,410)	(₱3,980,034)	(₱25,551,656)

2020	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation losses (gains) on financial assets at FVOCI	₱802,063	₱–	(₱14,531,111)	(₱13,729,048)
Unrealized foreign exchange gains	(7,719,698)	(639,309)	–	(8,359,007)
Retirement benefit obligation	5,572,410	512,785	(1,034,238)	5,050,957
Advance rental	152,533	(99,095)	–	53,438
NOLCO	15,154	2,960,573	–	2,975,727
MCIT	–	187,058	–	187,058
Unrealized valuation loss (gain) on financial assets at FVTPL	(6,722,834)	1,193,779	–	(5,529,055)
Allowance for expected credit losses on receivables, financial assets at FVOCI	15,484,041	(990,323)	–	14,493,718
	₱7,583,669	₱3,125,468	(₱15,565,349)	(₱4,856,212)

No deferred income tax assets were recognized for the following deductible temporary differences as it is not probable that sufficient taxable profits will be available to allow the benefit of the deferred income tax assets to be utilized:

	2022	2021	2020
Allowance for impairment losses on due from related parties	**₱188,656,287**	₱188,612,316	₱188,559,944
Allowance for impairment losses on investment in an associate	**94,830,129**	94,830,129	94,830,129
Provision for legal obligation	–	5,000,000	5,000,000
	₱283,486,416	₱288,442,445	₱288,390,073

20. Equity

20.01 Common Stock

In accordance with SRC Rule 68, Annex 68-D, below is a summary of the Group's track record of registration of securities.

	Number of Shares Registered	Issue/Offer Price	Date of Approval
Common shares	1,000,000,000	₱0.01	December 8, 1982
Common shares	9,000,000,000	0.01	July 28, 1997

The details of the Group's capital stock (number of shares and amounts) are as follows:

	2022	2021	2020
Common stock - ₱1 par value			
Class A			
Authorized - 600 million shares			
Issued - 292,610,118 shares	**₱292,610,118**	₱292,610,118	₱292,610,118
Class B			
Authorized - 400 million shares			
Issued - 189,217,535 shares	**189,217,535**	189,217,535	189,217,535
	₱481,827,653	₱481,827,653	₱481,827,653

Class A and B common stockholders enjoy the same rights and privileges, except that Class A shares may be owned by, transferred to and subscribed only by Filipino citizens or corporations, partnerships and associations organized under the laws of the Philippines, of which 60% of the common stock outstanding is owned by citizens of the Philippines. Class B shares may be issued, transferred or sold to any person, corporation, partnership or association regardless of nationality.

In 1979, the registrant listed with the PSE (or its predecessor, Manila Stock Exchange) its common stock under its previous name, Ultrana Energy and Resource Corporation, where it offered 1,000,000,000 shares to the public at the issue price of ₱0.01 per share.

On July 28, 1997, the SEC approved the increase in the Group's authorized capital stock from 10,000,000,000, divided into 6,000,000,000 Class A common shares with par value of ₱0.01 per share and 4,000,000,000 Class B common shares with par value of ₱0.01 per share to 1,000,000,000 common shares, divided into 600,000,000 Class A common shares with par value of ₱1 per share and 400,000,000 Class B common shares with par value of ₱1 per share.

On November 26, 2000, the BOD approved the issuance, out of the authorized common stock, of 192,413,090 shares at ₱1 par value which will be offered through a pre-emptive stock rights issue and detachable stock warrants, as follows:

a. 96,206,545 shares consisting of 58,377,278 Class A shares and 37,829,267 Class B shares, to be offered in two tranches, the First Tranche consisting of 48,103,272 shares of stock and the Second Tranche consisting of 48,103,273 shares of stock, to which each stockholder may subscribe on a pre-emptive rights basis, and

b. the balance of 96,206,545 shares to be offered through detachable stock warrants, which shall entitle each stockholder to subscribe to one share of stock for every one share of stock of the same class that such stockholder subscribe to out of this stock rights issue.

The Group's application to list additional 192,413,090 common shares with a par value of ₱1 per share through pre-emptive rights issue and detachable subscription warrants was approved by the PSE on February 27, 2002 and by the SEC on April 5, 2002.

The exercise periods and expiration dates of the Group's subscription warrants are as follows:

	Number of Shares	Exercise Periods	Expiration Dates
First Tranche:			
Class A common shares	29,188,639	June 4, 2002 to	
Class B common shares	18,914,633	June 3, 2007	June 3, 2007
	48,103,272		
Second Tranche:			
Class A common shares	29,188,639	May 9, 2003 to	
Class B common shares	18,914,634	May 8, 2008	May 8, 2008
	48,103,273		
	96,206,545		

Full payment of each subscription under the First Tranche was made within the offer period approved by the PSE and the SEC, and the full payment of each subscription under the second tranche shall be due and payable one year from the last day of the offer period. With the full subscription of the Pre-Emptive Rights Stock Offering, the Group's outstanding common stock increased to 481,032,728 common shares of stock, consisting of 291,886,391 Class A common shares and 189,146,337 Class B common shares, all with par value of ₱1 per share.

With the complete exercise of all Detachable Stock Warrants, the Group will have an outstanding common stock of 577,239,273 shares, consisting of 350,263,669 Class A common shares and 226,975,604 Class B common shares, all with par value of ₱1 per share. However, as of December 31, 2007, only 723,727 Class A common stock warrants and 71,198 Class B common stock warrants were exercised and 28,464,912 Class A common stock warrants and 18,843,435 Class B common stock warrants expired. As of December 31, 2008, 29,188,639 Class A common stock warrants and 18,914,634 Class B common stock warrants expired due to non-exercise of stock warrants before expiration date. After the expiration of the said warrants, the Group's outstanding common stock amounted to ₱481,827,653 with additional paid-in capital of ₱144,759,977. There have been no movements since 2008.

The Parent Company has 474, 477 and 480 stockholders as at December 31, 2022, 2021 and 2020, respectively.

20.02 Treasury Shares

The Group's treasury shares pertain to shares of the Group acquired or held by its subsidiaries. For consolidation purposes, the costs of these shares are presented under the "Treasury shares" account in the equity section of the consolidated statements of financial position.

In 2019, PIEI purchased 45,000 Class A shares of the Group with a total cost of ₱0.2 million. In 2020, PIEI purchased additional 36,000 Class A shares with a total cost of ₱0.1 million.

As of December 31, 2022, 2021 and 2020, the Group's treasury shares are as follows:

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
Balances at beginning of year	**98,123,387**	**₱102,094,826**	98,123,387	₱102,094,826	98,087,387	₱101,969,326
Additions	**–**	**–**	–	–	36,000	125,500
	98,123,387	**₱102,094,826**	98,123,387	₱102,094,826	98,123,387	₱102,094,826

20.03 Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱102.1 million as at December 31, 2022, 2021 and 2020. The balance of retained earnings includes the accumulated equity in net earnings of the subsidiaries and associates amounting to ₱1.33 billion, ₱1.27 billion and ₱1.28 billion as of December 31, 2022, 2021 and 2020, respectively. Such amounts are not available for distribution until such time that the Group receives the dividends from the subsidiaries and associates. The balance of retained earnings also includes net cumulative unrealized gains on financial assets at FVTPL amounting to ₱25.56 million, ₱58.58 million and ₱41.86 million as at December 31, 2022, 2021 and 2020, respectively.

Following are the dividends declared and paid by the Parent Company in 2022, 2021 and 2020:

	Declaration date	**Record date**	**Payment date**	**Description**	**Per Share**	**Total**
2022	**June 27, 2022**	**July 12, 2022**	**July 30, 2022**	**Regular**	**₱0.05**	**₱24,091,383**
2022	**June 27, 2022**	**August 19, 2022**	**September 15, 2022**	**Regular**	**0.10**	**₱48,182,765**

2021	September 17, 2021	October 1, 2021	October 27, 2021	Regular	₱0.10	₱48,182,765
2020	August 18, 2020	September 3, 2020	September 29, 2020	Regular	0.10	₱48,182,765

Dividends declared and paid to subsidiaries amounting to ₱14.7 million in 2022 and ₱9.8 million in 2021 and 2020 were eliminated in the consolidated financial statements.

On June 19, 2023, the company declared cash dividends of ₱.17 per share as follows: ₱.10 per share to stockholders of record as of July 9, 2023 and payable on or before July 27, 2023 and ₱.07 per share to stockholders of record as of September 9, 2023 and payable on or before September 27, 2023.

21. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercises significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group, through its BOD, recognizes that transactions between and among related parties create strategic financial, commercial, and economic benefits to the Group and its stakeholders. In this regard, related party transactions are generally allowed provided that when related party transactions amount to ten percent (10%) or higher of the Group's total consolidated assets, it shall be considered as Material Related Party Transactions and shall be subject to arms-length principle and BOD approval.

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Due from related parties" account, are as follows:

	Year	Amount of Transaction	Outstanding Balance	Terms	Conditions
Associates					
BPO					
Rental income	**Sept. 2023**	**₱1,161,707**	**₱–**	On demand; non-interest bearing	Unsecured; unimpaired
	2022	**₱1,477,146**	–	On demand; non-interest bearing	Unsecured; unimpaired
Payroll service expenses	**Sept. 2023**	**51,003**	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	**59,456**	–	On demand; non-interest bearing	Unsecured; unimpaired
Dividends	**Sept. 2023**	-	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	**5,249,962**	**5,249,962**	On demand; non-interest bearing	Unsecured; unimpaired
PTC					
Dividends	**Sept. 2023**	–	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	**25,752,132**	–	On demand; non-interest bearing	Unsecured; unimpaired
Other Related Parties					
Advances	**Sept. 2023**	**174,233**	**313,501**	On demand; non-interest bearing	Unsecured; unimpaired
	2022	**11,100**	**173,419**	On demand; non-interest bearing	Unsecured; unimpaired
	Sept. 2023		**₱313,501**		
	2022		**₱5,423,381**		

a) The Group has an 11-year lease contract with BPO commencing on January 30, 2009 over one of its condominium units as office space with a monthly rental of ₱0.1 million. The lease contract expired on February 15, 2020 and was renewed with the same terms and conditions (see Notes 14 and 24).

The future minimum rental income from BPO as at December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Within one year	**₱1,025,177**	₱1,477,146	₱1,412,410
After one year but not more than 5 years	**171,818**	123,586	1,477,146
	₱1,196,995	₱1,600,732	₱2,889,556

b) The Group has an existing agreement with BPO to engage in providing payroll processing services to employees of the Group, which shall be payable on demand upon provision of the service and billed based on a fixed rate per number of employees.

c) Amounts owed by related parties pertains to reimbursements for expenses paid by the Group.

The outstanding related party transactions are expected to be settled in cash.

Movements of due from related parties, net of expected credit losses, are as follows:

	2022	2021	2020
Due from related parties	**₱188,829,706**	₱188,782,243	₱189,135,876
Rent receivables	**5,249,962**	17,144,030	21,488,468
Allowance for impairment losses	**(188,656,287)**	(188,612,316)	(188,559,944)
	₱5,423,381	₱17,313,957	₱22,064,400

Allowance for impairment loss is mainly attributable to advances to MUDC, among others (see Note 11).

Compensation of the key management personnel is as follows:

	2022	2021	2020
Salaries and wages	**₱9,503,036**	₱8,493,141	₱8,493,141
Other benefits	**1,297,300**	1,415,524	1,415,524
	₱10,800,336	₱9,908,665	₱9,908,665

Below are the balances and transactions among related parties which are eliminated in the consolidated financial statements as at December 31, 2022, 2021 and 2020.

Amounts Owed by	Amounts Owed to	2022	2021	2020
PIEI	Parent Company	**₱1,282,692**	₱–	₱–
Parent Company	MCHC	**6,500**	–	–
MCHC	Parent Company	–	–	15,969,749

Dividends Declared by	Dividend Income of	2022	2021	2020
Parent Company	PIEI	**₱7,543,516**	₱5,029,011	₱5,028,011
Parent Company	MCHC	**7,176,603**	4,784,402	4,784,402
MCHC	Parent Company	**27,639,950**	9,213,317	15,969,749

Advances Provided by	Advances Provided to	**2022**	2021	2020
Parent Company	PIEI	**₱1,282,692**	₱–	₱–
MCHC	Parent Company	**6,500**	–	–

The transactions pertain to cash advances and dividend declarations of the Group and MCHC in 2022, 2021 and 2020.

22. Earnings Per Share (EPS)

The following table presents information necessary to compute the basic/diluted EPS:

	2022	2021 (As restated)	2020 (As restated)
Net income attributable to equity holders of the parent (a)	**₱20,333,318**	₱56,875,013	₱34,548,332
Weighted average number of ordinary shares outstanding for basic and diluted EPS (b)	**379,732,827**	379,732,827	383,721,537
Basic and diluted earnings per share (a/b)	**₱0.05**	₱0.15	₱0.09

The Group has no potential dilutive instruments issued as of December 31, 2022, 2021 and 2020.

23. Segment Information

The primary purpose of the Group is to invest in real and personal properties. The Group operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

24. Commitments and Contingencies

The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to ₱5.67 million, ₱4.77 million and ₱3.68 million in 2022, 2021 and 2020, respectively (see Note 14). The lease agreements have terms of one to three years and can be renewed upon the written agreement of the Group and the lessees.

Deposits payable made by the tenants amounting to ₱5.4 million, ₱6.4 million and ₱6.0 million as of December 31, 2022, 2021 and 2020, respectively, will be returned to the lessees after the lease term.

Future minimum rental income as at December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Within one year	**₱8,069,160**	₱16,027,296	₱15,590,690
After one year but not more than two years	**2,421,818**	563,586	11,782,308
	₱10,490,978	₱16,590,882	₱27,372,998

As at December 31, 2021 and 2020, the Group recognized provision for legal obligation amounting to ₱5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group's financial position and results of operations.

As of December 31, 2022, no provision for legal obligation since the lawsuit was already settled. The Group paid ₱24.7 million and recognized the amount as losses in the consolidated statements of income.

25. Restatement of Prior Period Financial Statements

The beginning balance of net unrealized valuation losses on financial assets at FVOCI and retained earnings for 2022 and 2021 has been restated due to the correction of previously issued 2021 and 2020 financial statements. The adjustments in 2021 are mainly in the following accounts which increase the total assets and liabilities by ₱10,002,425 and ₱19,056,420, respectively, resulting to a decrease in the total equity by ₱9,053,995 due to early conversion of convertible notes receivable into equity shares and reclassification of certain investment in equity securities. Meanwhile, the adjustments in 2020 are mainly due to reclassification of investments and correction of errors which resulted to a decrease in total assets by ₱20,196,580 increase in total liabilities by ₱5,809,146 and a decrease in total equity by ₱26,005,726.

Account	2021 Increase (Decrease)	2020 Increase (Decrease)
Cash and cash equivalents	(₱215,591)	(₱350,639)
Trade and other receivables	(1,883,603)	–
Financial assets at FVTPL	–	164,766
Prepayments and other current assets	6,231	(119,990)
Convertible notes receivable	(56,057,641)	–
Financial assets at FVOCI	64,665,365	(9,865,908)
Investments in associates	3,487,666	4,015,358
Deferred tax assets	–	(14,040,169)
Trade and other payables	–	1,684
Income tax payable	124,280	–
Dividends payable	–	951,250
Deferred tax liabilities	18,932,140	4,856,212
Net unrealized valuation gains on financial assets at FVOCI	33,158,632	11,961,077
Accumulated share in other comprehensive income of associates	(159,537)	–
Retained earnings	(42,189,676)	(36,567,734)
Noncontrolling interests	136,586	(1,399,069)
Interest income	(248,250)	33,760
Equity in net earnings of associates	(527,692)	(33,760)
Fair value gains on financial assets at FVTPL	(5,070,414)	(8,994,090)
Loss on disposal of financial assets at FVOCI	–	(47,833)
Dividend income	159,537	23,279
Foreign exchange gains	(529,811)	220
Other expenses	(119,987)	–
Provision for income tax	(196,685)	–
Net unrealized valuation gain on changes in fair value of financial assets at FVOCI, net of tax effect	(7,523,162)	(7,523,162)
Net income attributable to equity holders of the Parent Company	(5,621,942)	(8,476,623)
Net income attributable to noncontrolling interests	(278,016)	(446,138)

Some differences are due to rounding-off.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF SEPTEMBER 30, 2023

Name	Beginning Balance	Additions	Deductions		Current 30 days	60 days or over	Over 120 days	Ending Balance
			Amount Collected	Amount Written-Off				
Magellan Capital Corporation	64,157	14,298				0	78,455	78,455
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	5,268,300	1,313,471	6,418,096		145,337		18,338	163,675
Pinamucan Power Corporation	56,873	14,498				0	71,371	71,371
Pointwest Technologies Corporation	0							0
Others	0							0
	5,389,330	1,342,267	6,418,096		145,337	0	168,164	313,501