

COVER SHEET

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SEC Registration Number

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		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N		

(Company's Full Name)

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8	7	4	1		P	A	S	E	O		D	E		R	O	X	A	S		M	A	K	A	T	I

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

Atty. Fina Bernadette D.C. Tantuico

Contact Person

88927133 • 88927137

Company Telephone Numbers

1	2		3	1
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Month Day
Fiscal Year

0	4		1	2
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Month Day
Annual Meeting

SEC FORM 17-A (As of 31 December 2022)

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES AND REGULATION CODE
AND SECTION 141 OF THE CORPORATION
CODE OF THE PHILIPPINES**

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Number of Stockholders

Total Amount of Borrowings

Domestic	Foreign
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File Number

Document I.D.

LCU

Cashier

STAMPS

Remarks - etc. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. FOR THE FISCAL YEAR ENDED **31 December 2022**

2. SEC IDENTIFICATION NUMBER **43370** 3. BIR TAX IDENTIFICATION NO. **000-829-097**

4. EXACT NAME OF ISSUER AS SPECIFIED IN ITS CHARTER ***E & J Prince Holdings Corporation***

5. **Philippines** 6. (SEC Use Only)
PROVINCE, COUNTRY OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION INDUSTRY CLASSIFICATION CODE:

7. **5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City** **1226**
ADDRESS OF PRINCIPAL OFFICE POSTAL CODE

8. **(632) 8892-7133**
ISSUER'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 8 AND 12 OF THE SRC OR SEC. 4 AND 8 OF THE RSA:

<u>TITLE OF EACH CLASS</u>	<u>NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND AMOUNT OF DEBT OUTSTANDING</u>
Class "A" Common	292,610,118
Class "B" Common	189,217,535

11. ARE ANY OR ALL OF THESE SECURITIES LISTED ON A STOCK EXCHANGE?

Yes [☒] No [☐]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common Shares, Classes "A" and "B "

12. CHECK WHETHER THE ISSUER:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the **RSA and RSA Rule 11(a)-1** thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [☒] No [☐]

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

Yes [☒] No [☐]

13. STATE THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT. *

The market value of stocks held by non-affiliates of the Corporation, based on closing prices as of 29 December 2022, was Two Pesos and Ten Centavos, Philippine Currency (P2.10) per share for Class "A" shares, with an aggregate market value of Six Hundred Fourteen Million Four Hundred Eighty One Thousand Two Hundred Forty Seven Pesos and Eighty Centavos, Philippine Currency (P614,481,247.80) and One Peso and Eighty Eight Centavos, Philippine Currency (P1.88) per share for Class "B" shares, as of December 19, 2022 the last trading day when the Class "B" shares were traded in 2021, with an aggregate market value of Three Hundred Fifty Five Million, Seven Hundred Twenty Eight Thousand and Nine Hundred Sixty Five Pesos and Eighty Centavos, Philippine Currency (P355,728,965.80).

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. CHECK WHETHER THE ISSUER HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY SECTION 17 OF THE CODE SUBSEQUENT TO THE DISTRIBUTION OF SECURITIES UNDER A PLAN CONFIRMED BY A COURT OR THE COMMISSION.

Yes [☒] No [☐]

DOCUMENTS INCORPORATED BY REFERENCE

No documents are incorporated by reference.

PART I - BUSINESS AND GENERAL INFORMATION

ITEM I. BUSINESS

A. BUSINESS DEVELOPMENT

Business Development of the Registrant

The Registrant was incorporated and registered with the Securities and Exchange Commission ("SEC") on 18 February 1971 to engage primarily in the business of mining, including mineral and oil exploration. Its shares were registered and listed with the SEC in 1979 and thereafter listed and traded at the Manila Stock Exchange. Presently, its shares are listed with the Philippine Stock Exchange ("PSE").

On 28 July 1997, the Registrant's primary purpose was changed to that of a holding company. At present, the Registrant holds a 94.37% majority interest in Magellan Capital Holdings Corporation ("MCHC").

In addition, the Registrant owns 30% of Pointwest Technologies Corporation ("PTC"), a software servicing and development company. The Registrant also owns 35% of Business Process Outsourcing International, Inc. ("BPOI") a provider of accounting-based business process outsourcing ("BPO") services to a large number of clients.

From its incorporation to the present, the Registrant has not been subject to any bankruptcy, receivership or similar proceedings. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets other than in the ordinary course of business and other than the sale by MCHC of its shares in one of its subsidiaries to J.G. Summit Holdings, Inc.

Business Development of the Registrant's Subsidiaries

Magellan Capital Holdings Corporation ("MCHC") is a corporation which was incorporated and registered with the SEC on 06 November 1990. The Registrant owns a 94.37% majority interest in MCHC. MCHC's primary purpose is to engage in the business of identifying, developing and implementing infrastructure and industrial projects. On December 7, 2006, the Registrant acquired the shares of MCHC owned by PSEG Philippines Holdings LLC which represented a 27.67% total equity stake in MCHC. As a result of this transaction, the Registrant increased its ownership stake in MCHC from 66.67% to 94.37%. Because the shares were acquired at a substantial discount to book value, the Registrant booked a gain of ₱201.3 million representing excess of fair value of net assets acquired over cost in 2006.

MCHC owns 100% of the shares of the following companies:

NAME OF COMPANY	DATE OF INCORPORATION	PRIMARY PURPOSE
Pinamucan Industrial Estates, Inc.	05 May 1993	Real Estate Holding and Development
Malabrigo Corporation	31 August 1993	Mining
Magellan Capital Trading, Inc.	07 January 1991	Trading
Magellan Capital Realty Development Corporation	14 November 1990	Realty

From its incorporation to the present, none of the Registrant's above-named subsidiaries have been subject to any bankruptcy, receivership or similar proceedings. There has also been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of their assets other than in the ordinary course of business.

Business of Registrant

Description of Registrant

The Registrant is a holding company. At present, it owns almost 95% of its subsidiary, MCHC, which is currently invested in real estate assets and in bond and stock investments and in shares of its subsidiaries. Most of the Registrant's indirect operating subsidiaries, i.e. MCHC's subsidiaries, are in development of infrastructure projects, as well as landholding and development. The Registrant also owns 30% of PTC, a software servicing development company and 35% of BPOI which it acquired in 2004 and 2005 respectively.

Percentage of Consolidated Total Revenues

Breakdown of Revenues for the year 2022

	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	P 26,211,341	16.2%
Interest Income	14,588,814	9.0%
Gain on Disposal of AFS, FVPL and HTM Financial Assets	5,679,671	3.5%
Rent	23,946,752	14.8%
Dividend Income	5,670,253	3.5%
Fair Value Gain (Loss) on Financial Assets of FVPL	13,742,456	8.5%
Other Income	56,790	-
Gains (Losses) on Disposal of Financial Assets at FVOCI	(2,286,887)	(1.4%)
Foreign Exchange Gains	74,517,075	46.0%
Total	P 162,126,275	100.00%

Breakdown of Revenues for the year 2021

	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	P 18,885,226	14.7%
Interest Income	18,008,342	14.0%
Gain on Disposal of AFS, FVPL and HTM Financial Assets	91,833	0.1%
Rent	21,977,095	17.1%
Dividend Income	4,774,903	3.7%
Fair Value Gain (Loss) on Financial Assets of FVPL	31,613,662	24.6%
Gains on Disposal of Property and Equipment	(929)	-
Gains (Losses) on Disposal of Financial Assets at FVOCI	2,133,926	1.6%
Foreign Exchange Gains	30,837,119	24.0%
Total	P 128,321,177	100.00%

The Registrant's consolidated revenue in 2022 increased to P162.1 million from P128.3 million in 2021. Equity in net earnings of associates increased from P18.8 million in 2021 to P26.2 million in 2022. Rent increased from P22.0 million in 2021 to P23.9 million in 2022. Fair Value Gain on Financial Assets at FVPL was P13.7 million in 2022 compared to P31.6 million in 2021. Dividend income increased to P5.7 million in 2022 from P4.8 million in 2021. Fair value gains on disposal of Financial Assets at FVOCI was a loss of P2.3 million in 2022 compared to a gain of P2.1 million in 2021. Net FX gain was P74.5 million compared to a gain of P30.8 million in 2021.

B. PRINCIPAL PRODUCTS AND SERVICES OF MCHC

Currently, MCHC, the Registrant's subsidiary, has direct holdings in real estate and stock and bond investments. It also owns shares in subsidiaries and affiliates engaged in development of infrastructure projects and in real estate investment and development.

(a) Power Generation Project Companies

As a result of the crippling power shortages in the 1980s, the Philippine government launched its program to encourage private sector participation in the power industry through the enactment of Executive Order No. 215 ("EO 215"). Under EO 215, independent power producers ("IPPs") may participate in bulk generation to serve the requirements of the National Power Corporation ("NPC"), electric cooperatives, private utilities and other customers. It was against this background that MCHC's power generation project companies, Magellan Utilities Development Corporation ("MUDC"), Magellan Cogeneration, Inc. ("MCI") and Mactan Power Corporation ("MPC") were organized, on the basis of BOO schemes under Republic Act No. 6957, as amended by Republic Act No. 7718. The MPC project was sold by MCHC in 1997 right before the onset of the Asian economic crisis. The MCI project was completed and sold in 1998.

MUDC, which was established to develop an approximately 320MW power plant in Pinamucan, Batangas is 43%-owned by MCHC. The other major shareholder in MUDC is GPU Power Philippines, Inc. ("GPU Power"), with a 40% equity interest. GPU Power is a

subsidiary of GPU Corporation ("GPU"), the former parent company of Manila Electric Company ("MERALCO"). GPU was a U.S.-based energy holding company with about US\$11 billion in assets that operates utilities and power plants in New Jersey and Pennsylvania, U.S.A. GPU has been acquired by First Energy Corporation of Ohio which has decided to withdraw from the project and has done so by liquidating GPU Power.

MUDC initially had a 25-year power sales contract with MERALCO, under which MUDC was to supply power to MERALCO from its 300 MW coal-fired power plant to be constructed in Pinamucan, Batangas. Under a Memorandum of Agreement executed in December 1998, the parties agreed to execute a power purchase agreement whereby MERALCO would purchase the power generated from MUDC's 320 MW power plant, which was to be fuelled primarily by natural gas. The said power purchase agreement has not yet been finalized.

As a result of the project's uncertain prospects, the Registrant's auditor recommended and management had agreed that provision be made for all project development expenditures and pre-operating expenses by MUDC in line with current accounting standards. MUDC has decided not to proceed with its power project due to MERALCO's unwillingness to enter into a revised Power Purchase Agreement and due to the withdrawal of its foreign partner, GPU. In addition, MCHC has almost fully provided for its receivables due from MUDC. In 2008, in the Registrant's Consolidated Financial Statements, receivables due to MCHC's subsidiary, Pinamucan Industrial Estates, Inc., were also fully provisioned. Thus, the Registrant's remaining exposure to the MUDC project is minimal at the end of 2020.

(b) Real Estate Holding and Development Companies

Until July 2011, MCHC owned 100% interest in Batangas Agro-Industrial Development Corporation ("BAID").

BAID has the following wholly-owned subsidiaries which together with BAID own 50 hectares of land fronting Batangas Bay in Pinamucan, Batangas:

- (1) Fruit of the East, Inc.;
- (2) United Philippines Oil Trading, Inc.;
- (3) Hometel Integrated Management Corporation;
- (4) King Leader Philippines, Inc.;
- (5) Samar Commodities & Industrial Corporation; and
- (6) Tropical Aqua Resources, Inc.

In July 2011, MCHC sold all its shares in BAID to J.G. Summit Holdings, Inc. for a total consideration of ₱1.04 billion.

(c) Principal Products and Services of Pointwest Technologies Corporation ("PTC")

PTC is a global service company offering outsourced IT services from the Philippines. It is led by an experienced management team that helped pioneer offshore outsourcing in the Philippines. The Registrant is a founding shareholder of PTC and owns 30% of its equity. Among others, PTC offers software servicing, maintenance, testing, and development to various clients mostly in the United States. It started operations in 2003 and had built up to

a staffing level of over One Thousand (1,000) IT Professionals and Support Staff. But recent restructuring due to loss of two major accounts has reduced staffing level to about 500. PTC's consolidated net income in 2022 reached over P30.6 million and revenues of P789.5 million.

(d) Principal Products and Services of Business Process Outsourcing International, Inc. ("BPOI")

BPOI is a provider of finance and accounting services such as payroll services, internal audit, payables processing and other accounting-based services. It has a total of over 500 employees servicing many of the large multinationals operating in the country. BPOI was spun off from the BPO department of SGV & Co, the biggest auditing firm in the country. The Registrant is a major shareholder of BPOI with a 35% ownership stake. BPOI reported a net income of P42.2 million in 2022 on revenue of P433.9 million.

Competition

Pointwest Technologies Corporation and BPOI face competition from other providers of software and business process outsourcing services both in the country and abroad. Outsourcing is a competitive industry and being competitive requires ability to provide quality and reliable service and ability to control costs so that operating margins are maintained at viable levels.

Transactions with and/or Dependence on Related Parties

The Registrant's subsidiary, MCHC and certain of MCHC's subsidiaries and affiliates as well as Registrant's affiliate, BPOI have transactions with each other such as rental contracts and intercompany loans. These transactions are on arms-length basis and, in the case of partially owned affiliates, are subject to approval of unrelated shareholders of these affiliates. In the case of rental contracts, the rental rates charged are similar to those charged to outside parties leasing similar properties.

Patents, Trademarks, Copyrights, Etc.

There are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like, owned by or pertaining to the Registrant and its subsidiary, MCHC.

Costs and Effects of Compliance with Environmental Laws

Since MUDC has decided not to pursue its power project, there is no anticipated need to comply with any environmental regulations. The other affiliates which are involved in the outsourcing industry which mainly involve the use of computer and other office equipment are expected to have negligible environmental impact.

Employees

The Registrant has three (3) full time employees, one (1) each for accounting, clerical, and administrative and one (1) consultant, not including the employees and consultants retained by the Registrant's subsidiary and affiliates. The Registrant's employees are not subject to any Collective Bargaining Agreements (CBA), nor are they involved in or have threatened to strike for the past three (3) years. Aside from the mandatory 13th month pay and additional 14th month pay and service incentive leaves (vacation and sick) benefits and retirement benefits mandated by R.A. 7641, there are no other benefits that are granted by the Registrant to its employees. The Registrant does not anticipate the need to hire additional employees within the ensuing twelve (12) months.

Risk of the Business of the Registrant and Subsidiaries

1. Pointwest Technologies Corporation (PTC)

PTC would face the normal risks faced by an IT services company serving mostly foreign clients. These risks include: 1) the risk that PTC may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers; 5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified IT professionals; (7) change in foreign exchange rates that may affect the operating margin of its businesses.

2. Business Process Outsourcing International, Inc. ("BPOI")

BPO would face the normal risks faced by a BPO company which are very similar to the risks faced by an IT services outsourcing company such as PTC. BPOI currently services only domestic clients but intends to develop its foreign business. The risks BPOI takes include: 1) the risk that BPOI may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers; 5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified accounting and finance professionals.

3. Portfolio Investments

The Registrant and its subsidiaries and affiliates also invest their excess cash in bonds, stocks and short-term placements. These involve government securities as well as corporate bond and stock investments which face the normal commercial risks such as price declines, payment defaults and foreign exchange risks in the case of foreign currency denominated investments. The Registrant and its indirect subsidiary Pinamucan Industrial Estate Inc. also own shares in ASLAN Pharmaceuticals Ltd., a Biotech company, which was listed in the Taiwan Stock Exchange last year and has also been listed in NASDAQ.

Other Interests

MCHC also has a 100% interest in a mining company, Malabrigo Corporation ("Malabrigo"). Malabrigo has a paid-up capital of ₱10,000,000.00 and limestone mining claims in Batangas, which are not considered significant in potential. It has also invested as a partner in a shopping center project in the United States.

There are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like owned by or pertaining to the Registrant and its subsidiary, MCHC. Also, no substantial expenditures have been made for research and development activities for the past three (3) years.

ITEM 2. PROPERTIES

Equity Interests. The Registrant's investment in MCHC, consists of shares of common stock with aggregate issued value representing approximately 94.37% of the outstanding shares of MCHC.

MCHC owns 70,458 shares of common stock, representing approximately 43% of the outstanding capital stock of MUDC. MUDC was set up to develop a 320 MW power plant project in Pinamucan, Batangas which has now been aborted. MCHC's exposure to MUDC has been fully provided for in the Consolidated Financial Statements.

MCHC also has equity interests in Pinamucan Industrial Estates, Inc. (100%-owned) and Malabrigo (100%-owned). MCHC also owns 100% of Magellan Capital Trading Corporation; Magellan Capital Realty Development Corporation, two inactive shell companies.

The Registrant owns common shares in Pointwest Technologies Corporation which represent a 30% ownership interest in the company. The Registrant also owns shares of BPOI equivalent to 35% ownership interest in BPOI.

Real Estate. The Registrant has no real estate holdings except through its subsidiary, MCHC.

(a) Condominium Units

MCHC owns five (5) office condominium units which comprise the entire 5th Floor of the BDO Towers Paseo, located at 8741 Paseo de Roxas, Makati City, including five (5) appurtenant parking units, *per* a Deed of Sale executed on 26 April 2000. Three of the five units are being leased out and two units are used as the corporate offices of the Registrant and its subsidiaries. MCHC also owns an office condominium unit on the 25th Floor and two condominium units on the 16th Floor of the BDO Towers Valero in Makati (acquired in December 2014) and ten parking slots which are being leased out at prevailing commercial rates. MCHC has also acquired three residential condominium units in Two Roxas Triangle

Tower, a luxury condominium development at Ayala Land and one residential condominium unit in Arya in BGC which is currently leased out.

(b) Office Properties

MCHC, the Registrant's wholly-owned subsidiary, has relocated its corporate offices to its Citicenter Property which consists of the entire 5th Floor of the Citibank Center Building in Makati. The Citibank Center Building has been re-named BDO Towers Paseo after Citibank sold its properties to BDO. The Registrant, as principal shareholder of MCHC, has been allocated office space by MCHC. MCHC has also leased out the four (4) remaining units. One of the units has been leased by Business Process Outsourcing International (BPOI) since February 16, 2009. Three other units are leased out to three other lessees.

MCHC acquired at the end of 2014 two additional condominium office units in Citibank Tower (now re-named BDO Towers Valero) which are currently leased out. MCHC also acquired at the end of 2016 two other condominium units in JMT Condominium Building in Ortigas which are currently leased out. As a result, rental income has increased substantially in 2017 and 2018.

(c) Land/Property Ownership

MCHC has acquired a 985 m2 lot in Fort Bonifacio which it plans to develop into an office building for lease. Architectural plans and necessary permits for the building are currently being prepared and applied for. Construction of the building has been delayed due to the COVID-19 pandemic. As of 31 December 2021, the above land and properties are not subject to any mortgages, liens or encumbrances.

ITEM 3. LEGAL PROCEEDINGS

For the past six (6) years up to the present, there are no proceedings involving, and to the best of knowledge, threatened against the Registrant. As of **15 May 2022**, none of the current directors, or nominees for election as director, executive officer, underwriter or control person of the Registrant has been involved in or in the subject of any bankruptcy petition, conviction by final judgment, or is the subject of any order judgment or decree, or involved in any violation of a securities of commodities law.

However, with respect to its subsidiaries, following is a summary of pending litigation involving them:

- (a) “*Rolando M. Zosa v. Magellan Capital Holdings Corporation and Magellan Capital Management Corporation*”, Civil Case No. CEB-18619, Regional Trial Court of Cebu City, Branch 58; *Magellan Capital Management Corporation and Magellan Capital Holdings Corporation v. Rolando M. Zosa, et al.*” G.R. No. 129916, Supreme Court; *Ad Hoc Arbitration with an Arbitral Tribunal composed of Justice Florentino P. Feliciano, as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members; Regional***

Trial Court, Branch 139, SP Proc. No. M-6259 and SP Proc. No. 6264; Court of Appeals, CA GR. SP-144096; CA GR SP NO. 144162.

This is a case for damages instituted in May 1996, wherein complainant Zosa seeks to enforce his purported rights under his Employment Agreement with defendants and claims entitlement to the following reliefs, to wit:

- (1) actual damages in the amount of ₱10,000,000;
- (2) attorney's fees in the amount of ₱300,000; and
- (3) expenses of litigation in the amount of ₱150,000.

Defendants sought a dismissal of the case, invoking the provision of arbitration in the Employment Contract. In a Decision dated 18 July 1997, the trial court declared invalid the arbitration clause providing for the manner by which the arbitrators will be chosen and substituted the provisions of the Arbitration Law therefore. The Supreme Court, on 26 March 2001 affirmed the trial court's decision which became final and executory. Arbitrators were appointed one by Zosa, on the one hand, and the other jointly appointed by MCHC and MCMC and a third jointly chosen by the two arbitrators.

Sometime in November 2004, the Arbitral Tribunal was finally constituted composed of Justice Florentino P. Feliciano as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members.

On 14 March 2005, the parties submitted to the Tribunal their Confirmation of Agreement to Submit to Arbitration. The Complainant has submitted its Statement of Claims & Memorials. The respondents have submitted their Statement of Defenses and are scheduled to submit their Counter-Memorials on 02 May 2004.

On 02 August 2005, the Memoranda of the parties were submitted and the case was submitted for resolution.

On 06 March 2005, the Tribunal rendered its decision awarding Zosa's claim for severance pay but disallowed his claims for attorney's fees and moral and exemplary damages and costs of suit.

On 12 April 2006, MCHC filed with the Regional Trial Court of Makati City, a verified petition with prayer for the issuance of an Order to Vacate the Arbitral Award, dated 6 March 2006, pursuant to Sections 22 to 29 of Republic Act No. 876 ("The Arbitration Law") and the relevant provisions of Republic Act No. 9825 (the "Alternative Dispute Resolution Act of 2004). Likewise, Zosa filed his Application for Confirmation of Award on 12 April 2006. The two cases were consolidated and are presently pending with Branch 139 of the Regional Trial Court of Makati as Sp. Proc. No. M-6259 and M-6264. The parties are presently awaiting the Court's resolution on the issue of whether the Application for Confirmation of Award was seasonably filed considering the non-payment of docket fees at the time of filing. On 17 March 2009, a hearing was held whereby the Court directed all the parties to submit their respective Memoranda. In

compliance with the aforesaid order, MCHC submitted its Memoranda on 17 May 2009. The case was submitted for resolution on 29 January 2013.

On 29 June 2015, the Court rendered its decision confirming the arbitral award directing MCHC solidarily with MCMC to pay Zosa's severance compensation in the amount of P14,669,691.43. MCHC filed its Motion for Reconsideration on 23 July 2015 which was denied in an Order dated 7 January 2016. On 9 February 2016, MCHC filed with the Court of Appeals its Petition for Review of the Decision of the Regional Trial Court. MCMC likewise filed its appeal with the said appellate court. On August, 2019, the Court of Appeals denied the Petition for Review. Magellan Capital Holdings Corporation filed a Motion for Reconsideration on 16 September 2019 – assailing the Court of Appeals decision. The Motion for Reconsideration was denied by the Court of Appeals in its Resolution of 22 September 2020. MCHC has decided not to pursue the appeal. MCMC, however, went up to the Supreme Court on appeal. The case is currently pending in the Supreme Court. The Regional Trial Court of Makati has recently finalized its decision affirming the Arbitral Award.

(b) “People of the Philippines vs. Ariel Balatbat”, Criminal Case No. 115515, Regional Trial Court of Pasig City, Branch 155. MCHC filed a complaint, through its authorized officer, against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount P41,021.50 (converted to US\$1,000.00). On 29 October 2004, the Court rendered its decision finding the accused guilty beyond reasonable doubt of the crime of qualified theft under Article 310 of the Revised Penal Code and imposed the corresponding penalty of imprisonment of 10 years minimum to a maximum of 14 years. The Decision of the Regional Trial Court was appealed to the Court of Appeals. In a Decision rendered in February 2018, the Court of Appeals reversed the conviction of the accused. As of this writing, MCHC, decided not to appeal the aforesaid Decision of the Court of Appeals for humanitarian reasons, and because the accused had already spent some time in incarceration.

“People of the Philippines vs. Ariel Balatbat”, Criminal Case No. 114955, Regional Trial Court of Pasig City, Branch 151. MUDC, through its authorized officer, has also filed a complaint against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount of P121,500.00 (equivalent to US\$3,000.00), US\$4,000.00, and US\$1,020.00. Said amounts were never recovered or accounted for. The case is currently pending before the Regional Trial Court, which also issued a warrant of arrest for the same. The bail was set for P40,000.00. The accused was arrested and subsequently arraigned. Three (3) witnesses have been presented - two (2) from the bank and one (1) from MUDC.

On 28 February 2005, the Prosecution filed its “Formal Offer of Evidence”. Defense rested its case on 4 December 2006. On 22 January 2007, the Prosecution presented its rebuttal evidence. The Memorandum for the Prosecution having been filed, the case was submitted for decision. As of this writing or on April 29, 2013 the Court rendered its decision finding the accused guilty of the crime of qualified theft and sentenced the accused to *reclusion perpetua*. It also ordered the restitution to MUDC

of the amount of \$4,000.00 or its peso equivalent ₱105,720.00 Pesos. The Court found no liability for the amount of \$3,000.00 withdrawn it appearing that same was credited to private complainant. On appeal, the Court of Appeals, in a Decision dated 28 February 2017, reversed and set aside the Decision of the Regional Trial Court, dated 15 February 2013. As of this writing, MCHC, for humanitarian reasons, and the fact that the accused had already spent some time in incarceration, decided not to appeal the aforesaid Decision of the Court of Appeals.

- c) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, Civil Case No. 066, Regional Trial Court, Taguig City, Branch 153.** This is a case, filed in 2016, for Injunction, with application for TRO and Writ of Injunction, against Spouses Mario and Preciosa Roño, the Taguig Register of Deeds, the Securities and Exchange Commission, Bureau of Internal Revenue, Taguig District to prevent the use of falsified documents including a fake Deed of Sale, fake General Information Sheet (GIS) and fake certificate of title, to transfer MCHC's property in Fort Bonifacio in favor of the Spouses Roño. This is in relation to the ongoing attempt by certain individuals to cause the transfer of title over MCHC's 985 square meter lot at Bonifacio Global City ("BGC") in their favor using falsified and spurious documents. The Regional Trial Court granted the preliminary injunction on 24 August 2016. The case is pending resolution on the grant of a permanent injunction. In an order dated 3 July 2017, the RTC referred the case for mediation proceedings which are ongoing as of this writing. On 15 March 2018, the Court deemed as submitted for resolution the Motion to declare defendants in default.

- d) **Magellan Capital Holdings Corporation represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño et al, XV-16-INQ-16F-00541, Office of the City Prosecutor of Taguig; People of the Philippines vs. Marion S. Roño, Criminal Case No. 17-28768, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, Criminal Case No. 17-28769, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, Criminal Case No. 17-28771, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario Roño and Preciosa Roño, Criminal Case no. 17-28770, Metropolitan Trial Court of Taguig City, Branch 116.** These criminal cases for Falsification under Article 171 in relation to Article 172 of the Revised Penal Code, were filed against the named individuals in connection with Civil Case No. 066. The Prosecutor in XV-16-INQ-16F-00541, found probable cause against the respondents and the corresponding Information was filed with the Metropolitan Trial Court. A Warrant of Arrest against the respondents was issued on 10 February 2017 and Arraignment was scheduled last 23 March 2017. On 12 May the MTC dismissed the accused's Omnibus Motion (1) to Quash for failure to state an offense (2) issue Bill of Particulars and (3) suspend proceedings in view of the pendency of accused's Petition for Review with the Department of Justice (DOJ) and (4) Suspend Arraignment. Arraignment was scheduled to be held on 15 May 2017. In an Order dated 22 May 2017, the RTC reset the arraignment to 14 August 2017. On 2 June 2017 the Department of Justice (DOJ) dismissed the petition for Review filed by the accused Spouses Rono. The accused was arraigned on 14 August 2017. Thereafter, the parties were referred to mediation and Judicial Dispute Resolution. No settlement was reached. The case was re-raffled to Branch 74 and scheduled for Preliminary

Conference on 27 February 2019. The hearing dates for presentation of prosecution evidence are on 11 April, 9 May, 13 June, 29 July, 29 August, 23 September, 21 October, 18 November and 12 December 2019, all at 8:30 a.m.

On March 4, 2020, the parties executed a Compromise Agreement whereby the Accused agreed to pay the sum of Ten Million Pesos (P10,000,000.00) to settle the case. In an Order dated 5 March 2020, the Court approved the Compromise Agreement dated 4 March 2020 and provisionally dismissed the criminal cases.

- e) **Magellan Capital Holdings Corporation, represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño, Pedro S. Villaflor, John Doe and Jane Doe, IS No. XV-13-INV-16-J-02050, Office of the City Prosecutor of Pasay City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation Article 171 of the revised Penal Code (Use of Falsified documents). The falsified documents were used to open an account in Maybank, Villamor Base branch, Pasay City. In a Resolution dated 5 January 2017, the City Prosecutor dismissed MCHC's complaint. In Resolution dated 29 November 2017, the Motion for Reconsideration filed by MCHC was denied.
- f) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, IS No. XV-03-INV-16J-10508, Office of the City Prosecutor of Quezon City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation to Article 171 (2) of the Revised Penal Code. The falsified documents appear as having been executed and notarized in Quezon City. In a Resolution dated 19 March 2018 which was received on 18 April 2018, the City Prosecutor's office dismissed the complaint against respondents. MCHC filed its Motion for Reconsideration of the aforesaid Resolution on 03 May 2018. As of this writing the said Motion is still pending resolution.
- g) **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) vs. Maybank Philippines, Inc. Dato Dr. Tan Tat Wai, Herminio M. Famatigan Jr., Jonathan P. Ong, Jose A. Morales III and Milandro C. Urbano, OSI-AC-No. 2016-032, Bangko Sentral ng Pilipinas, Office of the Special Investigation; Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) v. Metropolitan Bank and Trust Company, Fabian S. Dee, Alfredo V. Ty, Arthur Ty, Francis Cua, Trixia C. Tan, Joyce P. Pareno and Grance C. Buenavista, OSI-AC_No. 2016-029, Bangko Sentral ng Pilipinas, Office of Special Investigation.** These cases were filed with the Bangko Sentral ng Pilipinas against two banks, Maybank and Metro Bank in connection with their participation in the aforementioned cases. In OSI-AC-No.2016-032, the BSP, in a Resolution, dated 21 November 2016, referred the case against Maybank to the Financial Consumer Protection Department (FCPD), Supervision and Examination Sector of the BSP. In a letter dated 02 February 2017, the FCPD informed MCHC that it in turn referred the matter to the attention of BSP departments exercising supervisory authority over banks. The Office of Special Investigation, in the meantime, continued to hear the administrative complaint against the respondents Dato Dr Tan Tat Wai, Herminio Famatigan, Jonathan P. Ong et al. In a Resolution dated 03 October 2017, the BSP Office of Special Investigation dismissed the administrative complaint against the said respondents. In a Resolution dated 09 January 2017, the BSP denied MCHC's

Motion for Partial Reconsideration. With respect to OSI-AC No. 2016-029, the Office of Special Investigation, in a Resolution dated 20 March 2018, dismissed the administrative complaint filed by MCHC against Metro Bank and its Board of Directors.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

For the period October to December 2022, there were no matters submitted to a vote by security holders of the Registrant.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

(1) MARKET INFORMATION

The shares of the Registrant are listed with the Philippine Stock Exchange.

The high and low prices for each quarter within the last two (2) fiscal years and 1st quarter of 2022 are as follows:

QUARTER; YEAR	CLASS "A"		CLASS "B"	
	High	Low	High	Low
1 st Quarter, 2021	3.47	2.75	4.61	2.61
2 nd Quarter, 2021	3.20	2.95	3.30	3.30
3 rd Quarter, 2021	3.08	2.67	2.85	2.85
4 th Quarter, 2021	2.80	1.81	2.80	2.80
1 st Quarter, 2022	2.60	2.13	2.61	2.50
2 nd Quarter, 2022	2.63	2.24	3.74	2.63
3 rd Quarter, 2022	2.70	2.45	-	-
4 th Quarter, 2022	2.20	1.98	1.88	1.86
1 st Quarter, 2023	2.10	2.00	-	-

(2) HOLDERS

Number of Shareholders

As of 31 December 2022, the registrant had Four Hundred Seventy-Four (474) stockholders of record, as follows: Class "A" shares – Four Hundred Thirty (430) holders; Class "B" shares – Forty-Four (44) holders; and Class "A" and "B" – Six (6).

The top twenty (20) stockholders of common equity of the Registrant as of 31 December 2022 are as follows:✓

TOP TWENTY (20) STOCKHOLDERS AS OF 31 DECEMBER 2022

NAME OF STOCKHOLDER	NUMBER OF SHARES	PERCENTAGE OWNERSHIP
1. Essential Holdings Limited	139,778,670	29.01%
2. PCD Nominee Corporation (A)	71,619,490	14.9%
3. Pinamucan Industrial Estates, Inc.	50,290,105	10.44%
4. Magellan Capital Holdings Corporation	47,844,022	9.92%
5. Consolidated Tobacco Industries of the Phils., Inc.	43,052,023	8.93%
6. Vrukti Holdings Corporation	34,633,628	7.18%
7. Center Industrial and Investment, Inc.	23,991,000	4.97%
8. Robert Y. Cokeng	15,713,072	3.26%
9. Johnson Tan Gui Yee	15,371,747	3.19%
10. Victorian Development Corporation	12,085,427	2.50%
11. PCD Nominee Corporation (B)	11,088,581	2.31%
12. Johnny Cobankiat	7,227,076	1.50%
13. Brixton Investment Corporation	2,815,000	0.58%
14. Francisco Y. Cokeng, Jr.	2,160,000	0.44%
15. Johnson U. Co	1,100,000	0.22%
16. Betty C. Dy	1,100,000	0.22%
17. Homer U. Cokeng, Jr.	1,100,000	0.22%
18. Rosalinda C. Tang	1,080,000	0.22%
19. Metro Agro-Industrial Supply Corporation	793,977	0.16%
20. Ruffy James Tiangco	555,000	0.12%

(3) DIVIDENDS

Dividends amounting to a total of ₱0.15 per share were declared and paid out in 2022.

Under the Registrant's By-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

(4) RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

The Registrant has not sold any securities within the past three (3) years, which were not registered under the Securities Regulation Code, including sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities.

(5) WARRANTS

There are no warrants outstanding as of the end of December, 2022.

ITEM 6. MANAGEMENT'S 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.

Top Five (5) Key Performance Indicators

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

- (1) Revenue Generation
- (2) Change in net income
- (3) Earnings per share
- (4) Current ratio
- (5) Book value per share

Revenue Generation. Revenue in the last two fiscal years is summarized below along with vertical percentage analysis:

(P000)	INCREASE (DECREASE)					
	YEAR 2022	PER- CENTAGE	YEAR 2021	PER- CENTAGE	YEAR 2021	PER- CENTAGE
Equity in net earnings of associates	P 26,211	16.2%	P 18,885	14.7%	P 7,326	38.8%
Interest Income	14,588	9.0%	18,008	14.0%	(3,420)	(19.0%)
Rent	23,946	14.8%	21,977	17.1%	1,969	8.9%
Dividend Income	5,670	3.5%	4,774	3.7%	896	18.7%
Fair Value Gains (Losses) on Financial Assets at FVPL	13,742	8.5%	31,613	24.6%	(17,871)	(56.5%)
Gain (Losses) on Disposal of AFS, HTM and FVPL Investments	5,679	3.5%	92	0.1%	5,679	6000%
Gain (Loss) on Disposal of Financial Assets at FVOCI	(2,286)	(1.4%)	2,133	1.6%	(4,419)	(207%)
Net FX Gain	74,517	46.0%	30,837	24	43,680	141%
Others	56	-	-	-	56	-
Total from continuing operation	P 162,126	100.0%	P 128,321	100.0%	P 33,805	26.4%

Equity in Net Earnings of Associates increased from P18.9 million in 2021 to P26.2 million in 2022. Interest income dropped to P14.6 million in 2022 from P18.0 million in 2021. Rental income increased from P21.9 million in 2021 to P23.9 million 2022. However, Net FX Gain of P74.5 million and Fair Value Gain on Financial Assets at FVPL offset these decreases resulting in an increase in revenue to P162.1 million in 2022 from P128.3 million in 2021.

Change in net income. The summary income statements for the last three fiscal years are shown below with vertical percentage analysis.

(000)	YEARS ENDED DECEMBER 31					
	2022	PERCENTAGE	2021	PERCENTAGE	2020	PERCENTAGE
Revenue	₱ 162,126	100%	₱ 128,321	100%	₱ 140,420	100%
Expenses	136,397	84.1%	52,659	41.0%	103,254	73.5%
Net Income						
Before Tax	25,728	15.8%	75,662	58.9%	37,165	26.4%
Tax	(6,022)	(3.7%)	(17,029)	(13.3%)	(2,661)	(1.9%)
Total Net Income	₱ 19,706	12.1%	₱ 58,632	45.7%	₱ 34,504	24.5%
Attributable to Stockholders of Registrant	20,333	12.5%	56,875	44.3%	34,548	24.6%
Non-Controlling Interest	(626)	(0.4%)	1,757	1.4%	(44)	0%

As the above shows, net income decreased to ₱19.7 million in 2022 from ₱58.6 million in 2021. The net income in 2021 attributable to stockholders of the Registrant was ₱20.3 million while a loss of ₱0.6 million was attributable to non-controlling interests. The net income attributable to stockholders of the Registrant in 2021 was ₱56.8 million while ₱1.7 million was attributable to non-controlling interests.

Earnings per share. The earnings per share in 2022 amounted to ₱0.05 per share compared to earnings per share of ₱0.15 in 2021 and ₱0.09 in 2020. The earnings per share are adjusted to reflect the shares held by the Registrant's subsidiaries which are classified as treasury shares in the Consolidated Financial Statements.

Current-Ratio. Current Ratio (current assets divided by current liabilities) which measures the liquidity position of the Registrant was 46.2x at December 31, 2022 compared to 41.1x at the end of 2021. The Registrant's liquidity position is very strong and gives it substantial resources to pursue its projects.

Book value per share. The Registrant's book value per share (excluding treasury shares owned by subsidiaries of the Registrant) was ₱4.80 per share at the end of 2022 from ₱4.94 at year-end 2021 and ₱4.76 at year-end 2020.

(i) Any known trends or any known demands, commitments, events or uncertainties

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 during the next twelve (12) months. Consolidated cash and cash equivalents totaled ₱506.7 million at year end 2021 compared to ₱523.5 million at year end 2020. Other than the normal fluctuations of the Philippine Peso to the U.S. Dollar, the Registrant is unaware 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 had or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(ii) Any events that will trigger direct or contingent financial obligation

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

(2) OPERATIONS AND FINANCIAL CONDITION FOR THE LAST THREE (3) FISCAL YEARS

The following is a detailed discussion of the Registrant's operations and financial condition for the past three (3) fiscal years.

Exhibit "2" shows the audited consolidated balance sheet as of December 31, 2022 and December 31, 2021 and audited consolidated income statements for the years 2021, 2020 and 2019. The accounts are discussed below in more detail.

OPERATING RESULTS

Revenues. In the year ended 31 December 2022, total consolidated revenues totaled ₱162.1 million compared to ₱128.3 million in 2021 and ₱140.4 million in 2020.

Expenses. Total consolidated operating expenses increased to ₱136.4 million in 2022 from the ₱52.6 million in 2021 due mainly to Net FX Loss instead of Net FX gain as the appreciating Peso exchange rate benefiting the foreign exchange denominated bonds and stocks held by the Registrant and its subsidiaries.

Net Income Before Tax. As a result of the movement in revenues and expenses discussed in the preceding sections, net income before tax totaled ₱25.7 million in 2022 compared to ₱52.6 million in 2021 and ₱103.2 million in 2020.

Provision For Income Tax. In 2022, there was a provision for income tax of ₱6.0 million compared to ₱17.0 million in 2021 and ₱2.6 million in 2020.

Net Income After Tax. As a result of the provision for income tax discussed above, the Registrant had a consolidated net income after tax of ₱19.7 million in 2022, from net income after tax of ₱58.6 million in 2021 and ₱37.1 million in 2020.

BALANCE SHEET ACCOUNTS

The following comparative financial analysis is based on audited consolidated balance sheets as of December 31, 2022 and December 31, 2021 shown in Exhibit "2". Exhibit "4" shows the vertical percentage analysis of balance sheet accounts as of December 31, 2022 and December 31, 2021. The movements in the various accounts are discussed below:

ASSETS

Current Assets. Total current assets at year-end 2022 totaled ₱750.2 million compared to ₱794.9 million at year-end 2021. Cash and cash equivalents decreased to ₱467.7 million at year end 2022 from ₱506.5 million at year end 2021. Financial assets at Fair Value through Profit or Loss (FVPL) increased to ₱238.3 million at year-end 2022 from ₱230.6 million at year-end 2021. Prepayments and other assets decreased to ₱34.1 million at year-end 2022 from ₱35.5 million at year-end 2021.

Non-Current Assets. Total non-current assets at year-end 2022 totaled ₱1,129 million versus ₱1,147 million at year-end 2021.

Total Assets. As a result of the movement in the accounts described above, total consolidated assets of the Registrant at year-end 2022 totaled ₱1,879 million compared to ₱1,942 million at year-end 2021.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities decreased to ₱16.2 million at year-end 2022 from ₱19.3 million at year-end 2021.

Non-Current Liabilities. Non-current liabilities decreased to ₱41.8 million at year-end 2022 from ₱19.3 million at year-end 2021 due mainly to deferred Tax Liabilities.

Stockholder's Equity. Total Stockholder's Equity Attributable to Equity Holders of the Registrant decreased to ₱1,751.4 million at year-end 2022 from ₱1,805.4 million at year end 2021. Equity attributable to minority shareholders of MCHC totaled ₱70.4 million at year end 2022 compared to ₱73.9 million at year-end 2021. As a result, total stockholders equity at year-end 2022 stood at ₱1,879.9 million compared to ₱1,942.5 million at year-end 2021.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

(1) External Audit Fees and Services

a) *Audit and Audit- Related Fees for the Last Three Fiscal Years*

	2022	2021	2020
Registrant	P 475,000	P 448,000	P 320,000
MCHC	448,000	448,000	490,000
Subsidiaries of MCHC	302,400	58,660	40,225
MUDC	26,415	21,449	21,449

- b) *Tax Fees:* None
- c) *All Other Fees:* None
- d) Audit Committee has approved the audit fees

ITEM 7. FINANCIAL STATEMENTS

The Statement of Management's Responsibility is attached as Exhibit "1" hereof. The Audited Consolidated Financial Statements as of 31 December 2022 are attached as Exhibit "2" hereof.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no disagreements with the Registrant's accountants, past or present, on accounting and financial disclosures. In 1997, Sycip Gorres Velayo & Co. replaced Velandria, Dimagiba & Co. In 2000, Vicente E. Reyes and Associates, now known as Reyes, Galang, King & Company, replaced Sycip Gorres Velayo & Co. as the external auditor of some of the wholly owned subsidiaries of Magellan Capital Holdings Corporation as well as Magellan Utilities Development Corporation. In 2020, KPMG – R.G. Manabat & Co. replaced Sycip Gorres Velayo & Co. as the external auditor for F&J Prince Holdings Corporation and Magellan Capital Holdings Corporation. In 2021, Mendoza Querido & Co. was appointed as the external auditor for F&J Prince Holdings Corporation and Magellan Capital Holdings Corporation. In 2022, Mendoza Querido & Co. was re-appointed as the external auditors for F&J Prince Holdings Corporation and Magellan Capital Holdings Corporation.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

(1) DIRECTORS AND EXECUTIVE OFFICERS

The following are the directors and executive officers of the Registrant, with the past and present positions held by them in the Registrant's subsidiaries and other companies for the past five (5) years:

JOHNSON TAN GUI YEE, 76 years old, Filipino citizen.

Chairman of the Board

Elected on 18 January 2023 to a one-year term.

Chairman, Armak Tape Corporation; President & Chief Executive Officer, Armak Holdings and Development, Inc.; President, Yarnton Traders Corporation; Director, Magellan Capital Holdings Corporation.

B.S. Chemical Engineering and B.S. Mathematics

MARK RYAN K. COKENG, 37 years old, Filipino citizen.

President

Elected on 18 January 2023 to a one-year term.

President, F&J Prince Holdings Corporation, Magellan Capital Holdings Corporation and Magellan Capital Corporation; Vice Chairman, IPADS Developers, Inc., All Suites, Inc., and All IPADS, Inc.; Vice Chairman and Regular Member of the Executive Committee, Pointwest Technologies Corporation and Pointwest Innovations Corporation; Director and Treasurer, Business Process Outsourcing International, Inc.

Bachelor of Arts in Economics and Statistics, Boston University.

JOHNSON U. CO, 70 years old, Filipino citizen.

Vice-President for Administration and Director

Re-elected on 17 September 2021 to a one-year term. Director since 1996.

President, Pinamucan Industrial Estates, Inc., Sunflare Horizon International, Inc.; Vice-President for Administration and Director, Magellan Capital Holdings Corporation; Treasurer, Magellan Utilities Development Corporation and Malabrigo Corporation; Director, Pinamucan Power Corporation; Vice Chairman, Consolidated Tobacco Industries of the Philippines, Inc.

B.S. Mechanical Engineering, University of Sto. Thomas.

MARY K. COKENG, 70 years old, Filipino citizen.

Treasurer and Director

Elected on 18 January 2023 to a one-year term. Director since 2008.

Director, Essential Holdings, Limited, *Director*, Magellan Capital Holdings Corporation.

Bachelor of Arts, Management, University of Sto. Thomas

KATRINA MARIE K. COKENG, 43 years old, Filipino citizen.

Assistant Treasurer and Director

Elected on 18 January 2023 to a one-year term. Director since 28 September 2021.

Co-Founder and Chief Executive Officer, XEN Technologies PTE. LTD., Singapore; *Director and Assistant Treasurer*, F&J Prince Holdings Corporation; *Director and Alternate Member of the Executive Committee*, Pointwest Technologies Corporation.

MIT Sloan Executive Education: Blockchain Technologies; Master in Business Administration, Harvard Business School; Bachelor of Arts (Economics and Psychology), Summa Cum Laude, Smith College.

CHARLIE K. CHUA, 59 years old, Filipino citizen.

Independent Director

Re-elected on 06 October 2022 to a one-year term.

Vice President, Highland Tractor Parts, Inc.

B.S. Mechanical Engineering, University of the Philippines; Master of Science, Mechanical Engineering, University of California, Berkley.

JOHNNY O. COBANKIAT, 71 years old, Filipino citizen.

Director

Re-elected on 06 October 2022 to a one-year term. Director since 2008.

President, Ace Hardware Phils., Cobankiat Hardware, Inc. and Milwaukee Builders Center, Inc.; *Executive Vice President*, Hardware Workshop; *Vice Chairman*, R. Nubla Securities.

B.S. Accounting, De La Salle University.

FRANCIS LEE CHUA, 71 years old, Filipino citizen.

Director

Re-elected on 06 October 2022 to a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Midori Carpet;
Corporate Secretary, Sunflare Horizon International, Inc.

B.S. Management, Ateneo University.

PETER L. KAWSEK, JR., 64 years old, Filipino citizen

Independent Director

Re-elected on 06 October 2022 to a one-year term.

President, Apo International Marketing Corporation; Bekter Ventures Inc.; *Vice President*, Kawsek Inc.

Bachelor of Science in Business, De La Salle University.

RUFINO B. TIANGCO, 73 years old, Filipino citizen.

Director

Re-elected on 06 October 2022 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Marala Vitas Central Terminal & Shipyard Corp.; *President*, Vrukti Holdings Corporation; Trufsons Holdings Corporation, Ruvict Holdings Corporation; *Director*, Magellan Capital Holdings Corporation and Magellan Utilities Development Corporation.

B.S. Mechanical Engineering, University of Sto. Thomas.

PONCIANO K. MATHAY, 63 years old, Filipino citizen

Senior Vice President, Compliance Officer, and Asst. Corporate Secretary

Re-appointed by the Board on 06 October 2022.

President, MHM Energy Corp., *Consultant*, Pointwest Technologies Corp., *Formerly Vice President*, Alcorn Gold Resources.

AB Psychology, University of Washington, MS Business Management, A.D. Little (Hult) Cambridge, Massachusetts.

FINA BERNADETTE D.C. TANTUICO, 61 years old, Filipino citizen.
Corporate Secretary

Re-appointed on 06 October 2022 to a one-year term.

Legal Counsel and Corporate Secretary, F & J Prince Holdings Corporation and its subsidiaries and affiliates (2002 up to the present); Magellan Capital Holdings Corporation and its subsidiaries, Magellan Utilities Development Corporation, Pointwest Technologies Corporation, Pointwest Innovations Corporation, Pinamucan Industrial Estates Inc; Republic Telecommunications Company (Retelcom), U.P. Law Alumni Foundation Inc. (UPLAF), *Former Assistant Vice-President and Corporate Secretary*, United Overseas Bank Philippines (2000-2001). *Former President* of the Philippine Bar Association and the UP Women Lawyers' Circle (UP WILOCI). *Professorial Lecturer*, University of the Philippines College of Law; *member*, Inter-Country Placement Committee, Inter-Country Adoption Board (ICAB).

Law Degree, University of the Philippines.

Term of Office. The directors of the Registrant were elected during the annual stockholders' meeting held on 06 October 2022. The directors have a one (1) year term of office.

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

(2) SIGNIFICANT EMPLOYEES

There are no other persons other than the Registrant's executive officers who are expected to make a significant contribution to its business.

(3) FAMILY RELATIONSHIPS

Mark Ryan K. Cokeng is the son of (+) Robert Y. Cokeng and Mary K. Cokeng. Johnson U. Co is the cousin of (+) of Robert Y. Cokeng. Katrina Marie K. Cokeng is the daughter of (+) Robert Y. Cokeng and Mary K. Cokeng.

Messrs. Robert Y. Cokeng and Johnson U. Co are first cousins. Mary K. Cokeng is the spouse of Robert Y. Cokeng. Mark Ryan K. Cokeng is the son of Robert and Mary Cokeng. Katrina Marie K. Cokeng is the daughter of Robert and Mary Cokeng.

ITEM 10. EXECUTIVE COMPENSATION

(1) GENERAL

None of the directors and executive officers of the Registrant are paid any compensation as such. Among its officers, only Messrs. Fina Bernadette D.C. Tantuico, Johnson U. Co, and Mark Ryan K. Cokeng are paid professional fees and compensation by the Registrant or its affiliates, MCHC and PIEI, respectively. Directors are not paid any compensation by the Registrant other than a *per diem* of Five Thousand Pesos (P5,000.00) per attendance of Board Meeting.

(2) SUMMARY COMPENSATION TABLE

**Summary Compensation Table
Annual Compensation**

NAME & PRINCIPAL POSITION	2023 YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Mark Ryan K. Cokeng, President	2023	-	-	P11,384,100.00
Johnson U. Co, Vice-President-Administration	2023	-	-	
Mary K. Cokeng, Treasurer	2023	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec	2023	-	-	
All Other Officers & Directors	2023	310,000.00	-	

NAME & PRINCIPAL POSITION	2022 YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2022	-	-	P10,770,507.00
Johnson U. Co, Vice-President-Administration	2022	-	-	
Mark Ryan K. Cokeng, Treasurer	2022	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec	2022	-	-	
All Other Officers & Directors	2022	310,000.00	-	

NAME & PRINCIPAL POSITION	2021 YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2021	-	-	P10,713,464.00
Johnson U. Co, Vice-President-Administration	2021	-	-	
Mark Ryan K. Cokeng, Treasurer	2021	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec	2021	-	-	
All Other Officers & Directors	2021	280,000.00	-	

* The amount given represents the professional fees and compensation paid by the affiliates of Registrant.

*** Other directors and executive officers of the Registrant are not paid any compensation as such.

(3) COMPENSATION OF DIRECTORS

Directors receive a *per diem* of P5000 *per* attendance at Board Meetings and no other compensation as such.¹

(4) EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

There are no employment contracts nor any compensatory plan or arrangements with the Executive Officers of the Registrant.

(5) WARRANTS AND OPTIONS OUTSTANDING: RE-PRICING

There are no existing warrants outstanding. One detachable Subscription Warrant was issued for each share subscribed under the share offering in 2002. Warrants for 723,727 "A" shares and 71,198 "B" shares were exercised. All the remaining warrants that were not exercised have expired as of May 2008. There are no options or warrants currently outstanding.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

(1) SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AS OF 31 DECEMBER 2022

The record or beneficial owners of 5% or more of the outstanding shares of the Registrant are as follows:

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NUMBER OF SHARES HELD	PER-CENTAGE
Common B	Essential Holdings Limited 11/F, Belgian House, 77-79 Gloucester Road, Hongkong	Same as Record Owner Robert Y. Cokeng Managing Director	Foreign	139,778,670 Record & Beneficial	29.01%
Common A & B	Pinamucan Industrial Estates, Inc. 5 th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City	Same as Record Owner Robert Y. Cokeng Chairman	Filipino	50,290,105 Record & Beneficial	10.44%

¹ Estimated compensation for the year 2018.

² On 12 February 2002, the SEC approved the Amendment to the Registrant's By-Laws, specifically Article III, Section 6 on Compensation of Directors. The cap of Pesos (P500 00) has been removed. Each director may now receive a reasonable per diem, as may be fixed by the Board of Directors, for attendance at board meetings.

³ Pursuant to the Amended By-Laws, the Securities and Exchange Commission approved the Amendment of By-Laws Registrant's Board of Directors. During a regular meeting held on 28 February 2002 approved and adopted a resolution fixing the per diem at P5000 per attendance at Board Meetings.

Common A	Magellan Capital Holdings Corporation 5 th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City	Same as Record Owner Robert Y. Cokeng President	Filipino	47,844,022 Record & Beneficial	9.92%
Common A	Consolidated Tobacco Industries of the Philippines, Inc. CTIP Compound, Ortigas Avenue Ext., Rosario Pasig City	Same as Record Owner Robert Y. Cokeng President	Filipino	43,052,023 Record & Beneficial	8.93%
Common A	Vructi Holdings Corporation 52 Narra Avenue, Forbes Park Makati City	Same as Record Owner Rufino B. Tiangco President	Filipino	34,633,628 Record & Beneficial	7.18%

Mr. Robert Y. Cokeng is the controlling stockholder of Essential Holdings Limited ("EHL"). He is also the President and Chairman of the Registrant.

Mr. Robert Y. Cokeng is the Chairman of Pinamucan Industrial Estates, Inc. ("PIEI"). He has been granted voting power over the shares of stock of PIEI by the Board of Directors of PIEI. He is also the President of the Registrant.

Mr. Robert Y. Cokeng is President of Magellan Capital Holdings Corporation and has voting power over the shares of stock of Magellan Capital Holdings Corporation ("MCHC") in the Registrant.

Consolidated Tobacco Industries of the Philippines, Inc. ("CTIP") is principally owned and controlled by the Cokeng and Co families. Mr. Robert Y. Cokeng is President of CTIP and has voting power over the shares of stock of CTIP.

Vructi Holdings Corporation is controlled by Mr. Rufino B. Tiangco, a director of the Registrant. He has the voting power over the shares of Vructi Holdings Corporation.

(2) **SECURITY OWNERSHIP OF MANAGEMENT**

As of 31 December 2022, the Directors, Executive Officers and Nominees of the Corporation are the beneficial owners of the following number of shares:✓

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF OWNERSHIP
Common A	Robert Y. Cokeng	15,713,072	Filipino	3.26%
Common A	Katrina Marie K. Cokeng	10,000	Filipino	0.002%
Common A	Johnson U. Co	1,100,000	Filipino	0.22%
Common A	Emeterio L. Barcelon, SJ	304,952	Filipino	0.06%
Common A	Mark Ryan K. Cokeng	10,000	Filipino	0.002%
Common A	Johnson Tan Gui Yee	15,371,747	Filipino	3.19%
Common A	Mary K. Cokeng	1,000	Filipino	0.0002%
Common A	Johnny O. Cobankiat	7,227,076	Filipino	1.50%
Common A & B	Josephine V. Barcelon	1,204,952	Filipino	0.25%
Common A & B	Rufino B. Tiangco	128,000	Filipino	0.03%
Common A & B	Robert Y. Ynson	325,667	Filipino	0.07%
Common A	Francis L. Chua	100,000	Filipino	0.02%
Total		43,646,466		9.05%

TITLE OF CLASS	NAME OF DIRECTOR/EXECUTIVE OFFICER/BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF OWNERSHIP
Common A & B	All Directors & Executive Officers	43,646,466	Filipino	9.05%

(3) **VOTING TRUST HOLDERS OF 5% OR MORE OF THE OUTSTANDING SHARES**

There are no voting trust holders of 5% or more of the outstanding shares of the Registrant.

(4) **CHANGES IN CONTROL**

There are no arrangements that may result in a change in control of the Registrant.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There were no transactions with any related parties other than normal business transactions such as rental agreements between affiliates on the basis of arms length negotiations. These rental rates are in line with rental rates for similar properties and were negotiated with non-majority owned affiliates where other shareholders provide checks and balances.

There were no transactions with any entities controlled or owned by former managers of the registrant or its subsidiaries and affiliates.

PART IV. CORPORATE GOVERNANCE

ITEM 13. The Annual Corporate Governance Report for the year 2022 will be submitted on or before May 30, 2023.

PART V – EXHIBITS AND SCHEDULES

EXHIBITS AND REPORTS ON SEC FORM 17-C

(1) Exhibits

EXHIBIT NO.	DOCUMENT
1	Statement of Managements' Responsibility
2	Audited Consolidated Financial Statements as of 31 December 2022 and 2021
3	Breakdown of various accounts Schedules A-G
4	Consolidated Balance Sheet as of December 31, 2022 and December 31, 2021 with vertical percentage analysis
5	Breakdown of Receivables-Others Schedule "I" Breakdown of Accounts Payable and Accrued Expenses- Schedule "2"
6	Organizational Chart of Subsidiaries and Associates

(2) Reports on SEC Form 17-C

For the period January to December 2022, the following matters were duly reported to the SEC and PSE under SEC Form 17-C, to wit:

DATE	MATTERS DISCLOSED
27 June, 2022	<p>OTHER EVENTS (Item 9)</p> <p><u>Date of Annual Stockholders' Meeting</u></p> <p>Please be informed that pursuant to the delegated authority given by the Board of Directors of the Corporation, for the President to set the date of the 2022 Annual Stockholders' Meeting, the Annual Stockholders' Meeting of the Corporation will be held on October 6, 2022 (Friday). We shall accordingly inform the stockholders concerned of this schedule and the details as to time and venue.</p> <p>In this regard, the record date fixed for determining the list of stockholders entitled to vote at said meeting is 24 August 2022. Accordingly, the transfer books of the Corporation will be closed from August 25, 2022 until August 30, 2022 for the purpose of preparing said list.</p>

27 June, 2022	<p>DECLARATION OF CASH DIVIDENDS</p> <p>During the Regular Meeting of the Board of Directors held on June 27, 2022, the following resolution was approved:</p> <p>“Resolved, that there is hereby declared of the Corporation’s unrestricted retained earnings a cash dividend of a total of Fifteen Centavos (P0.15) per share, payable as follows:</p> <ul style="list-style-type: none"> (i) Five Centavos (P0.05) per share, to stockholders of Record as of July 12, 2022 (the “Record Date”), payable on or before July 30, 2022; and (ii) Ten Centavos (P0.10) per share, to stockholders to record as of August 19, 2022 (the “Record Date”), payable on or before September 15, 2022.
06 October, 2022	<p><u>Annual Stockholders’ Meeting</u></p> <p>Election of Directors and Officers (Item 4)</p> <p>During the Annual Meeting of the Stockholders of the Corporation held on 06 October 2022, the following persons were elected as the new members of the Board of Directors of the Corporation, to wit:</p> <p style="text-align: center;">(in alphabetical order)</p> <p style="text-align: center;">Charlie K. Chua Francis L. Chua Johnson U. Co Johnny O. Cobankiat Katrina Marie K. Cokeng Mark Ryan K. Cokeng Robert Y. Cokeng Peter L. Kawsek, Jr. Johnson Tan Gui Yee Rufino B. Tiangco</p> <p>The independent directors of the Corporation are Charlie K. Chua and Peter L. Kawsek, Jr.</p>
	<p><u>Annual Stockholders’ Meeting</u></p> <p>The Annual Stockholders’ Meeting of the Corporation was held as scheduled on 06 October 2022 via Zoom. During said meeting, where the stockholders owning at least a majority of the outstanding capital stock of the Corporation were present and/or represented, the following matters were approved by unanimous affirmative vote:</p>

	<p>(i) the Minutes of the Annual Meeting of Stockholders held on 17 September 2021;</p> <p>(ii) ratification of the corporate actions approved and adopted by the Board of Directors during the year 2021;</p> <p>(iii) the Audited Financial Statements as of 31 December 2021;</p> <p>(iv) re-appointment of Mendoza Querido & Co. as external auditor of the Corporation.</p>
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06 October, 2022	<p>Thereafter, at the Organizational Meeting of the newly-elected directors, held immediately after the Annual Stockholders' Meeting, the following persons elected to the positions indicated opposite their respective names:</p> <p>ROBERT Y. COKENG - Chairman & President PONCIANO K. MATHAY - Senior Vice President, Compliance Officer, and Assistant Corporate Secretary JOHNSON U. CO - Vice President for Administration MARK RYAN K. COKENG - Treasurer FINA BERNADETTE D.C. TANTUICO - Corporate Secretary</p> <p>The members of the different committees were elected as follows:</p> <p><u>Audit Committee:</u> Peter L. Kawsek, Jr - Chairman/Independent Director Robert Y. Cokeng Mark Ryan K. Cokeng Johnson Tan Gui Yee Rufino B. Tiangco</p> <p><u>Nomination Committee:</u> Robert Y. Cokeng - Chairman Mark Ryan K. Cokeng Rufino B. Tiangco Johnson Tan Gui Yee Charlie K. Chua - Independent Director</p> <p><u>Compensation Committee:</u> Robert Y. Cokeng - Chairman Johnson U. Co Mark Ryan K. Cokeng Rufino B. Tiangco Charlie K. Chua</p>
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SIGNATURES


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on MAY 02 2023, 2023.

F & I Prince Holdings Corporation


Issuer

Pursuant to Section 17 of the Code, this Annual Report has been signed by the following persons in the capacities and on the dates indicated.

By:


JOHNSON TAN GUI YEE
Chairman of the Board


MARY K. COKENG
Treasurer


MARK RYAN K. COKENG
President


(ATTY.) FINA BERNADETTE D.C. TANTUICO
Corporate Secretary


SUBSCRIBED AND SWORN to before me this MAY 02 2023 day of 2023, affiants exhibiting to me their Identification Cards, as follows:

NAMES	IDENTIFICATION CARDS	DATE OF ISSUE	PLACE OF ISSUE
Johnson Tan Gui Yee	OSCA No. 27715	December 15, 2008	Makati City, NCR
Mark Ryan K. Cokeng	Driver's License No. X01-09-003590	January 15, 2019	Makati City, NCR
Mary K. Cokeng	OSCA No. 54916	January 6, 2012	Makati City, NCR
Fina Bernadette D.C. Tantuico	Integrated Bar of the Philippines (IBP) Lifetime Membership ID#00463 with Roll of Attorney No. 35636 issued by IBP		

Doc. No. 136;
Page No. 29;
Book No. 7;
Series of 2023.

My Docs>F&J>2023 Files>
SEC Form 17-A [Annual Report 2022]

NOTARY PUBLIC


ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **F& J Prince Holdings Corporation and its subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the statements attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Mendoza Querido and Company, the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:


Mark Ryan Cokeng
President/ CEO



Mary K. Cokeng
Treasurer/Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 27 day of APR 27, 2023,
affiants exhibiting to me their Driver's License/ National IDs, as follows:

<u>Names</u>	<u>Competent Evidence of Identity</u>	<u>Date Issued</u>	<u>Place of Issue</u>
Mark Ryan Cokeng	X01-09-003590	12 February 2019	Quezon City
Mary K. Cokeng	2632-8401-5647-6912	10 October 2022	NCR

Doc.No. 107 ;
Page No. 25 ;
Book No. 7 ;
Series of 2023

NOTARY PUBLIC


ATTY. JOEL FLORES
NOTARY PUBLIC - MAKATI CITY
UNTIL DECEMBER 2023 (2023-2024)
APPOINTMENT NO. 24-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D, BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

SECRETARY'S CERTIFICATE

I, **FINA BERNADETTE D.C. TANTUICO**, of legal age, Filipino, being the duly elected and qualified Corporate Secretary of **F&J PRINCE HOLDINGS CORPORATION (the "Corporation")**, a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at the 5th Floor, BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City, do hereby certify that at the Audit Committee Meeting of the Corporation held on April 13, 2023, the following resolutions were unanimously approved:

"RESOLVED, that the Audit Committee of the Corporation (the "Corporation") recognizes and approves the Consolidated Financial Statements as of and for the year ended December 31, 2022;

"RESOLVED FURTHER, that the Audit Committee of the Corporation authorizes the issuance and filing of the Consolidated Financial Statements and for this purpose, the President/CEO, MARK RYAN K. COKENG, is hereby appointed and designated to sign the Annual Report pursuant to Section 17 of the Securities Regulation Code and the Statement of Management Responsibility in lieu of the Chairman of the Board, Mr. Johnson Tan Gui Yee."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my signature as Corporate Secretary this _____ day of MAY 03 2023, 2023.

(ATTY.) FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

SUBSCRIBED AND SWORN to before me in the City of MAKATI CITY this MAY 03 2023, 2023, by the affiant who executed to me her Integrated Bar of the Philippines (IBP) Lifetime Membership ID No. 00463 issued with Roll of Attorney No. 35636 issued by the IBP.

Doc No. 143;
Page No. 30;
Book No. 7;
Series of 2023.

NOTARY PUBLIC
ATTY. JOEL FLORES FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9583564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

**Audited Consolidated
Financial Statements
as of**

**December 31, 2022 and
December 31, 2021**

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	4	3	3	7	0
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Company Name

F	&	J	P	R	I	N	C	E	H	O	L	D	I	N	G	S									
C	O	R	P	O	R	A	T	I	O	N	A	N	D	S	U	B	S	I	D	I	A	R	I	E	S

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

5	T	H	F	L	O	O	R	,	B	D	O	T	O	W	E	R	S	P	A	S	E	O				
8	7	4	1	P	A	S	E	O	D	E	R	O	X	A	S	,										
M	A	K	A	T	I	C	I	T	Y																	

Form Type

A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, if Applicable

N	A
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COMPANY INFORMATION

Company's Email Address

fjphco@gmail.com

Company's Telephone Number/s

892-7133 / 892-7131

Mobile Number

N/A

No. of Stockholders

480

Annual Meeting
Month/Day

04/12

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Atty. Fina Bernadette D.C Tantuico

Email Address

fct.law@gmail.com

Telephone Number/s

633-2107

Mobile Number

0917-892-0786

Contact Person's Address

5th Floor BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

To the Stockholders and the Board of Directors
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas
Makati City

We have audited the consolidated financial statements of F & J Prince Holdings Corporation and its subsidiaries for the year ended December 31, 2022, on which we have rendered the attached report dated April 26, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Group has four hundred seventy-four (474) stockholders owning one hundred (100) or more shares.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 9569440, January 7, 2023, Makati City

April 26, 2023



Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas
Makati City

Opinion

We have audited the consolidated financial statements of F & J Prince Holdings Corporation and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Investments in Associates

The Group owns 35% and 30% of Business Process Outsourcing International Inc. (BPO) and Pointwest Technologies Corporation (PTC), respectively. These investments in associates are accounted for under the equity method. The accounting for these investments is significant to our audit because of the substantial amount of the Group's investment in and its share in net earnings and other comprehensive income of these associates. As of December 31, 2022 and 2021, the investments in associates amounted to ₱267.6 million and ₱253.8 million, respectively, and the Group's equity in net earnings and share in other comprehensive income of associates for the year then ended amounted to ₱26.2 million and ₱20.1 million, respectively, in 2022, and ₱18.0 million and ₱13.2 million, respectively, in 2021.

Refer to Note 11 for the discussion of the investments in associates.

Audit Response

Our audit procedures included, among others, coordinating and instructing the statutory auditors of the associates to perform an audit on the relevant financial information of BPO and PTC for the purpose of the Group's consolidated financial statements. During the year, we discussed the risk assessment, audit strategy of the statutory auditors, as well as any significant developments in the associates. We reviewed the working papers of the statutory auditors, focusing on the procedures that will have an impact on the net income and other comprehensive income of the Group. We recalculated the Group's equity in net earnings of associates based on the associates audited financial statements. We also assessed the adequacy of the relevant disclosures made in the consolidated financial statements.

Emphasis of Matter

As part of our audit of the consolidated financial statements as of and for the years ended December 31, 2022 and 2021, we also audited the adjustments described in Note 29 that were applied to restate the 2021 and 2020 annual consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 annual consolidated financial statements of the Group other than with respect to the adjustments, and accordingly, we do not express an opinion or any form of assurance on the 2020 annual consolidated financial statements taken as a whole. Our opinion is not modified in respect to this matter.

Other Matter

The consolidated financial statements of the Group as of and for the year ended December 31, 2020 and for each of the three years in the period then ended were audited by another auditor whose report thereon dated May 31, 2021 expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Richard S. Querido.

For the Firm: **MENDOZA QUERIDO & CO.**



RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 9569440, January 7, 2023, Makati City

April 26, 2023

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

(With comparative figures for 2020)

(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)	2020 (As restated)
ASSETS				
Current Assets				
Cash and cash equivalents	3, 4, 5, 25	₱467,697,273	₱506,514,651	₱523,188,602
Financial assets at fair value through profit or loss (FVTPL)	3, 4, 6, 25	238,309,793	230,605,109	161,171,243
Receivables – net	3, 4, 7, 25	4,122,624	4,655,465	8,722,056
Due from related parties – net	3, 4, 21, 25	5,423,381	17,313,957	22,064,400
Financial assets at fair value through other comprehensive income – current	3, 4, 9, 25	477,020	355,418	582,302
Prepayments and other current assets	3, 4, 8	34,176,654	35,478,770	35,621,892
Total Current Assets		750,206,745	794,923,370	751,350,495
Noncurrent Assets				
Convertible notes receivable	3, 4, 10, 25	5,612,000	–	42,121,200
Financial assets at fair value through other comprehensive income – noncurrent	3, 4, 9, 25	462,343,736	459,762,212	340,193,999
Investments in associates	3, 4, 11	267,617,359	253,817,301	282,926,064
Investment in rights issue subscription	3, 4, 12, 25	27,632,400	26,499,000	19,214,400
Investment properties – net	3, 4, 14	359,082,446	373,683,236	382,487,422
Property and equipment – net	3, 4, 13	4,642,090	4,762,944	6,038,954
Other noncurrent assets	3, 15	2,857,086	29,116,134	29,096,134
Total Noncurrent Assets		1,129,787,117	1,147,640,827	1,102,078,173
TOTAL ASSETS		₱1,879,993,862	₱1,942,564,197	₱1,853,428,668
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	3, 4, 16, 25	₱9,131,002	₱7,744,561	₱6,765,897
Provision for legal obligation	3, 24	–	5,000,000	5,000,000
Dividends payable	25, 28	6,964,039	6,422,407	7,778,544
Income tax payable	3, 19	124,280	184,479	–
Total Current Liabilities		16,219,321	19,351,447	19,544,441
Noncurrent Liabilities				
Retirement benefit obligation	3, 17	17,796,176	15,741,117	16,606,435
Deferred tax liabilities	3, 4, 19	22,943,545	25,551,656	4,856,212
Deposits payable – noncurrent		1,099,000	2,555,315	2,759,765
Total Noncurrent Liabilities		41,838,721	43,848,088	24,222,412
Total Liabilities		58,058,042	63,199,535	43,766,853
EQUITY				
Common stock	3, 20, 27	481,827,653	481,827,653	481,827,653
Additional paid in capital	3, 20, 27	144,759,977	144,759,977	144,759,977
Treasury shares	3, 20, 27	(102,094,826)	(102,094,826)	(102,094,826)
Net unrealized valuation gains (losses) on financial assets at FVOCI	3, 4, 9	(16,798,687)	19,655,689	(13,727,520)
Remeasurement gains (losses) on retirement benefit obligation	3, 17	615,438	1,005,072	(667,428)
Accumulated share in other comprehensive income of associates	11	107,814,148	87,731,216	74,492,608
Retained earnings	3, 20, 27	1,135,349,885	1,172,570,596	1,154,064,935
Equity Attributable to Equity Holders of the Parent Company		1,751,473,588	1,805,455,377	1,738,655,399
Noncontrolling Interests		70,462,232	73,909,285	71,006,416
Total Equity		1,821,935,820	1,879,364,662	1,809,661,815
TOTAL LIABILITIES AND EQUITY		₱1,879,993,862	₱1,942,564,197	₱1,853,428,668

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With comparative figures for 2020)

(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)	2020 (As restated)
INCOME				
Fair value gains on financial assets at FVTPL	6	₱13,742,456	₱31,613,662	₱21,349,821
Foreign exchange gains (losses)		74,517,075	30,837,119	8,445,394
Rent		23,946,752	21,977,095	23,332,404
Equity in net earnings of associates	11	26,211,341	18,885,226	32,037,285
Interest income	5, 9, 10	14,588,814	18,008,342	21,263,885
Dividend income		5,670,253	4,774,903	3,678,103
Gain (loss) on disposal of:				
Financial assets at FVTPL	6	5,679,671	91,833	21,917,314
Financial assets at FVOCI	9	(2,286,877)	2,133,926	(2,069,547)
Property and equipment		—	(929)	363,762
Other income	18	56,790	—	10,102,064
		162,126,275	128,321,177	140,420,485
EXPENSES				
Fair value losses on financial assets at FVTPL		46,765,288	14,898,906	29,052,839
Losses		24,615,173	—	—
Foreign exchange losses		17,543,975	341,522	36,664,739
Depreciation	13, 14	17,472,709	10,082,793	10,132,669
Personnel expenses				
Salaries and allowances		11,688,612	12,880,232	11,211,545
Retirement benefits	17	1,505,974	1,540,460	1,709,284
Other employee benefits		2,176,467	335,592	2,071,826
Condominium dues		5,214,885	3,352,782	2,748,344
Professional fees		2,742,445	3,638,500	2,781,622
Bank charges		1,496,114	741,344	2,937,782
Taxes and licenses		1,267,580	1,070,733	1,118,236
Outside services		1,222,228	1,222,228	1,222,228
Entertainment, amusement and recreation		949,485	389,502	293,311
Utilities		468,597	370,917	407,518
Expected credit losses		86,873	74,141	—
Interest		73,348	—	—
Others		1,107,640	1,719,381	902,931
		136,397,393	52,659,033	103,254,874
INCOME BEFORE INCOME TAX		25,728,882	75,662,144	37,165,611
PROVISION FOR (BENEFIT FROM) INCOME TAX	19			
Current				
Regular		697,033	(613,081)	4,379,973
Final		1,250,521	927,312	1,406,779
Deferred		4,074,713	16,715,410	(3,125,468)
		6,022,267	17,029,641	2,661,284
NET INCOME		₱19,706,615	₱58,632,503	₱34,504,327
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱20,333,318	₱56,875,013	₱34,548,332
Noncontrolling interests		(626,703)	1,757,490	(44,005)
		₱19,706,615	₱58,632,503	₱34,504,327
Basic/Diluted Earnings per Share for Net Income				
Attributable to Equity Holders of Parent Company	22	₱0.05	₱0.15	₱0.09

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With comparative figures for 2020)
(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)	2020 (As restated)
NET INCOME		₱19,706,615	₱58,632,503	₱34,504,327
OTHER COMPREHENSIVE INCOME				
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>				
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI, net of tax effect	21	(34,226,388)	(8,703,464)	(678,115)
Cumulative translation adjustment	11	17,608,355	11,479,324	(16,776,528)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Net unrealized valuation gains (losses) on changes in fair value of financial assets at FVOCI, net of tax effect	21	(3,376,855)	43,695,944	(14,350,733)
Actuarial gains (losses) on retirement benefit obligation, net of tax effect	17	(411,814)	1,758,376	2,534,867
Share in other comprehensive income of associates	11	2,474,577	1,759,284	419,894
		(17,932,125)	49,989,464	(28,850,615)
TOTAL COMPREHENSIVE INCOME		₱1,774,490	₱108,621,967	₱5,653,712
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱3,572,240	₱105,169,330	₱5,951,355
Noncontrolling interests		(1,797,750)	3,452,637	(297,643)
		₱1,774,490	₱108,621,967	₱5,653,712

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With comparative figures for 2020)
(Amounts in Philippine Peso)

	Equity Attributable to Equity Holders of the Parent Company						Retained Earnings	Total	Noncontrolling Interests	Total Equity
	Common Stock	Additional Paid in Capital	Treasury Shares	Valuation Gains (Losses) on Financial Assets at FVOCI	Remeasurement Gains (Losses) on Retirement Benefit Obligation	Share in Other Comprehensive Income (Loss) of Associates				
Balances as at January 1, 2020, as reported	₱481,827,653	₱144,759,977	(₱101,969,326)	(₱18,558,195)	(₱2,959,003)	₱90,849,242	₱1,185,978,066	₱1,779,928,414	₱72,256,990	₱1,852,185,404
Effect of restatements	—	—	—	19,484,239	(121,646)	—	(28,091,111)	(8,728,518)	—	(8,728,518)
Balances as at January 1, 2020, as restated	481,827,653	144,759,977	(101,969,326)	926,044	(3,080,649)	90,849,242	1,157,886,955	1,771,199,896	72,256,990	1,843,456,886
Balances during the year, as reported				(7,130,402)	2,291,575	(16,356,634)	43,024,955	21,829,494	148,495	21,977,989
Effect of restatements				(7,523,162)	121,646	—	(8,476,823)	(15,878,139)	(446,138)	(16,324,277)
Net income for the year	—	—	—	—	—	—	34,548,332	34,548,332	(44,005)	34,504,327
Other comprehensive income (loss)										
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI	—	—	—	(14,653,564)	—	—	—	(14,653,564)	(375,284)	(15,028,848)
Actuarial gains on retirement benefit obligation	—	—	—	—	2,413,221	—	—	2,413,221	121,646	2,534,867
Share in other comprehensive loss of associates	—	—	—	—	—	(16,356,634)	—	(16,356,634)	—	(16,356,634)
Balances during the year, as restated	—	—	—	(14,653,564)	2,413,221	(16,356,634)	34,548,332	5,951,355	(297,643)	5,653,712
Dividends declared – P0.20 per share	—	—	—	—	—	—	(38,370,352)	(38,370,352)	—	(38,370,352)
Acquisition of treasury shares	—	—	(125,500)	—	—	—	—	(125,500)	—	(125,500)
Dividends declared by the subsidiary to the noncontrolling interests	—	—	—	—	—	—	—	—	(952,931)	(952,931)
Balances as at December 31, 2020	₱481,827,653	₱144,759,977	(₱102,094,826)	(₱13,727,520)	(₱667,428)	₱74,492,608	₱1,154,064,935	₱1,738,655,399	₱71,006,416	₱1,809,661,815

	Equity Attributable to Equity Holders of the Parent Company									
	Common Stock	Additional Paid in Capital	Treasury Shares	Valuation Gains (Losses) on Financial Assets at FVOCI	Remeasurement Gains (Losses) on Retirement Benefit Obligation	Share in Other Comprehensive Income (Loss) of Associates	Retained Earnings	Total	Noncontrolling Interests	Total Equity
Balances as at January 1, 2021, as reported	P481,827,653	P144,759,977	(P102,094,826)	(P25,688,597)	(P667,428)	P74,492,608	P1,190,632,669	P1,763,262,056	P72,405,485	P1,835,667,541
Effect of restatements	-	-	-	11,961,077	-	-	(36,567,734)	(24,606,657)	(1,399,069)	(26,005,726)
Balances as at January 1, 2021, as restated	481,827,653	144,759,977	(102,094,826)	(13,727,520)	(667,428)	74,492,608	1,154,064,935	1,738,655,399	71,006,416	1,809,661,815
Balances during the year, as reported				12,185,653	1,672,500	13,398,145	62,496,955	89,753,253	2,869,914	92,623,167
Effect of restatements				21,197,556	-	(159,537)	(5,621,942)	15,416,077	582,723	15,998,800
Net income for the year	-	-	-	-	-	-	56,875,013	56,875,013	1,757,490	58,632,503
Other comprehensive income										
Net unrealized valuation gains on changes in fair value of financial assets at FVOCI	-	-	-	33,383,209	-	-	-	33,383,209	1,609,271	34,992,480
Actuarial gains on retirement benefit obligation	-	-	-	-	1,672,500	-	-	1,672,500	85,876	1,758,376
Share in other comprehensive income of associates	-	-	-	-	-	13,238,608	-	13,238,608	-	13,238,608
Balances during the year, as restated	-	-	-	33,383,209	1,672,500	13,238,608	56,875,013	105,169,330	3,452,637	108,621,967
Dividends declared - P0.10 per share	-	-	-	-	-	-	(38,369,352)	(38,369,352)	-	(38,369,352)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(549,768)	(549,768)
Balances as at December 31, 2021	P481,827,653	P144,759,977	(P102,094,826)	P19,655,689	P1,005,072	P87,731,216	P1,172,570,596	P1,805,455,377	P73,909,285	P1,879,364,662

	Equity Attributable to Equity Holders of the Parent Company							Total	Noncontrolling Interests	Total Equity
	Common Stock	Additional Paid in Capital	Treasury Shares	Valuation Gains (Losses) on Financial Assets at FVOCI	Remeasurement Gains (Losses) on Retirement Benefit Obligation	Share in Other Comprehensive Income (Loss) of Associates	Retained Earnings			
Balances as at January 1, 2022, as reported	P481,827,653	P144,759,977	(P102,094,826)	(P13,502,944)	P1,005,072	P87,890,753	P1,214,760,272	P1,814,645,957	P73,772,700	P1,888,418,657
Effect of restatements	-	-	-	33,158,633	-	(159,537)	(42,189,676)	(9,190,580)	136,585	(9,053,995)
Balances as at January 1, 2022	481,827,653	144,759,977	(102,094,826)	19,655,689	1,005,072	87,731,216	1,172,570,596	1,805,455,377	73,909,285	1,879,364,662
Net income for the year	-	-	-	-	-	-	20,333,318	20,333,318	(626,703)	19,706,615
Other comprehensive income (loss)										
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI	-	-	-	(36,454,376)	-	-	-	(36,454,376)	(1,148,867)	(37,603,243)
Actuarial losses on retirement benefit obligation	-	-	-	-	(389,634)	-	-	(389,634)	(22,180)	(411,814)
Share in other comprehensive income of associates	-	-	-	-	-	20,082,932	-	20,082,932	-	20,082,932
Total comprehensive income (loss) for the year	-	-	-	(36,454,376)	(389,634)	20,082,932	20,333,318	3,572,240	(1,797,750)	1,774,490
Dividends declared – P0.10 per share	-	-	-	-	-	-	(57,554,029)	(57,554,029)	-	(57,554,029)
Dividends declared by the subsidiary to the noncontrolling interests	-	-	-	-	-	-	-	-	(1,649,303)	(1,649,303)
Balances as at December 31, 2022	P481,827,653	P144,759,977	(P102,094,826)	(P16,798,687)	P615,438	P107,814,148	P1,135,349,885	P1,751,473,588	P70,462,232	P1,821,935,820

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With comparative figures for 2020)

(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)	2020 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱25,728,882	₱75,662,144	₱37,165,611
Adjustments for:				
Equity in net gains of associates	11	(26,211,341)	(18,885,226)	(32,037,285)
Net foreign exchange losses (gains)		(56,973,100)	(30,495,597)	28,219,345
Fair value losses (gains) on financial assets at FVTPL	6	33,022,832	(16,714,756)	7,703,018
Interest income	5, 9, 10	(14,588,814)	(18,008,342)	(21,263,885)
Dividend income	9	(5,670,253)	(4,774,903)	(3,678,103)
Depreciation and amortization	13, 14	17,472,709	10,082,793	10,132,669
Losses (gains) on disposal of:				
Financial assets at FVTPL	6	(5,679,671)	(91,833)	(21,917,314)
Financial assets at FVOCI	9	2,286,877	(2,133,926)	2,069,547
Property and equipment	13	—	929	(363,762)
Retirement benefit cost	17	1,505,974	1,540,460	1,709,284
Expected credit losses		86,873	74,141	—
Operating loss before working capital changes		(29,019,032)	(3,744,116)	7,739,125
Decrease (increase) in:				
Receivables		609,481	3,681,880	(4,530,394)
Due from related parties		11,827,565	4,698,070	(135,295)
Prepayments and other current assets		1,811,731	1,986,064	(6,698,062)
Other noncurrent assets		26,259,048	(20,000)	26,060
Increase (decrease) in:				
Trade and other payables		918,939	437,848	(3,540,363)
Deposits payable		(988,813)	338,050	—
Provision for legal obligation		(5,000,000)	—	—
Proceeds from disposal of financial assets at FVTPL	6	44,394,948	91,833	153,512,238
Additions to financial assets at FVTPL	6	(79,442,793)	(52,719,110)	(41,662,888)
Net cash generated from (used for) operations		(28,628,926)	(45,249,481)	104,710,421
Interest received		12,833,366	12,715,572	22,945,035
Dividends received		36,672,347	66,007,500	13,539,991
Income taxes paid		(2,517,368)	(1,972,691)	(10,425,539)
Net cash provided by operating activities		18,359,419	31,500,900	130,769,908
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVOCI	9	23,849,839	42,431,067	72,514,397
Property and equipment	13	—	—	469,000
Additions to:				
Financial assets at FVOCI	9	(57,719,216)	(54,165,341)	(133,541,293)
Property and equipment	13	(1,317,938)	(3,526)	(189,553)
Investment properties	14	(1,433,127)	—	—
Convertible notes receivable	10	(5,659,800)	(9,673,600)	(42,121,200)
Rights issue subscription	12	(1,133,400)	(7,284,600)	(19,214,400)
Distributions received from investment in an associate	11	1,492,121	—	—
Net cash used in investing activities		(41,921,521)	(28,696,000)	(122,083,049)

(Forward)

	Notes	2022	2021 (As restated)	2020 (As restated)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	28	(57,012,397)	(38,774,239)	(37,778,268)
Acquisition of treasury shares	20	—	—	(125,500)
Dividends to noncontrolling interests		(1,649,303)	(1,502,699)	—
Cash used in financing activities		(58,661,700)	(40,276,938)	(37,903,768)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		43,406,424	20,798,087	(29,847,159)
NET DECREASE IN CASH AND CASH EQUIVALENTS				
		(38,817,378)	(16,673,951)	(59,064,068)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		506,514,651	523,188,602	582,252,670
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		P467,697,273	P506,514,651	P523,188,602
NONCASH INVESTING ACTIVITIES				
Dividend received	6	P130,512	P—	P—
Additions to financial assets at FVTPL	6	(130,512)	—	—
Proceeds from conversion of convertible notes receivable into equity shares	10	—	56,218,215	—
Additions to financial assets at FVOCI	10	—	(56,218,215)	—
		—	—	—
NONCASH FINANCING ACTIVITIES				
Dividends declared attributable to noncontrolling interest		—	—	(951,250)
Dividends payable		—	—	951,250
		—	—	—
		P—	P—	P—

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 loses 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, *Leases*, 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.

3.5.1 Financial Assets

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.

3.5.2 Financial Liabilities

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

4.2.6 Estimating Realizability of Deferred Income Tax Assets

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).

4.2.7 Estimating Provision for Legal Obligation

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:

	2022	2021 (As restated)	2020 (As restated)
Cash on hand and in banks	₱83,520,956	₱112,515,542	₱123,191,277
Short-term placements	384,176,317	393,999,109	399,997,325
	₱467,697,273	₱506,514,651	₱523,188,602

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 roll forward of the Group's investments in financial assets at FVTPL is as follows:

	2022	2021 (As restated)	2020 (As restated)
Balances at beginning of year	₱230,605,109	₱161,171,243	₱258,806,297
Additions	79,442,793	52,719,110	41,662,888
Disposals	(38,715,277)	—	(131,594,924)
Changes in fair value during the year	(33,022,832)	16,714,756	(7,703,018)
Balances at end of year	₱238,309,793	₱230,605,109	₱161,171,243

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.

	2022	2021 (As restated)	2020 (As restated)
Beginning balances	₱68,573,329	₱51,858,573	₱59,561,591
Changes in fair value during the year	(33,022,832)	16,714,756	(7,703,018)
Net accumulated fair value in FVTPL	₱35,550,497	₱68,573,329	₱51,858,573

Dividend income earned on investments in financial assets at FVTPL amounted to ₱4.9 million, ₱4.8 million, and ₱2.8 million in 2022, 2021 and 2020, respectively.

The Group recognized gain on disposal of financial asset at FVTPL amounting to ₱5.68 million, ₱0.09 million and ₱21.92 million in 2022, 2021 and 2020, respectively.

7. Receivables – net

This account consists of:

	Note	2022	2021 (As restated)	2020 (As restated)
Accrued interest	9	₱4,215,899	₱4,115,397	₱4,478,338
Rent receivable		853,034	1,474,265	5,135,245
Others		60,691	48,941	69,841
		5,129,624	5,638,603	9,683,424
Less: allowance for expected credit losses		1,007,000	983,138	961,368
		₱4,122,624	₱4,655,465	₱8,722,056

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:

	2022	2021 (As restated)	2020 (As restated)
Current input tax	₱25,656,949	₱27,640,066	₱29,573,423
Deposits on contracts	3,260,796	3,128,771	3,278,771
Creditable withholding tax	2,703,631	2,187,844	239,970
Prepaid expenses	1,299,157	1,264,111	1,237,567
Prepaid income tax	1,099,103	1,105,275	1,210,210
Deferred input tax	157,018	152,703	81,951
	₱34,176,654	₱35,478,770	₱35,621,892

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:

	2022	2021 (As restated)	2020 (As restated)
Quoted			
Debt securities, net of allowance for impairment loss of P2.1 million	P145,004,236	P165,813,015	P202,999,494
Equity securities	10,952,293	21,734,249	23,325,522
Unquoted equity securities	306,864,227	272,570,366	114,451,285
	P462,820,756	P460,117,630	P340,776,301

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

	2022	2021 (As restated)	2020 (As restated)
Beginning balances	P460,117,630	P340,776,301	P295,740,338
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)
	P462,820,756	P460,117,630	P340,776,301

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	P19,655,689	(P13,727,520)	P926,044
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)
	(P16,798,687)	P19,655,689	(P13,727,520)

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:

	2022	2021 (As restated)	2020 (As restated)
Acquisition cost	₱205,189,635	₱205,189,635	₱205,189,635
Accumulated equity in net earnings:			
As at beginning of year	143,457,795	172,566,558	171,289,267
Share in net income of associates	26,211,341	18,885,226	32,037,285
Share in other comprehensive income of associates	2,474,577	1,759,284	419,894
Share in dividends declared by associates	(32,494,215)	(61,232,597)	(14,403,360)
Cumulative translation adjustment	17,608,355	11,479,324	(16,776,528)
	157,257,853	143,457,795	172,566,558
	362,447,488	348,647,430	377,756,193
Less: allowance for impairment losses	(94,830,129)	(94,830,129)	(94,830,129)
	₱267,617,359	₱253,817,301	₱282,926,064

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.

13. Property and Equipment – net

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

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	226,890	332,766	49,099	1,438,792
Disposals	–	–	–	–	–
Ending balances	18,473,099	8,825,813	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

As of December 31, 2021					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	₱20,755,943	₱8,764,062	₱7,234,510	₱3,064,597	₱39,819,112
Additions	—	—	—	3,526	3,526
Disposals	—	—	—	(175,687)	(175,687)
Ending balances	20,755,943	8,764,062	7,234,510	2,892,436	39,646,951
Accumulated depreciation					
Beginning balances	16,812,625	8,528,376	5,569,571	2,869,586	33,780,158
Depreciation	830,237	70,547	332,767	45,056	1,278,607
Disposals	—	—	—	(174,758)	(174,758)
Ending balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Net Book Values	₱3,113,081	₱165,139	₱1,332,172	₱152,552	₱4,762,944

As of December 31, 2020					
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	₱20,755,943	₱8,764,062	₱10,263,081	₱2,875,044	₱42,658,130
Additions	—	—	—	189,553	189,553
Disposals	—	—	(3,028,571)	—	(3,028,571)
Ending balances	20,755,943	8,764,062	7,234,510	3,064,597	39,819,112
Accumulated depreciation					
Beginning balances	15,982,388	8,457,829	8,081,210	2,853,582	35,375,009
Depreciation	830,237	70,547	411,694	16,004	1,328,482
Disposals	—	—	(2,923,333)	—	(2,923,333)
Ending balances	16,812,625	8,528,376	5,569,571	2,869,586	33,780,158
Net Book Values	₱3,943,318	₱235,686	₱1,664,939	₱195,011	₱6,038,954

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 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

As of December 31, 2021			
	Land	Condominium and Improvements	Total
Cost			
Beginning and ending balances	₱46,319,625	₱395,755,000	₱442,074,625
Accumulated depreciation			
Beginning balances	—	59,587,203	59,587,203
Depreciation	—	8,804,186	8,804,186
Ending balances	—	68,391,389	68,391,389
Net Book Values	₱46,319,625	₱327,363,611	₱373,683,236

	As of December 31, 2020		
	Land	Condominium and Improvements	Total
Cost			
Beginning and ending balances	₱46,319,625	₱395,755,000	₱442,074,625
Accumulated depreciation			
Beginning balances	–	50,783,016	50,783,016
Depreciation	–	8,804,187	8,804,187
Ending balances	–	59,587,203	59,587,203
Net Book Values	₱46,319,625	₱336,167,797	₱382,487,422

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:

	2022	2021	2020
Refundable deposits	₱575,780	₱576,080	₱556,080
Cash restricted for legal proceedings	–	26,258,748	26,258,748
Others	2,281,306	2,281,306	2,281,306
	₱2,857,086	₱29,116,134	₱29,096,134

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:

	2022	2021	2020 (As restated)
Deposits payable	₱4,270,053	₱3,802,551	₱3,260,051
Accounts payable	1,489,570	749,267	1,180,848
Accrued professional fees	1,192,505	1,262,650	651,426
Government payables	2,178,874	1,930,093	1,673,572
	₱9,131,002	₱7,744,561	₱6,765,897

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	(P200,180)	(P211,726)	
+ 50 basis points			(P125,928)
- 100 basis points	230,998	248,469	
- 50 basis points			137,199
Salary increase rates			
+100 basis points	P161,719	P181,607	
+ 50 basis points			P100,939
- 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	P18,037,793	P15,735,118	P16,766,632
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
	P26,369,867	P21,951,571	P23,469,184

18. Other Income

In 2020, the Group has signed a compromise agreement with a defendant wherein the defendant will pay P10.0 million to settle the legal case against them. P7.5 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	P6,318,662	P22,845,700	P11,214,352
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	—
	P6,022,267	P17,029,641	P2,661,284

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	(P17,061,680)	P—	P6,545,553	(P10,516,127)
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
	(P25,551,656)	(P4,074,713)	P6,682,824	(P22,943,545)
2021	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains on financial assets at FVOCI	(P13,729,048)	P—	(P3,332,632)	(P17,061,680)
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
	(P4,856,212)	(P16,715,410)	(P3,980,034)	(P25,551,656)

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.

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	2022	₱1,477,146	₱-	On demand; non-interest bearing	Unsecured; unimpaired
	2021	1,412,410	-	On demand; non-interest bearing	Unsecured; unimpaired
	2020	1,581,899	150,163	On demand; non-interest bearing	Unsecured; unimpaired
Payroll service expenses	2022	59,456	-	On demand; non-interest bearing	Unsecured; unimpaired
	2021	63,682	-	On demand; non-interest bearing	Unsecured; unimpaired
	2020	-	-	On demand; non-interest bearing	Unsecured; unimpaired
Dividends	2022	5,249,962	5,249,962	On demand; non-interest bearing	Unsecured; unimpaired
	2021	-	1,749,987	On demand; non-interest bearing	Unsecured; unimpaired
	2020	3,499,974	10,499,923	On demand; non-interest bearing	Unsecured; unimpaired
PTC					
Dividends	2022	25,752,132	-	On demand; non-interest bearing	Unsecured; unimpaired
	2021	61,232,597	15,394,042	On demand; non-interest bearing	Unsecured; unimpaired
	2020	10,903,386	10,903,386	On demand; non-interest bearing	Unsecured; unimpaired
Other Related Parties					
Advances	2022	11,100	173,419	On demand; non-interest bearing	Unsecured; unimpaired
	2021	63,682	169,928	On demand; non-interest bearing	Unsecured; unimpaired
	2020	13,557	510,928	On demand; non-interest bearing	Unsecured; unimpaired
	2022		₱5,423,381		
	2021		₱17,313,957		
	2020		₱22,064,400		

- 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. Financial Risk Management Objectives and Policies

25.01 Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

25.02 Financial Risk Management Objectives and Policies

The principal financial instruments of the Group consist of cash and cash equivalents and investments in equity and debt securities. The main purpose of these financial instruments is to place excess cash in income-earning investments. The Group has various other financial assets and liabilities such as receivables, due from related parties, accounts payable and accrued expenses and dividends payable which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (i.e., interest rate risk, foreign currency risk and equity price risk). The Group's management reviews and approves policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The magnitudes of these risks that have arisen over the year are discussed below.

25.03 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

The Group is exposed to credit risk primarily because of its investing and operating activities.

The Group is exposed to credit risk arising from the counterparties (i.e., foreign currency denominated debt instruments, short-term investments, fixed income deposit and receivables) to its financial assets.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group trades only with recognized and creditworthy third parties. For investments in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in equity securities represent investments in companies with good dividend track record, as well as capital appreciation. The investment portfolio mix between debt and equity is reviewed regularly by the Group's President and Treasurer.

With respect to credit risk arising from other financial assets of the Group, which consist of cash and cash equivalents, receivables and due from related parties, the Group's President and Treasurer monitor these financial assets on an ongoing basis with the result that the Group's exposure to impairment losses is not significant.

Credit risk exposures

At reporting date, the Group's maximum exposure to credit risk is equal to the carrying amount of cash and cash equivalents, receivables, due from related parties, financial assets at FVTPL and FVOCI financial assets recognized in the consolidated statements of financial position. The Group's financial assets are not covered by collateral from counterparties.

Credit risk concentration profile

The Group has no significant concentrations of credit risk.

Credit quality

As at December 31, 2022, 2021 and 2020, the credit qualities per class of financial assets are as follows:

In 2022	Neither past due nor impaired		Past due but not impaired	Individually impaired	Total
	High grade	Standard grade			
Financial Assets					
Financial assets at amortized cost					
Cash and cash equivalents*	P467,685,273	P-	P-	P-	P467,685,273
Receivables - at gross	4,122,624	-	-	1,007,000	5,129,624
Due from related parties - at gross	5,423,381	-	-	188,656,287	194,079,668
Convertible notes receivable	-	5,612,000	-	-	5,612,000
Financial assets at FVTPL	238,309,793	-	-	-	238,309,793
Financial assets at FVOCI	462,820,756	-	-	1,000,000	463,820,756
	P1,178,361,827	P5,612,000	P-	P190,663,287	P1,374,637,114

*excluding cash on hand

In 2021	Neither past due nor impaired		Past due but not impaired	Individually impaired	Total
	High grade	Standard grade			
Financial Assets					
Financial assets at amortized cost					
Cash and cash equivalents*	P506,502,651	P-	P-	P-	P506,502,651
Receivables - at gross	4,655,465	-	-	983,138	5,638,603
Due from related parties - at gross	17,313,957	-	-	188,612,316	205,926,273
Cash restricted for legal proceedings	26,258,748	-	-	-	26,258,748
Financial assets at FVTPL	230,605,109	-	-	-	230,605,109
Financial assets at FVOCI	460,117,630	-	-	1,000,000	461,117,630
	P1,245,453,560	P-	P-	P190,595,454	P1,436,049,014

*excluding cash on hand

In 2020	Neither past due nor impaired		Past due but not impaired	Individually impaired	Total
	High grade	Standard grade			
Financial Assets					
Financial assets at amortized cost					
Cash and cash equivalents*	P523,176,602	P-	P-	P-	P523,176,602
Receivables - at gross	8,722,056	-	-	961,368	9,683,424
Due from related parties - at gross	22,064,400	-	-	188,559,944	210,624,344
Cash restricted for legal proceedings	26,258,748	-	-	-	26,258,748
Convertible notes receivable	-	42,121,200	-	-	42,121,200
Financial assets at FVTPL	161,171,243	-	-	-	161,171,243
Financial assets at FVOCI	340,776,301	-	-	1,000,000	341,776,301
	P1,082,169,350	P42,121,200	P-	P190,521,312	P1,314,811,862

*excluding cash on hand

High grade financial assets

High grade receivables pertain to due from related parties and customers with good payment history. These receivables are considered to be of good quality and expected to be collectible without incurring any credit losses. Other high grade financial assets reflect the investment grade quality of the investments and/or counterparty and realizability is thus assured.

Standard grade financial assets

Receivables from customers who settle their obligations with tolerable delays are classified under standard grade. Other standard grade financial assets are considered moderately realizable.

Impairment assessment

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are nonmoving accounts receivable, accounts of defaulted companies and accounts from closed companies.

In 2022, 2021 and 2020, the Group applies a general approach in calculating ECL. 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 Group has the following financial assets that are subject to the expected credit loss model:

- *Cash and Cash equivalents.* As of December 31, 2022, 2021 and 2020, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
- *Receivables.* As of December 31, 2022, 2021 and 2020, the ECL relating to receivables of the Group is minimal as these mainly pertain to interest and dividends receivables and have low credit risk.
- *Due from Related Parties.* The ECL for amounts due from related parties as of December 31, 2022, 2021 and 2020 pertain to the accounts of defaulted companies and accounts from closed companies.
- *Debt Instruments measured at Fair Value through Other Comprehensive Income.* The Group recognized allowance relating to one debt instrument due to the sudden drop of its fair value in 2015. No other impairment loss was recognized. The probability of default and loss given default of each debt instrument were obtained from Bloomberg.
- *Convertible Notes Receivable.* There is no ECL recognized for the Group's convertible notes receivable for the years ended December 31, 2022, 2021 and 2020.

There has been no significant increase in credit risk in any of the Group's financial assets as at December 31, 2022, 2021 and 2020.

25.04 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due and this is done by primarily investing in highly liquid investments and maintaining a significant amount of cash and cash equivalents and pre-terminable investments in its portfolio.

The following table summarizes the maturity profile of the Group's financial liabilities as of December 31, 2022, 2021 and 2020 based on contractual undiscounted cash flows. The table also analyzes the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

In 2022

	On demand	Within 1 year	More than 1 year	Total
Financial Assets				
Financial assets at amortized cost				
Cash and cash equivalents	P83,520,956	P384,176,317	P—	P467,697,273
Receivables – net	—	4,122,624	—	4,122,624
Due from related parties – net	—	5,423,381	—	5,423,381
Convertible notes receivable	—	—	5,612,000	5,612,000
Financial assets at FVTPL	238,309,793	—	—	238,309,793
Financial assets at FVOCI	—	477,020	462,343,736	462,820,756
Investment in rights issue subscription	—	—	27,632,400	27,632,400
	321,830,749	394,199,342	495,588,136	1,211,618,227
Financial Liabilities				
Trade and other payables*	—	6,952,128	—	6,952,128
Dividends payable	—	6,964,039	—	6,964,039
	—	13,916,167	—	13,916,167
	P321,830,749	P380,283,175	P495,588,136	P1,197,702,060

*excluding statutory payables

In 2021

	On demand	Within 1 year	More than 1 year	Total
Financial Assets				
Financial assets at amortized cost				
Cash and cash equivalents	P112,515,542	P393,999,109	P—	P506,514,651
Receivables – net	—	4,655,465	—	4,655,465
Due from related parties – net	—	17,313,957	—	17,313,957
Cash restricted for legal proceedings	26,258,748	—	—	26,258,748
Financial assets at FVTPL	230,605,109	—	—	230,605,109
Financial assets at FVOCI	—	355,418	459,762,212	460,117,630
Investment in rights issue subscription	—	—	26,499,000	26,499,000
	369,379,399	416,323,949	486,261,212	1,271,964,560
Financial Liabilities				
Trade and other payables*	—	5,814,468	—	5,814,468
Dividends payable	—	6,422,407	—	6,422,407
	—	12,236,875	—	12,236,875
	P369,379,399	P404,087,074	P486,261,212	P1,259,727,685

*excluding statutory payables

In 2020

	On demand	Within 1 year	More than 1 year	Total
Financial Assets				
Financial assets at amortized cost				
Cash and cash equivalents	₱123,191,277	₱399,997,325	₱—	₱523,188,602
Receivables – net	—	8,722,056	—	8,722,056
Due from related parties – net	—	22,064,400	—	22,064,400
Cash restricted for legal proceedings	26,258,748	—	—	26,258,748
Convertible notes receivable	—	—	42,121,200	42,121,200
Financial assets at FVTPL	161,171,243	—	—	161,171,243
Financial assets at FVOCI	—	582,302	340,193,999	340,776,301
Investment in rights issue subscription	—	—	19,214,400	19,214,400
	310,621,268	431,366,083	401,529,599	1,143,516,950
Financial Liabilities				
Trade and other payables*	—	5,092,325	—	5,092,325
Dividends payable	—	7,778,544	—	7,778,544
	—	12,870,869	—	12,870,869
	₱310,621,268	₱418,495,214	₱401,529,599	₱1,130,646,081

*excluding statutory payables

25.05 Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group derives majority of its revenue from interest-bearing placements and bonds. Accordingly, the Group is subject to financial risk arising from changes in interest rates. The Group manages interest rate risk by investing mainly on fixed coupon bonds and other investments. By doing so, the Group is assured of future interest revenues from such investments.

Since the Group invests on fixed coupon interest bonds and other investments, the Group is not exposed significantly to cash flow interest rate risk.

The following table demonstrates management's best estimate of the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax due to changes in fair values of FVOCI financial assets in debt securities (see Note 10):

	2022	2021 (As restated)	2020 (As restated)
Change in interest rate (percentage):			
+10%	₱14,500,424	₱16,581,302	₱20,299,949
-10%	(14,500,424)	(16,581,302)	(20,299,949)

There is no other impact on equity other than those already affecting the income before income tax in profit or loss.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign currencies.

In the normal course of business, the Group enters into transactions denominated in US dollar and other foreign currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign-currency-denominated assets.

Information on the Group's foreign-currency-denominated monetary assets and their Philippine peso equivalent as of December 31 are as follows:

			2022	
	Currency	Exchange Rate	Original Currency	Peso Equivalent
Cash and cash equivalents				
	USD	56.120	8,382,795	₱ 358,202,470
	EUR	59.555	46,205	2,751,725
	HKD	7.200	381,499	2,746,643
	SGD	41.580	9,598	399,080
	AUD	37.802	5,890	222,656
Receivables				
	USD	56.120	53,027	2,975,895
Financial assets at FVTPL				
	USD	56.120	2,309,832	129,627,775
	HKD	7.200	8,034,765	57,847,094
	EUR	59.555	183,410	10,922,879
	SGD	41.580	131,206	5,455,502
	IDR	0.004	1,659,717,600	5,974,983
Financial assets at FVOCI				
Debt	USD	56.120	2,431,223	136,440,247
Equity	USD	56.120	6,089,847	341,782,230
	HKD	7.200	1,947,348	14,020,127
				₱1,069,349,308

Currency	2021			2020		
	Exchange Rate	Original Currency	Peso Equivalent	Exchange Rate	Original Currency	Peso Equivalent
Cash and cash equivalents						
USD	50.774	7,851,349	₱398,844,374	48.036	8,045,533	₱386,475,214
EUR	57.512	6,016	345,994	58.690	113,202	6,643,871
HKD	6.510	16,181	105,340	—	—	—
SGD	37.555	1,225	46,005	—	—	—
AUD	36.806	3,410	125,509	—	—	—
Receivables						
USD	50.774	1,567	79,563	48.036	61,763	2,966,831
Financial assets at FVTPL						
USD	50.774	2,153,325	109,332,909	48.036	1,539,220	73,937,978
HKD	6.510	9,427,042	61,370,986	6.194	5,312,811	32,904,894
EUR	57.512	194,820	11,210,181	58.690	192,720	11,310,814
SGD	37.555	118,443	4,448,090	36.120	115,500	4,171,860
AUD	36.806	351,850	12,950,226	—	—	—

Forward

Financial assets at FVOCI							
Debt	USD	50,774	4,045,177	205,389,823	48.036	6,557,922	315,016,341
Equity	USD	50,774	6,017,086	305,511,550	48.036	1,260,576	60,553,029
	HKD	6,510	2,040,714	13,285,252	6.194	16,591,680	102,760,570
				¥1,122,845,802			¥996,741,402

The Group has no foreign-currency-denominated monetary liabilities as of December 31, 2022, 2021 and 2020.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates based on past foreign currencies exchange rates and macroeconomic forecasts for 2022, 2021 and 2020, with all other variables held constant, of the Group's 2022, 2021 and 2020 income before income tax.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the following percentage change in foreign currency rates:

Original Currency	2022		2021		2020	
	Strengthened by 5%	Weakened by 5%	Strengthened by 5%	Weakened by 5%	Strengthened by 5%	Weakened by 5%
USD	₹24,880,931	(₹24,880,931)	₹30,205,688	(₹30,205,688)	₹35,222,919	(₹35,222,919)
EUR	137,588	(137,586)	17,300	(17,300)	332,194	(332,194)
HKD	137,332	(137,332)	5,267	(5,267)	-	-
SGD	19,954	(19,954)	2,300	(2,300)	-	-
AUD	11,133	(11,133)	6,275	(6,275)	-	-

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's financial assets at FVTPL and financial assets at FVOCI. For investments in Philippine equities, majority of funds are invested in equities listed in the PSE.

The Group measures the sensitivity of its equity securities by using PSE, NYSE and HKEx indices fluctuations and its effect to respective share prices.

The following table demonstrates the sensitivity to a reasonably possible change in the equity price based on past price performance and macroeconomic forecast for 2022, 2021 and 2020, with all other variables held constant, of the Group's income before income tax and equity:

Effect on income before income tax:

	2022	2021 (As restated)	2020 (As restated)
Financial assets at FVTPL:			
Change in stock market index			
+10%	P23,830,979	P23,060,511	P16,117,124
-10%	(23,830,979)	(23,060,511)	(16,117,124)

There is no other impact on the Group's equity other than those already affecting the income before income tax.

Effect on equity:

	2022	2021 (As restated)	2020 (As restated)
Investment in equity securities (FVOCI):			
Change in club share prices			
+10%	P31,781,652	P29,430,462	P13,777,681
-10%	(31,781,652)	(29,430,462)	(13,777,681)

26. Fair Value of Financial Instruments

Fair values of financial assets at FVTPL and quoted financial assets at FVOCI are based on price quotations as at December 31, 2022, 2021 and 2020.

The following tables show the Group's fair value measurement hierarchy of its financial assets at FVTPL and FVOCI. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2022					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	P238,309,793	P238,309,793	P-	P-	P238,309,793
Financial assets at FVOCI					
Quoted debt securities	145,004,236	145,004,236	-	-	145,004,236
Quoted equity securities	10,952,293	10,952,293	-	-	10,952,293
Unquoted equity securities	306,864,227	-	7,465,077	299,399,150	306,864,227
Investment in rights issue subscription	27,632,400	-	-	27,632,400	27,632,400
	P728,762,949	P394,266,322	P7,465,077	P327,031,550	P728,762,949

2021					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	P230,605,109	P230,605,109	P-	P-	P230,605,109
Financial assets at FVOCI					
Quoted debt securities	165,813,015	165,813,015	-	-	165,813,015
Quoted equity securities	21,734,249	21,734,249	-	-	21,734,249
Unquoted equity securities	272,570,366	-	7,465,077	265,105,289	272,570,366
Investment in rights issue subscription	26,499,000	-	-	26,499,000	26,499,000
	P717,221,739	P418,152,373	P7,465,077	P291,604,289	P717,221,739

2020					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	P161,171,243	P161,171,243	P-	P-	P161,171,243
Financial assets at FVOCI					
Quoted debt securities	202,999,494	202,999,494	-	-	202,999,494
Quoted equity securities	23,325,522	23,325,522	-	-	23,325,522
Unquoted equity securities	114,451,285	-	7,465,077	106,986,208	114,451,285
Investment in rights issue subscription	19,214,400	-	-	19,214,400	19,214,400
	P521,161,944	P387,496,259	P7,465,077	P126,200,608	P521,161,944

As at December 31, 2022, 2021 and 2020, the Group's financial assets include equity securities and investment in rights issue subscription, which are classified under level 2 and 3, respectively.

The fair values of unquoted equity securities have been determined by reference to the share prices of listed entities in similar industries and capital balances of underlying funds. The probabilities of

the various estimates within the range are used in management's estimate of fair value for these non-listed equity investments.

Investments in rights issue subscription are valued based on the recently transacted price which is deemed the fair value. The recent transacted price has been concluded to best represent fair value on the basis that there have been no significant changes between the transaction date and the statements of financial position date (see Note 12).

As at December 31, 2022, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.

27. Capital Risk Management Objective and Policies

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements.

The total core capital considered by the Group as of December 31, 2022, 2021 and 2020 are as follows:

	2022	2021 (As restated)	2020 (As restated)
Common stock	₱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)
Retained earnings	1,135,349,885	1,172,570,596	1,154,064,935
	₱1,659,842,689	₱1,697,063,400	₱1,678,557,739

28. Supplemental Notes to Consolidated Statements of Cash Flows

The following shows the changes in the Group's liabilities arising from its financing activities in 2022, 2021 and 2020:

	As at January 1, 2022	Cash Flows	Dividend Declaration	As at December 31, 2022
Dividends payable	₱6,422,407	(₱57,012,397)	₱57,554,029	₱6,964,039

	As at January 1, 2021	Cash Flows	Dividend Declaration	As at December 31, 2021
Dividends payable	₱6,827,294	(₱38,774,239)	₱38,369,352	₱6,422,407

	As at January 1, 2020	Cash Flows	Dividend Declaration	As at December 31, 2020
Dividends payable	₱6,235,210	(₱37,778,268)	₱38,370,352	₱6,827,294

29. 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.



Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966

September 22, 2020, valid until

August 22, 2023

SEC Accreditation No. 0966-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of F & J Prince Holdings Corporation and its subsidiaries (the Group) as of and for the years ended December 31, 2022 and 2021, included in this Form 17-A, and have our issued our report thereon dated April 26, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 9569440, January 7, 2023, Makati City

April 26, 2023

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

- Schedule I : Supplementary schedules required by Revised Securities Regulation Code (SRC) Rule 68, Part II, Annex 68-J
- Schedule II : Reconciliation of Retained Earnings Available for Dividend Declaration Pursuant to Revised SRC Rule 68, Part II, Annex 68-D and SEC Memorandum Circular No. 11 s.2008
- Schedule III : Map of the Relationships of the Companies within the Group Pursuant to Revised SRC Rule 68, Part I, 5(G)
- Schedule IV : Schedule of Financial Soundness Indicators (Revised SRC Rule 68, Part II, Annex 68-E)

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Schedule A. Financial Assets

Financial Assets at FVTPL

Name of issuing entity and association of each issue	Number of shares held or principal amount of bonds and notes	Amount shown in the statement of financial position*	Income received and accrued
Aboitiz Equity Ventures	3,120	₱180,024	₱5,054
ABS-CBN Broadcasting	12,000	88,680	—
AIA Group Ltd.	17,600	10,998,685	181,501
Alibaba Group Holding Ltd.	6,000	3,725,793	—
Alphabet Inc.	3,140	15,547,608	—
Amazon.com Inc.	1,200	5,656,896	—
Anheuser-Busch InBev SA/NV	2,000	6,702,263	39,021
Apple Inc	330	2,406,252	6,048
Ayala Corporation	4,078	2,834,210	—
Ayala Land	144,000	4,435,200	—
Baidu Inc.	10,350	8,323,421	—
Bank of China Ltd.	105,000	2,146,921	173,124
Becton Dickinson and Co.	400	5,708,526	54,303
Benguet Corporation "B"	2,109	8,837	—
Berkshire Hathaway Inc	3,250	56,340,271	—
Bukalapak.com PT TBK	6,334,800	5,974,983	—
Cebu Holdings Inc.	9,375	57,375	—
China Construction Bank	46,000	1,619,660	125,177
China Overseas Land and Investment Ltd.	80,500	11,939,097	677,738
Dongfeng Motor Group Corporation Ltd.	50,000	1,612,710	112,758
DuPont de Nemours Inc.	1,800	6,932,728	92,473
Embecka ORD	80	113,542	478
General Motors Co.	3,199	6,039,318	22,746
Industrial and Commercial Bank of China	180,000	5,209,631	394,186
Manila Electric Company	10,754	3,213,295	162,789
Meta Platforms Inc.	1,000	6,753,481	—
Microsoft Corp	700	9,421,089	67,853
Oriental Petroleum "B"	1,260,888,642	13,869,775	630,444
Petron Corporation	30,939	74,254	—
Philex Mining "A"	335,323	1,019,382	16,766
Philex Petroleum	41,915	321,488	—
Ping An Insurance Co. Ltd.	33,000	12,271,358	602,043
Rockwell Land Corporation	28,616	40,062	2,484
San Miguel Corporation "A"	12,240	1,137,708	21,673
San Miguel Corporation "B"	12,464	1,158,529	—
Singapore Telecommunications Ltd.	51,053	5,455,502	334,849
Taiwan Semiconductor Mfg. Co.	800	3,344,303	64,314
Tesla Inc	600	4,147,717	—

Forward

Name of issuing entity and association of each issue	Number of shares held or principal amount of bonds and notes	Amount shown in the statement of financial position*	Income received and accrued
Top Frontier Investment Holdings, Inc.	448	42,560	—
Volkswagen AG	610	4,220,615	187,906
Wait Disney Company	1,480	7,216,044	—
		P238,309,793	P3,975,728

*Amounts are based on the fair value of the financial instruments as of the reporting period.

Financial Assets at FVOCI

Name of issuing entity and association of each issue	Number of shares held or principal amount of bonds and notes	Amount shown in the statement of financial position*	Income received and accrued
ABJA Investment Co.	200,000	P11,195,940	P636,620
Allianz Thematica	837.71	6,643,760	—
ANZ	225,000	12,540,505	105,733
ASLAN Pharmaceuticals	187,200	3,782,039	—
Aslan Pharmaceuticals	299,477	6,050,394	—
Ayala Corporation (Preferred Shares)	2,110	2,110	—
Ayala Land (Preferred Shares)	144,000	9,767	—
Balesin Island	1	5,400,000	—
Calata Corporation	560,000	1,159,200	—
CK Asset Holdings Limited	20,520	7,098,705	311,738
CK Hutchison Holdings Ltd.	20,520	6,921,422	382,601
Greenko Investment Co.	400,000	22,118,530	1,076,979
Greenland Global Investment Ltd.	475,000	9,001,064	1,543,578
MWAM VC Brady SX LLC	250,000	14,030,000	—
NBM US Holdings Inc.	300,000	16,586,266	1,092,336
Petroleos Mexicanos - Pemex	200,000	11,053,956	517,176
Philippine Treasury	8,000,000	8,563,988	650,000
PLDT (Preferred Shares)	400	4,000	—
Republic of Portugal	200,000	11,248,132	572,811
Republic of Venezuela	100,000	477,020	—
Tagaytay Midlands	1	890,000	—
Theta Capital Pte. Ltd.	500,000	18,379,917	1,889,730
Turkcell İletişim Hizmetleri A.Ş.	250,000	13,222,573	810,225
BGF Asian High Yield Bond Fund	14,665	6,699,387	—
Fidelity funds - Global Dividends Fund Mii	5,744	5,157,500	112,201
Xen Technologies PTE Ltd.	2,294,072	105,415,059	—
Xen Digital Sky Global VII SP	1,150,000	86,807,110	—
VM Holdings	200,000	10,616,345	602,829
Xen 500 Global V SP	1,023,000	57,410,760	—
Others		4,335,307	—
		P462,820,756	P10,304,557

*Amounts are based on the fair value of the financial instruments as of the reporting period.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Beginning balances	Additions	Amounts collected	Amounts written off	Current	Not current	Ending balances
Advances to officers and employees	P23,862	P-	P-	P23,862	P-	P-	P-

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of the Financial Statements

Name and designation of debtor	Beginning balances	Additions	Amounts collected	Amounts written off	Current	Not current	Ending balances
PIEI	P-	P1,282,692	P-	P-	P1,282,692	P-	P1,282,692

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Schedule D. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related statement of financial position	Amount shown under caption "Long term debt" in related statement of financial position
- Not applicable -			

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

<u>Name of related party</u>	<u>Balance at beginning of period</u>	<u>Balance at end of period</u>
	- Not applicable -	

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Schedule F. Guarantee of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
- Not applicable -				

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees
Class "A"	600,000,000	292,610,118	-	56,915,136	35,562,427
Class "B"	400,000,000	189,217,535	-	37,496,379	110,392

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION PURSUANT TO REVISED
SRC RULE 68 AND SEC MEMORANDUM CIRCULAR NO. 11
DECEMBER 31, 2022

Unappropriated retained earnings, as adjusted, beginning		P146,658,036
Net income during the year closed to retained earnings	20,333,318	
Less: <i>Non-actual/unrealized income net of tax</i>		
Unrealized foreign exchange gain - net of tax	(42,729,825)	
Equity in net earnings of associates	(26,211,341)	
Add: <i>Non-actual losses</i>		
Unrealized fair value gain on financial assets at FVTPL	33,022,832	
Provision for deferred taxes	4,074,713	
Actual/realized net income		(11,510,303)
Less: Dividend declaration		(72,274,148)
Unappropriated retained earnings, as adjusted, ending		P62,873,585

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022 AND 2021

Ratio	Formula	2022	2021
Current ratio	Total current assets	₱750,206,745	₱794,923,370
	Divided by total current liabilities	16,219,321	19,351,447
		46.25	41.08
Acid test ratio	Total quick assets	₱710,129,690	₱741,775,225
	Divided by total current liabilities	16,219,321	19,351,447
		43.78	38.33
Debt-to-equity ratio	Total liabilities	₱58,058,042	₱63,199,535
	Divided by total equity	1,821,935,820	1,879,364,662
		0.03	0.03
Asset-to-equity ratio	Total assets	₱1,879,993,862	₱1,942,564,198
	Divided by total equity	1,821,935,820	1,879,364,662
		1.03	1.03
Return on equity	Net income	₱19,706,615	₱58,632,504
	Divided by average equity	1,850,650,241	1,844,513,239
		1.06%	3.18%

Average equity is computed as follows:

Beginning equity	₱1,879,364,662	₱1,809,661,815
Ending equity	1,821,935,820	1,879,364,662
Total	3,701,300,482	3,689,026,477
Divided by	2	2
Average equity	₱1,850,650,241	₱1,844,513,239

Return on assets	Net income	₱19,706,615	₱58,632,504
	Divided by average assets	1,911,279,031	1,905,981,307
		1.03%	3.08%

Average assets is computed as follows:

Beginning assets	₱1,942,564,198	₱1,869,398,416
Ending assets	1,879,993,863	1,942,564,198
Total	3,822,558,061	3,811,962,614
Divided by	2	2
Average assets	₱1,911,279,031	₱1,905,981,307

Net profit margin	Net income	₱19,706,615	₱58,632,504
	Divided by revenues and income	162,126,275	128,321,177
		12.16%	45.69%

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021
WITH VERTICAL PERCENTAGE ANALYSIS**
EXHIBIT "4"

	AUDITED DEC. 31, 2022	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2022	AUDITED DEC. 31, 2021	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2021
ASSETS				
Current Assets				
Cash and cash equivalents	P467,697,273	24.88%	P506,514,651	26.07%
Financial assets at FVTPL	238,309,793	12.68%	230,605,109	11.87%
Receivables - net	4,122,624	0.22%	4,655,465	0.24%
Due from related parties - net	5,423,381	0.29%	17,313,957	0.89%
Financial assets at FVOCI - current	477,020	0.03%	355,418	0.02%
Prepayments and other current assets	34,176,654	1.82%	35,478,770	1.83%
Total Current Assets	750,206,745	38.90%	794,923,370	40.92%
Noncurrent Assets				
Convertible notes receivable	5,612,000	0.30%	—	0.00%
Financial assets at FVOCI - noncurrent	462,343,736	24.59%	459,762,212	23.67%
Investments in associates	267,617,359	14.24%	253,817,301	13.07%
Investment in rights issue subscription	27,632,400	1.47%	26,499,000	1.36%
Investment properties - net	359,082,447	19.10%	373,683,236	19.24%
Property and equipment - net	4,642,090	0.25%	4,762,944	0.25%
Deferred tax assets	—	0.00%	—	0.00%
Other noncurrent assets	2,857,086	0.15%	29,116,134	1.50%
Total Noncurrent Assets	1,129,787,118	60.10%	1,147,640,827	59.08%
	P1,879,993,863	100.00%	P1,942,564,197	100.00%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P9,131,002	0.49%	P7,744,561	0.40%
Provision for legal obligation	—	0.00%	5,000,000	0.26%
Dividends payable	6,964,039	0.37%	6,422,407	0.33%
Income tax payable	124,280	0.01%	184,479	0.01%
Total Current Liabilities	16,219,321	0.86%	19,351,447	1.00%
Noncurrent Liabilities				
Retirement benefit obligation	17,796,176	0.95%	15,741,117	0.81%
Deferred tax liabilities	22,943,545	1.22%	25,551,656	1.32%
Deposits payable - noncurrent	1,099,000	0.06%	2,555,315	0.13%
Total Noncurrent Liabilities	41,838,721	2.23%	43,848,088	2.26%
EQUITY				
Common stock	481,827,653	25.63%	481,827,653	24.80%
Additional paid in capital	144,759,977	7.70%	144,759,977	7.45%
Treasury shares	(102,094,826)	-5.43%	(102,094,826)	-5.26%
Net unrealized valuation losses				
on financial assets at FVOCI	(16,798,687)	-0.89%	19,655,689	1.01%
Remeasurement gains (losses)				
on retirement benefit obligation	615,438	0.03%	1,005,072	0.05%
Accumulated share in OCI of associates	107,814,148	5.73%	87,731,216	4.52%
Retained earnings	1,135,349,886	60.39%	1,172,570,596	60.36%
Equity Attributable to Equity Holders				
of the Parent Company	1,751,473,589	93.16%	1,805,455,377	92.94%
Noncontrolling Interests	70,462,232	3.75%	73,909,285	3.80%
Total Equity	1,821,935,821	96.91%	1,879,364,662	96.75%
	P1,879,993,863	100.00%	P1,942,564,197	100.00%

EXHIBIT "5"
Schedule 1

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
BREAKDOWN OF RECEIVABLES
AS OF DECEMBER 31, 2022, 2021 AND 2020

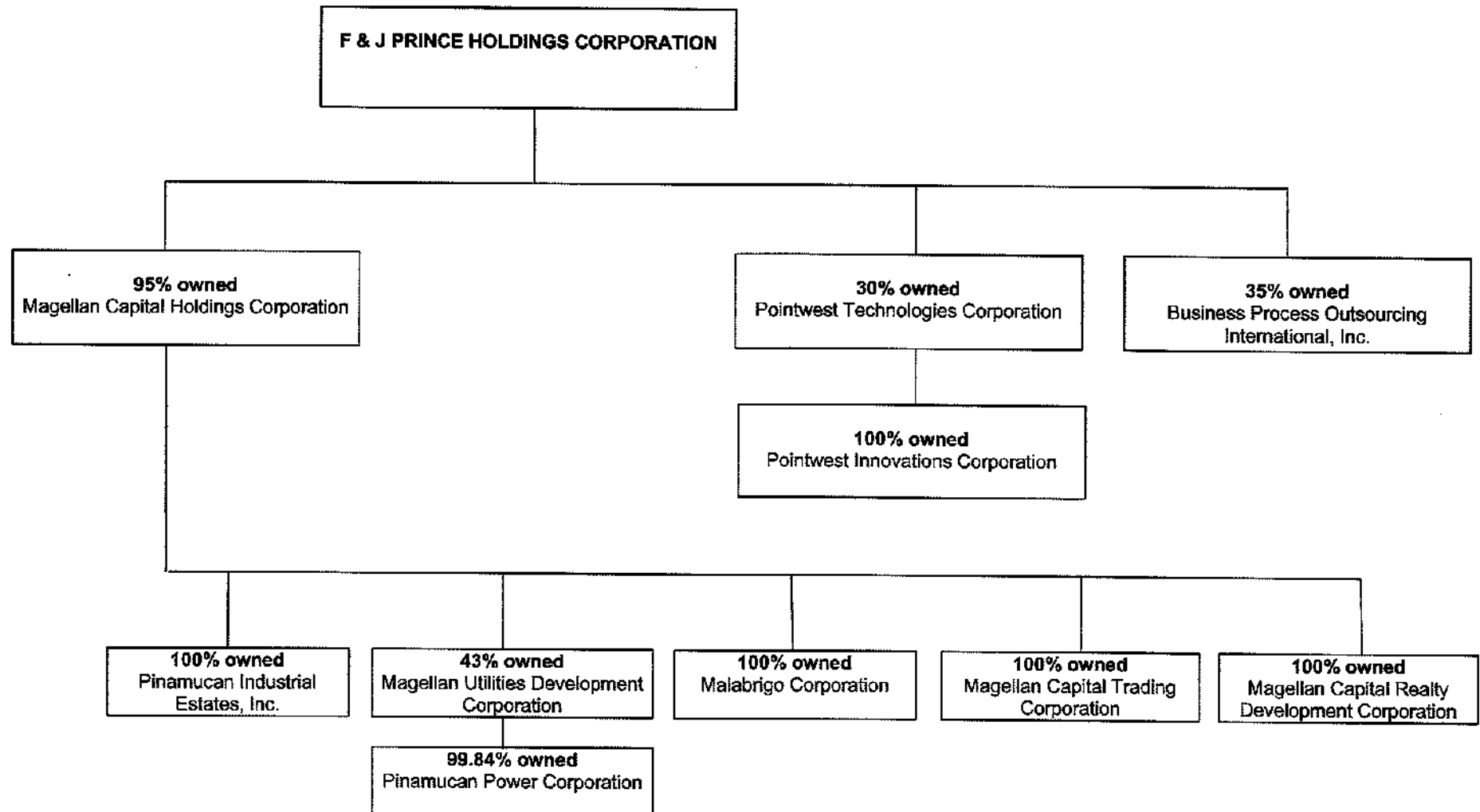
	2022	2021	2020
Receivables:			
Receivable from Related Parties:			
Business Process Outsourcing International	₱5,249,962	₱1,749,987	₱10,650,086
Magellan Utilities Development Corporation	127,989	128,039	91,627
Pointwest Technologies Corporation	–	15,394,042	10,903,386
Others	45,430	41,890	419,300
Total Receivables from Related Parties	₱5,423,381	₱17,313,958	₱22,064,399
Interest receivable	₱4,215,899	₱4,115,397	₱4,478,338
Rent receivable	853,034	1,474,265	5,135,245
Others	60,691	48,941	69,841
Total Receivables from Third Parties	₱5,129,624	₱5,638,603	₱9,683,424

EXHIBIT "5"
Schedule 2

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
BREAKDOWN OF TRADE AND OTHER PAYABLES
AS OF DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Accounts payable	₱1,489,570	₱749,267	₱1,180,848
Deposit payable	4,270,053	3,802,551	3,260,051
Government payable	2,178,874	1,930,093	1,673,572
Deferred rental income	–	–	–
Accrued expenses			
Professional fees (legal and audit fees)	1,192,505	1,229,050	543,906
Other operating expenses	–	33,600	107,520
Total Trade and Other Payables	₱9,131,002	₱7,744,561	₱6,765,897

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
DECEMBER 31, 2022



F & J Prince Holdings Corporation

April 25, 2023

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention : **DIR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Markets and Securities Regulation Department

Subject : **Sustainability Report**

Gentlemen:

In compliance with SEC Memorandum Circular No. 4 on Sustainability Reporting Guidelines for Publicly-Listed Companies, we are submitting herewith our Sustainability Report for 2022.

Thank you.

Very truly yours,


(ATTY.) **FINA BERNADETTE D.C. TANTUICO**
Corporate Secretary

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	F&J Prince Holdings Corporation
Location of Headquarters	5/F BDO Towers Paseo, 8741 Paseo de Roxas, Makati City
Location of Operations	5/F BDO Towers Paseo, 8741 Paseo de Roxas, Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Magellan Capital Holdings Corporation
Business Model, including Primary Activities, Brands, Products, and Services	
Reporting Period	January 1 to December 31
Highest Ranking Person responsible for this report	Atty. Fina Bernadette D.C. Tantuico

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>The organization is a holding company with investments in in real estate, information technology and business process outsourcing companies which have experienced strong growth in the last few years.</p> <p>It is committed to invest in companies that will not just make positive returns for stakeholders but will stimulate and uplift the national and local economy. Its goal is to engage in investment ventures that contribute to nation-building and to continuously support component companies in venturing into expansion initiatives which further improve its economic contribution. One of its investee companies - Pointwest Technologies Corporation – prides itself in being an award-winning all-Filipino IT company.</p>

¹ See [GRI I02-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	76,906,660	
Direct economic value distributed:		
a. Operating costs	6,174,000	
b. Employee wages and benefits	615,198	
c. Payments to suppliers, other operating costs	0	
d. Dividends given to stockholders and interest payments to loan providers	58,661,700	
e. Taxes given to government	290,971	
f. Investments to community (e.g. donations, CSR)	0	

<p>What is the impact and where does it occur? What is the organization's involvement in the impact?</p> <p>As a holding company, its indirect economic impacts primarily occurs through its component companies and the supply chain which includes both customers and suppliers.</p>	<p>Which stakeholders are affected?</p> <p>Its investee company Pointwest Technologies Corporation has about 500 employees. The business of the company generates employment.</p>	<p>Management Approach</p> <p>To sustain the viability of the company's core competence, its investee company Pointwest Technologies Corporation continually conducts training programs for its work force.</p>
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>As to its investment in IT -related companies</p> <p>Any technology-related business is fluid and there is the constant resurgence of newer trends and practices. The risk lies in not being</p>	<p>The employees</p>	<p>Management remains keenly aware and monitors identifies risks. It has diversified its clientele and continues to invest in the education of its employees with respect to technological advances and recurring innovations.</p>

able to cope with the constant disruptors that permeate the industry.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		

Climate-related risks and opportunities²

Disclose the organization's governance around climate-related risks and opportunities.	Disclose the organization's governance around climate-related risks and opportunities.	Disclose the organization's governance around climate-related risks and opportunities.	Disclose the organization's governance around climate-related risks and opportunities.	
The nature of the business is such that there are no climate-related risks and opportunities.	The nature of the business is such that there are no climate-related risks and opportunities.	The nature of the business is such that there are no climate-related risks and opportunities.	The nature of the business is such that there are no climate-related risks and opportunities.	
Recommended Disclosures				Recommendations
Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	
Recommended Disclosures	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	

²Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
--	--	---	--

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization		

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	No Data	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No Data	%
Percentage of directors and management that have received anti-corruption training	No Data	%
Percentage of employees that have received anti-corruption training	No Data	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization		

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	#
Number of incidents in which employees were dismissed or disciplined for corruption	None	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	No Data	GJ
Energy consumption (gasoline)	No Data	GJ
Energy consumption (LPG)	No Data	GJ
Energy consumption (diesel)	No Data	GJ
Energy consumption (electricity)	No Data	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	No Data	GJ
Energy reduction (LPG)	No Data	GJ
Energy reduction (diesel)	No Data	GJ
Energy reduction (electricity)	No Data	kWh
Energy reduction (gasoline)	No Data	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Disclose the organization's governance around climate-related risks and opportunities.</p> <p>The nature of the business is such that there are no climate-related risks and opportunities.</p>	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
Recommended Disclosures	Which stakeholders are affected?	Management Approach
<p>Disclose the organization's governance around climate-related risks and opportunities.</p> <p>The nature of the business is such that there are no climate-related risks and opportunities.</p>		
Recommended Disclosures	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	No Data	Cubic meters
Water consumption	8	Cubic meters
Water recycled and reused	No Data	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	No Data	
• renewable	No Data	kg/liters
• non-renewable	No Data	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	No Data	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure		Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		No Data	
Habitats protected or restored		No Data	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations		No Data	
What is the Impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach	
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach	
Identify risk/s related to material topic of the organization			
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach	
Identify the opportunity/ies related to material topic of the organization			

³International Union for Conservation of Nature

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Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	No Data	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	No Data	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	No Data	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		

Air pollutants

Disclosure	Quantity	Units
NO _x	No Data	kg
SO _x	No Data	kg
Persistent organic pollutants (POPs)	No Data	kg
Volatile organic compounds (VOCs)	No Data	kg
Hazardous air pollutants (HAPs)	No Data	kg

Particulate matter (PM)	No Data	kg
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	No Data	kg
Reusable	No Data	kg
Recyclable	No Data	kg
Composted	No Data	kg
Incinerated	No Data	kg
Residuals/Landfilled	No Data	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>(e.g. employees, community, suppliers,</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects,</i>

<i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>government, vulnerable groups)</i>	<i>programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	No data	kg
Total weight of hazardous waste transported	No data	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	No data	Cubic meters
Percent of wastewater recycled	No data	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The company's operations have no direct impact on the environment other than the adherence to measures that protect health and sanitation.</p> <p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	<p>Employees</p> <p>(e.g. employees, community, suppliers, government, vulnerable groups)</p>	<p>Management ensures that measures to safeguard health and safety of its employees are in place.</p> <p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴		
a. Number of female employees		#
b. Number of male employees	1	#
Attrition rate ⁵		rate
Ratio of lowest paid employee against minimum wage		ratio

⁴Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

⁵Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		
PhilHealth	Y		
Pag-ibig	Y		
Parental leaves	N		
Vacation leaves	Y		
Sick leaves	Y		
Medical benefits (aside from PhilHealth))	N		
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	N		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)			

What is the Impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p>
What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	N/A	hours
b. Male employees	N/A	hours
Average training hours provided to employees		
a. Female employees	N/A	hours/employee
b. Male employees	N/A	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	0%	%
% of male workers in the workforce	100%	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the Impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p>
What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	N/A	Man-hours
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work-related ill-health	N/A	#
No. of safety drills	N/A	#

What is the Impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p>

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the Impact and where does it occur? What is the organization's involvement in the Impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Employment generation	Metro Manila	N/A	No		N/A

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	No data	#
CP secured	No data	#

What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	No Data	#
No. of complaints addressed	No Data	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	No Data	#
No. of complaints addressed	No Data	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	No Data	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
No Data			

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **F&J Prince Holdings Corporation** is responsible for the preparation and fair presentation of the financial statements including the statements attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


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

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

Mendoza Querido and Company, the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:


Mark Ryan Cokeng
President/ CEO


Mary K. Cokeng
Treasurer/Chief Financial Officer


SUBSCRIBED AND SWORN to before me this APR 27 day of 2023, 2023,
affiants exhibiting to me their Drivers' License/National IDs, as follows:

<u>Names</u>	<u>Competent Evidence of Identity</u>	<u>Date Issued</u>	<u>Place of Issue</u>
Mark Ryan Cokeng	X01-09-003590	12 February 2019	Quezon City
Mary K. Cokeng	2632-8401-5647-6912	10 October 2022	NCR

NOTARY PUBLIC

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Book No. 7 ;
Series APR 28 2023 ;




ATTY. JOEL FLORES
NOTARY PUBLIC IN MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77315/SCALE (DIEMPT)
PTR NO. 9563504 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY



Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966

September 22, 2020, valid until

August 22, 2023

SEC Accreditation No. 0966-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

To the Stockholders and the Board of Directors
F & J Prince Holdings Corporation
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas
Makati City

We have audited the financial statements of F & J Prince Holdings Corporation for the year ended December 31, 2022, on which we have rendered the attached report dated April 13, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has four hundred seventy-four (474) stockholders owning one hundred (100) or more shares.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 9569440, January 7, 2023, Makati City

April 13, 2023





Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
F & J Prince Holdings Corporation
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas
Makati City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of F & J Prince Capital Holdings Corporation (the "Company"), which comprise the separate statements of financial position as of December 31, 2022 and 2021, separate statements of income, separate statements of comprehensive income, separate statements of changes in equity, and separate statement of cash flows for the years then ended December 31, 2022 and 2021, and notes to the separate financial statements, including a summary of significant accounting policies.

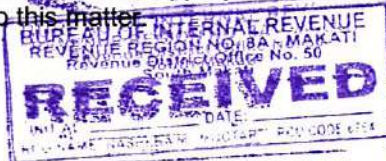
In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2022 and 2021, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards ("PFRS").

Basis for Opinion

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

Emphasis of Matter

As part of our audit of the separate financial statements as of and for the years ended December 31, 2022, we also audited the adjustments described in Note 24 that were applied to restate the 2021 annual separate financial statements. In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified in respect to this matter.



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

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

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

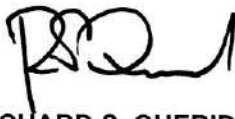
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements of F & J Prince Holdings Corporation as of and for the years ended December 31, 2022 taken as a whole. The supplementary information in Note 25 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Richard S. Querido.

For the Firm: **MENDOZA QUERIDO & CO.**



RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

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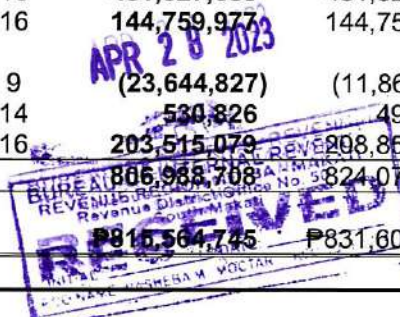
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F & J PRINCE HOLDINGS CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)
ASSETS			
Current Assets			
Cash and cash equivalents	3, 4, 5	P57,528,006	P64,773,251
Financial assets at fair value through profit or loss (FVTPL)	3, 4, 6	19,354,357	21,080,589
Receivables – net	3, 4, 7	7,401,486	18,094,087
Prepayments and other current assets	3, 4, 8	3,435,638	3,312,853
Total Current Assets		87,719,487	107,260,780
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	3, 4, 9	91,383,094	85,727,329
Investments in:			
A subsidiary – at cost	3, 4, 11	537,514,860	537,514,860
Associates – at cost	3, 4, 12	98,930,006	98,930,006
Property and equipment – net	3, 4, 13	17,298	23,980
Deferred tax assets	3, 4, 15	–	2,152,901
Total Noncurrent Assets		727,845,258	724,349,076
TOTAL ASSETS		P815,564,745	P831,609,856
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other liabilities	3, 4, 17	P552,115	P460,246
Dividends payable	3, 4, 16	6,964,039	6,422,407
Total Current Liabilities		7,516,154	6,882,653
Noncurrent Liabilities			
Retirement benefit obligation	3, 4, 14	660,881	653,281
Deferred tax liability	3, 4, 15	399,002	–
Total Noncurrent Liabilities		1,059,883	653,281
Total Liabilities		8,576,037	7,535,934
Equity			
Common stock	3, 4, 16	481,827,653	481,827,653
Additional paid-in capital	3, 4, 16	144,759,977	144,759,977
Net unrealized valuation losses on financial assets at FVOCI	3, 4, 9	(23,644,827)	(11,869,229)
Actuarial gains on retirement benefit obligation	3, 4, 14	530,826	499,052
Retained earnings	3, 4, 16	203,515,079	208,856,469
Total Equity		806,988,708	824,073,922
TOTAL LIABILITIES AND EQUITY		P815,564,745	P831,609,856

See accompanying Notes to Separate Financial Statements



F & J PRINCE HOLDINGS CORPORATION
SEPARATE STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)
INCOME			
Dividend income	6	P59,500,970	P71,267,449
Foreign exchange gains		13,740,284	4,175,813
Interest income	5	3,576,601	4,302,511
Fair value gains on financial assets at FVTPL	6	88,805	882,847
Loss on disposal of property and equipment		—	(929)
		76,906,660	80,627,691
EXPENSES			
Foreign exchange losses		2,311,788	168,460
Fair value losses on financial assets at FVTPL	6	1,815,037	1,610,335
Professional fees		1,207,918	1,414,022
Personnel expenses			
Salaries and allowances		530,116	504,873
Retirement benefits	14	49,966	49,334
Other employee benefits		35,116	38,671
Bank charges		366,714	48,993
Taxes and licenses		290,971	299,985
Loss on disposal of financial assets at FVOCI	9	108,683	—
Annual stockholders' meeting		90,301	77,289
Trainings and seminars		46,500	45,500
Expected credit loss		23,862	—
Depreciation	13	6,682	8,105
Others		196,515	113,986
		7,080,169	4,379,553
INCOME BEFORE INCOME TAX		69,826,491	76,248,138
PROVISION FOR (BENEFIT FROM) INCOME TAX	15		
Current			
Regular		32,820	(2,344)
Final		174,312	160,492
Deferred		2,686,601	1,574,284
		2,893,733	1,732,432
NET INCOME		P66,932,758	P74,515,706
EARNINGS PER SHARE			
Basic/Diluted	22	P0.14	P0.15

See accompanying Notes to Separate Financial Statements.



F & J PRINCE HOLDINGS CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)
NET INCOME		₱66,932,758	₱74,515,706
OTHER COMPREHENSIVE INCOME			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI, net of tax effect	9	(10,952,287)	(3,087,458)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI, net of tax effect	9	(823,311)	237,155
Actuarial gains on retirement benefit obligation, net of tax effect	14	31,774	40,859
		(11,743,824)	(2,809,444)
TOTAL COMPREHENSIVE INCOME		₱55,188,934	₱71,706,262

See accompanying Notes to Separate Financial Statements.



F & J PRINCE HOLDINGS CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Common Stock (Note 16)	Additional Paid- in Capital (Note 16)	Net Unrealized Valuation Losses on Financial Assets at FVOCI (Note 9)	Actuarial Gains on Retirement Benefit Obligation (Note 14)	Retained Earnings (Note 16)	Total
Balances as at January 1, 2021	P481,827,653	P144,759,977	(P9,018,926)	P458,193	P182,523,528	P800,550,425
Net income for the year	—	—	—	—	75,014,877	75,014,877
Effect of restatements (Note 24)	—	—	—	—	(499,171)	(499,171)
Net income for the year, as restated	—	—	—	—	74,515,706	74,515,706
Other comprehensive income						
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI	—	—	(2,850,303)	—	—	(2,850,303)
Actuarial losses on retirement benefit obligation	—	—	—	40,859	—	40,859
Total comprehensive income for the year	—	—	(2,850,303)	40,859	74,515,706	71,706,262
Dividends declared - P0.10 per share	—	—	—	—	(48,182,765)	(48,182,765)
Balances as at December 31, 2021	P481,827,653	P144,759,977	(P11,869,229)	P499,052	P208,856,469	P824,073,922



	Common Stock (Note 16)	Additional Paid- in Capital (Note 16)	Net Unrealized Valuation Losses on Financial Assets at FVOCI (Note 9)	Actuarial Gains on Retirement Benefit Obligation (Note 14)	Retained Earnings (Note 16)	Total
Balances as at January 1, 2022	₱481,827,653	₱144,759,977	(₱11,869,229)	₱499,052	₱208,856,469	₱824,073,922
Net income for the year	-	-	-	-	66,932,758	66,932,758
Other comprehensive income						
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI	-	-	(11,775,598)	-	-	(11,775,598)
Actuarial losses on retirement benefit obligation	-	-	-	31,774	-	31,774
Total comprehensive income for the year	-	-	(11,775,598)	31,774	66,932,758	55,188,934
Dividends declared - ₱0.10 per share	-	-	-	-	(72,274,148)	(72,274,148)
Balances as at December 31, 2022	₱481,827,653	₱144,759,977	(₱23,644,827)	₱530,826	₱203,515,079	₱806,988,708

See accompanying Notes to Separate Financial Statements.



APR 28 2023

F & J PRINCE HOLDINGS CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Notes	2022	2021 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱69,826,491	₱76,248,138
Adjustments for:			
Dividend income		(59,500,970)	(71,267,449)
Net foreign exchange gains		(11,428,496)	(4,007,353)
Interest income		(3,576,601)	(4,302,511)
Fair value losses on financial assets at FVTPL	6	1,726,232	727,488
Retirement benefit cost	14	49,966	49,334
Expected credit loss		23,862	—
Depreciation	13	6,682	8,105
Losses on disposal of:			
Financial assets at FVOCI	9	108,683	—
Property and equipment	13	—	929
Operating loss before working capital changes		(2,764,151)	(2,543,319)
Decrease (increase) in:			
Receivables		(1,613,407)	15,988,649
Prepayments and other current assets		(155,605)	(129,559)
Increase in accrued expenses and other liabilities		91,869	340,103
Net cash generated from (used in) operations		(4,441,294)	13,655,874
Dividends received		71,395,038	75,611,886
Interest received		3,390,565	2,731,088
Income taxes paid		(174,312)	(160,492)
Net cash provided by operating activities		70,169,997	91,838,356
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at FVOCI	9	8,173,650	—
Additions to financial assets at FVOCI		(22,079,321)	(2,596,104)
Net cash used in investing activities		(13,905,671)	(2,596,104)
CASH FLOW FROM FINANCING ACTIVITY			
Dividends paid	23	(71,732,516)	(47,757,901)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		8,222,945	1,654,798
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		(7,245,245)	43,139,149
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		64,773,251	21,634,102
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	5	₱57,528,006	₱64,773,251

(Forward)



	Notes	2022	2021 (As restated)
NONCASH INVESTING ACTIVITIES			
Proceeds from conversion of convertible notes receivable into equity shares	9	P-	P16,114,231
Additions to financial assets at FVOCI		-	(16,114,231)
		P-	P-

See accompanying Notes to Separate Financial Statements.



F & J PRINCE HOLDINGS CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS

1. Corporate Information

F & J Prince Holdings Corporation (the "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 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 Company is at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

The accompanying financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 13, 2023.

2. Statement of Compliance, Basis of Measurement, and Functional and Presentation Currency

2.01 Statement of Compliance

The separate 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 Philippine Accounting Standards (PASs), and Philippine Interpretations.

The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements.

2.02 Basis of Measurement

The separate 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 Bases
Financial assets at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation

2.03 Functional and Presentation Currency

The separate financial statements of the Company are presented in Philippine Peso (₱), which is the Company's functional currency. All amounts presented in Philippine Peso have been rounded off to the nearest peso, unless otherwise indicated.

3. Significant Accounting Policies

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



3.01 Adoption of Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these standards did not have any significant impact on the Company's separate financial statements.

- **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**
 - o **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.
 - o **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.
 - o **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.
 - o **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.

3.02 Amendments to Standards Issued but not yet Effective

A number of amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Company has not early adopted the following amended standards in preparing the separate financial statements. Unless otherwise indicated, none of these are expected to have a significant impact on the Company's separate financial statements.

The Company will adopt the following amendments to standards that are relevant to the Company on the respective effective dates:

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 gives 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 PAS 1, *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 enable 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:

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

- o Reduce costs by simplifying some requirements in the Standard;
- o Make financial performance easier to explain; and
- o 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 (FVPL) to be presented in the OCI.

The Company 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 separate financial statements when these amendments are adopted.

3.03 Current versus Noncurrent Classification

The Company presents assets and liabilities in the separate 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 Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

3.04 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 Company.

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 Company 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 separate 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 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 separate financial statements on a recurring basis, the Company 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 Company 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 Company 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 Company determines the appropriate method of recognizing the 'Day 1' profit amount.

3.05 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.

3.05.01 Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 amortised 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 Company'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); or
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company 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 to hold financial assets in order to collect contractual cash flows; 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 Company's financial assets at amortized cost include 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 with recycling of cumulative gains and losses (debt instruments)

The Company 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 statement 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.

As at December 31, 2022 and 2021, debt instruments measured at fair value through OCI amounted to ₱42.5 million and ₱45.5 million, respectively.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company 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 separate statements of income when the right of payment has been established, except when the Company 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.

As at December 31, 2022 and 2021, equity instruments measured at fair value through OCI amounted to ₱48.9 million and ₱40.2 million, respectively.

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 separate statements of financial position at fair value. Gains and losses arising from fair value changes are recognized in the separate statements of income.

As at December 31, 2022 and 2021, financial assets at fair value through profit or loss amounted to ₱19.4 million and ₱21.1 million, respectively.

Impairment of financial assets

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

3.05.02 Financial Liabilities

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 Company's financial liabilities include "Accrued expense and other liabilities", 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).

Subsequent measurement

After initial recognition, the Company's financial liabilities are subsequently measured at amortized cost using the EIR method.

3.05.03 Derecognition

Financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Financial liabilities

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 separate statements of income.

3.05.04 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the separate 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 Company 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 Company and all of the counter parties.

3.06 Prepayments and Other Current Assets

3.06.01 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.

Prepayments are classified in the separate statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer otherwise, prepayments are classified as noncurrent assets.

3.06.02 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 separate 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 separate statements of financial position to the extent of the recoverable amount.

3.07 Investment in a Subsidiary

A subsidiary is an entity that is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. That presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity but it has:

- (a) power over more than half of the voting rights by an agreement with other investors;

- (b) power to govern the financial and operating policies of the entity under a statute or an agreement;
- (c) power to appoint or remove the majority of the members of the BOD equivalent governing body and control of the entity is by that board or body; or
- (d) power to cast the majority of votes at meetings of the BOD or equivalent governing body and control of the entity is by that board or body.

Control can also be achieved by having options or convertible instruments that are currently exercisable or by having an agent with the ability to direct the activities for the benefit of the controlling entity.

Under the cost method, the investment in subsidiary is carried in the separate statements of financial position at cost plus post-acquisition changes arising only from additional investments less subsequent withdrawal of shares. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment. After application of the cost method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the subsidiary.

3.08 Investments in Associates

An associate is an entity in which the Company 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 Company's investments in associates are accounted for under the cost method of accounting.

Under the cost method, the investments in associates are carried in the separate statement of financial position at cost plus post-acquisition changes arising only from additional investments less subsequent withdrawal of shares. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment. After application of the cost method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the associate. The reporting dates of the associates and the Company are identical and the associates accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

3.09 Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment, including cost of major inspection, when that cost is incurred and if the recognition criteria are met. All other repairs and maintenance costs are recognized in the separate statements of income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment as follows:

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

The residual value and useful lives of property and equipment are reviewed periodically and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited or charged to current operations. 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 profit or loss when the asset is derecognized.

3.10 Impairment of Nonfinancial Assets

The Company 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 Company 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 Company 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognized in the separate statements of income in expense categories consistent with the function of the impaired asset.

An assessment is 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 separate statements of income.

3.11 Accrued Expenses and Other Payables

3.11.01 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.

3.11.02 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 Capital Stock and Additional Paid-In Capital

The Company 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.

3.13 Retained Earnings

The amount included in retained earnings includes income attributable to the Company's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when these 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.

3.14 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 Company is expected to be entitled, excluding those amounts collected on behalf of third parties.

3.14.01 Revenue Outside the Scope of PFRS 15

The specific recognition criteria described below must be met before revenue is recognized.

Dividend income

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

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 separate statements of income.

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 Company and the amount of income can be measured reliably.

3.15 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 Company or when the expenses are incurred.

3.16 Retirement Benefits

The Company 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 of interest on the net defined benefit liability), are recognized immediately in the separate statements of comprehensive income in the period in which they occur. Remeasurement is not reclassified to the separate statements of income in subsequent periods.

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation under "Retirement benefits" in separate 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

3.17 Foreign Currency Transactions

The separate financial statements are presented in Philippine peso, which is the Company'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.

3.18 Income Taxes

3.18.01 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.

3.18.02 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 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 adjustment is 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 separate statements of income.

3.19 Provisions, Contingent Assets and Contingent Liabilities

3.19.01 Provisions

Provisions are recognized when the Company 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 Company 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 separate 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.

3.19.02 Contingent Liabilities and Contingent Assets

Contingent assets and liabilities are not recognized in the separate 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 separate financial statements but are disclosed when an inflow of economic benefits is probable.

3.20 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 that 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.

3.21 Related Party Transactions

Transactions with related parties 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.

3.22 Segment Reporting

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

3.23 Events after the End of the Reporting Period

Events after the end of the reporting period that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to separate financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

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

Judgments, estimates and assumptions 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 Company assess to have significant risks arising from estimation uncertainties:

4.01 Judgments

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

4.01.01 Determination of Significant Influence over an Investee Company

The Company considers its investments in Pointwest Technologies Corporation (PTC) and Business Process Outsourcing International, Inc. (BPO) as investments in associates. The Company 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 decisions about dividends and other distributions; and
- Material transactions between the investor and investee.

4.01.02 Classification of Financial Instruments

The Company 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 separate statements of financial position.

In addition, the Company 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.

4.01.03 Contractual Cash Flows Assessment

For each financial asset, the Company 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 Company 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.

Convertible notes receivable met the SPPI criterion. However, the Company has no convertible notes receivable as at December 31, 2022 and 2021.

4.01.04 Evaluation of Business Model in Managing Financial Instruments

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company'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 Company'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 Company's original expectations, the Company 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.

4.02 Estimates and Assumptions

4.02.01 Determination of Fair Values of Financial Instruments

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

Where the fair value of certain financial assets and financial liabilities recorded in the separate 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 of liquidity and model inputs such as liquidity risk, credit risk and considerations volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Company's financial instruments are disclosed in Note 19.

4.02.02 Estimating Provision for Expected Credit Losses

The Company uses the general approach to calculate expected credit losses for receivables and amounts due from related parties. The Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date.

In 2022 and 2021, the Company recognized ₱23,862 and nil, respectively, provision for expected credit losses on its receivables and due from related parties.

As of December 31, 2022 and 2021, the aggregate allowance for expected credit losses on receivables amounted to ₱0.12 million ₱0.10 million, respectively. The receivables net of allowance for expected credit losses as of December 31, 2022 and 2021 amounted to ₱7.4 million and ₱18.1 million, respectively.

4.02.03 Estimating Impairment of Debt Securities Classified as Financial Assets at FVOCI

The Company assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the credit risk on that financial instruments has increased significantly since initial recognition.

For debt instruments at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company 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 Company reassesses the internal credit rating of the debt instrument.

The Company's debt instrument in FVOCI comprises 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 Company'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 Company 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.

The Company did not recognize impairment loss for debt securities classified as financial assets at FVOCI for the years ended December 31, 2022 and 2021. The carrying value of debt securities classified as financial assets at FVOCI amounted to ₱42.5 million and ₱45.5 million as of December 31, 2022 and 2021, respectively (see Note 9).

4.02.04 Estimating Impairment of Investment in Associates

The Company performs an impairment review on 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 Company 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 ₱98.9 million as at December 31, 2022 and 2021 (see Note 12).

4.02.05 Estimating Impairment of Nonfinancial Assets

The Company determines whether prepayments and other current assets, investments in associates, property and equipment, investment properties, 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 Company 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 cash-generating unit to which the asset belongs.

The Company has not identified any events or changes in circumstances that would indicate an impairment of its nonfinancial assets as of December 31, 2022 and 2021 as follows:

	Notes	2022	2021
Prepayments and other current assets	8	₱3,435,638	₱3,312,853
Property and equipment	13	17,298	23,980
		₱3,452,936	₱3,336,833

5. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	₱39,151,458	₱48,276,189
Short-term placements	18,376,548	16,497,062
	₱57,528,006	₱64,773,251

Cash in banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States Dollar (USD) and Philippine Peso, made for varying periods of up to three months or less subject to roll-over requirements of the Company, depending on the immediate cash requirements of the Company, and earn interest at the respective bank rates ranging from 0.325% to 2.5% in 2022 and 0.625% to 3.25% in 2021.

Interest income earned on cash in banks and short-term placements amounted to ₱0.8 million in 2022 and 2021.

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

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

The roll-forward of the Company's investments in financial assets at FVTPL is as follows:

	2022	2021
Balances at beginning of year	₱21,080,589	₱21,808,077
Disposals	-	-
Changes in fair value during the year	(1,726,232)	(727,488)
Balances at end of year	₱19,354,357	₱21,080,589

Dividend income earned on investments in financial assets at FVTPL amounted to ₱0.86 million and ₱0.82 million in 2022 and 2021, respectively, presented as 'Dividend income' in the separate statements of income.

7. Receivables – net

This account consists of:

	Notes	2022	2021
Dividends receivable	16	₱5,249,962	₱17,144,030
Advances to related parties	17	1,384,391	100,000
Accrued interest		867,133	926,195
Others		23,862	23,862
		7,525,348	18,194,087
Less: allowance for expected credit losses		(123,862)	(100,000)
		₱7,401,486	₱18,094,087

Accrued interest pertains to interest earned on short-term placements and debt securities measured at FVOCI that are expected to be collected within one year.

8. Prepayments and Other Current Assets

This account consists of:

	2022	2021
Current input tax	₱2,473,493	₱2,349,388
Prepaid income tax	882,145	914,965
Deferred input tax	55,260	46,500
Prepaid expenses	24,740	2,000
	₱3,435,638	₱3,312,853

Input tax 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)

The details of the Company's investments in financial assets at FVOCI are shown below:

	2022	2021
Quoted:		
Debt securities	₱42,514,975	₱45,508,609
Equity securities	3,782,039	10,645,480
Unquoted equity securities	45,086,080	29,573,240
	₱91,383,094	₱85,727,329

Movements in financial assets at FVOCI are as follows:

	2022	2021
Beginning balances	₱85,727,329	₱67,484,177
Additions	22,079,321	18,710,335
Disposals	(8,173,650)	—
Changes recognized in profit or loss	3,670,982	2,341,269
Movements in net unrealized valuation losses	(11,920,888)	(2,808,452)
	₱91,383,094	₱85,727,329

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 separate statements of comprehensive income. The debt securities bear fixed interest rates ranging from 4.75% to 6.75% and 4.75% to 6.625% in 2022 and 2021, respectively. Maturity dates of the investments range from 2017 to 2029. Interests on investments are received and settled semi-annually in its denominated currency.

The Company has an investment in government issued debt security that is a peso-denominated, fixed-income Philippine Treasury Note with an effective interest of 8.125% in 2022 and 2021.

Investments in equity securities carried at fair value consist of investments in quoted and unquoted shares of stock which the Company 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 at December 31, 2022 and 2021. For unlisted shares of stocks that do not have readily available market values, the Company 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 losses on financial assets under FVOCI are as follows:

	2022	2021
Balance, January 1	₱11,869,229	₱9,018,926
Changes in fair value	11,920,888	2,808,452
Tax effect	(145,290)	41,851
	₱23,644,827	₱11,869,229

Interest income earned on debt securities classified as financial assets at FVOCI amounted to ₱2.7 million and ₱3.5 million in 2022 and 2021, respectively.

The Company disposed certain financial assets at FVOCI and recognized a loss from disposal amounting to ₱0.1 million in 2022.

10. Convertible Notes Receivables

The Company entered into an agreement with Xen Technologies Pte. Ltd. ("Xen"), whereby the Company issued convertible promissory notes ("Notes"). A total amount of US\$300,000 was paid for 2021. 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 the request of the Company on or before the maturity date.

The Note is 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 Note, together with all unpaid interest accrued, will automatically convert to shares on the date of the liquidation event; or
- Operational conversion at the maturity date.

In September 2021, the Note with carrying value of ₱16.1 million was converted into preferred shares recognized and measured as financial assets at FVOCI.

11. Investment In Subsidiary

The Company has a 94.37% interest in the unquoted equity securities of MCHC, a holding company incorporated in the Philippines involved in investing in 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. The cost of investment in MCHC amounted to ₱537.5 million as at December 31, 2022 and 2021.

MCHC has investments in the following subsidiaries as at December 31, 2022 and 2021:

	Country of Incorporation	Percentage of Ownership
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	100%
Malabrigo Corporation (MC)	Philippines	100%
Magellan Capital Realty Development Corporation (MCRDC)*	Philippines	100%
Magellan Capital Trading Corporation (MCTC)*	Philippines	100%

*Non-operational since incorporation.

In 2022 and 2021, the Company recognized dividend income from MCHC amounting to ₱27.6 million and ₱9.2 million, respectively.

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 acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. 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 in the SEC on January 7, 1991 and has been non-operational since incorporation.

12. Investments in Associates

The Company has equity interest in the unquoted equity securities of the following associates as at December 31, 2022 and 2021:

	Country of Incorporation	Percentage of Ownership	Cost of Investments
Business Process Outsourcing International, Inc. (BPO)	Philippines	35%	₱50,705,006
Pointwest Technologies Corporation (PTC)	Philippines	30%	48,225,000
			₱98,930,006

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 December 29, 2020, BPO declared cash dividends amounting to ₱10 million or ₱12.8 per share of the outstanding stocks as of record date. Dividends will be paid in the subsequent year. The Company's dividend income amounted to ₱3.5 million for the year ended December 31, 2020 and dividend receivable from BPO amounted to ₱10.5 million as of December 31, 2020.

As of December 31, 2021, the dividend receivable from BPO amounted to ₱1.75 million.

On September 5, 2022, BPO declared cash dividends amounting to ₱15 million or ₱19.23 per share of the outstanding stocks as of record date. Dividends will be paid in the subsequent year. The Company's dividend income and dividend receivable from BPO amounted to ₱5.2 million as of and for the year ended December 31, 2022.

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 1, 2021, PTC declared cash dividends amounting to US\$2.02 million, which are payable on or before October 31, 2021. Dividend income amounted to ₱30.8 million.

On December 16, 2021, PTC declared cash dividends amounting to US\$2.02 million, which are payable on or before February 28, 2022. Dividend income amounted to ₱30.4 million.

On October 18, 2022, PTC declared cash dividends amounting to US\$1.51 million, which are payable on or before November 30, 2022. Dividend income amounted to ₱25.8 million.

13. Property and Equipment – net

Movements in the carrying value of the Company's property and equipment follows:

	2022			
	Transportation Equipment	Furniture, Fixtures and Equipment	Condominium Improvements	Total
Cost:				
Beginning balances	₱335,493	₱206,414	₱248,337	₱790,244
Disposals	—	—	—	—
Ending balances	335,493	206,414	248,337	790,244
Accumulated depreciation:				
Beginning balances	335,493	182,434	248,337	766,264
Depreciation	—	6,682	—	6,682
Disposals	—	—	—	—
Ending balances	335,493	189,116	248,337	772,946
Net Book Values	₱—	₱17,298	₱—	₱17,298

	2021			
	Transportation Equipment	Furniture, Fixtures and Equipment	Condominium Improvements	Total
Cost:				
Beginning balances	₱335,493	₱382,101	₱248,337	₱965,931
Disposals	—	(175,687)	—	(175,687)
Ending balances	335,493	206,414	248,337	790,244
Accumulated depreciation:				
Beginning balances	335,493	349,087	248,337	932,917
Depreciation	—	8,105	—	8,105
Disposals	—	(174,758)	—	(174,758)
Ending balances	335,493	182,434	248,337	766,264
Net Book Values	₱—	₱23,980	₱—	₱23,980

As of 2022 and 2021, there are no items of property and equipment used as security for loans.

The Company recognized loss on disposal amounting to nil and ₱929 in 2022 and 2021, respectively.

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

14. Retirement Benefit Obligation

The existing regulatory framework, Republic Act (RA) No. 7641, *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 Company 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.

Components of retirement benefits expense recognized in the separate statement of income (included in the personnel expenses account) and changes in the present value of unfunded defined benefit obligation are as follows:

	2022	2021
Balances at beginning of year	₱653,281	₱614,789
Retirement expense recognized in the separate statements of income		
Current service cost	38,860	38,883
Net interest cost	11,106	10,451
	49,966	49,334
Remeasurements recognized in OCI		
Actuarial losses (gains) due to:		
Experience adjustments	(42,366)	(10,842)
Changes in financial assumptions	—	—
	(42,366)	(10,842)
Balances at end of year	₱660,881	₱653,281

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

	2022	2021
Discount rate	5.20%	1.70%
Salary increase rate	5.00%	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 and 2021 assuming all other assumptions were held constant.

	Effect on Defined Benefit Obligation	
	2022	2021
Discount rate		
+100 basis points	(₱1,510)	(₱1,902)
-100 basis points	1,527	1,562

The average duration of the defined benefit obligation as of December 31, 2022 and 2021 is 1 year.

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

	2022	2021
More than 1 year to 5 years	₱678,104	₱665,378

15. Income Taxes

The reconciliation of accounting and taxable profits based on the statutory income tax rate of 25% for the period ended December 31, 2022 and 2021 are as follows:

	2022	2021
Statutory income tax	₱17,456,623	₱23,054,472
Adjustments to income tax arising from:		
Nondeductible loss (gain) on fair value changes of financial assets at FVTPL	324,268	280,441
(Forward)		

	2022	2021
Dividend income exempt from tax	(14,840,471)	(21,780,559)
Tax rate difference on dividend income subjected to different rate	(20,863)	(17,244)
Tax rate difference on interest income subjected to final tax	(51,790)	(41,778)
Movements in unrecognized deferred tax assets	5,966	—
Other non-deductible expenses	20,000	—
Effect of lower income tax rate	—	237,100
	P2,893,733	P1,732,432

The Company's net deferred income taxes as of December 31, 2022 and 2021 are as follows:

2022	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Deferred tax assets (liabilities)				
NOLCO	P2,139,341	(P118,002)	P—	P2,021,339
Unrealized valuation loss on financial assets at FVOCI	2,409,851	—	145,290	2,555,141
Unrealized foreign exchange losses	(2,794,780)	(2,721,201)	—	(5,515,981)
Retirement obligation	163,320	12,492	(10,592)	165,220
MCIT	133,606	32,820	—	166,426
Unrealized valuation loss on financial assets at FVTPL	82,106	107,290	—	189,396
Allowance for expected credit losses on financial assets at FVOCI	19,457	—	—	19,457
	P2,152,901	(P2,686,601)	P134,698	(P399,002)
2021				
	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Deferred tax assets (liabilities)				
NOLCO	P2,961,664	(P822,323)	P—	P2,139,341
Unrealized valuation loss on financial assets at FVOCI	2,451,702	—	(41,851)	2,409,851
Unrealized foreign exchange losses	(2,249,864)	(544,916)	—	(2,794,780)
Retirement obligation	164,436	(51,133)	30,017	163,320
MCIT	187,058	(53,452)	—	133,606
Unrealized valuation loss on financial assets at FVTPL	180,675	(98,659)	—	82,106
Allowance for expected credit losses on financial assets at FVOCI	23,348	(3,891)	—	19,457
	P3,739,019	(P1,574,284)	(P11,834)	P2,152,901

16. Equity

16.01 Common Stock

In accordance with Annex 69-D of the Revised SRC Rule 68, below is a summary of the Company's track record of registration of securities.

	Number of shares registered	Issue/offer price	Date of approval
Common shares	1,000,000,000	P0.01	August 12, 1982
Common shares	9,000,000,000	0.01	July 28, 1997

The details of the Group's capital stock are as follows:

Common stock – ₱1 par value	2022	2021
Class A		
Authorized - 600 million shares		
Issued - 292,610,118 shares	₱292,610,118	₱292,610,118
Class B		
Authorized - 400 million shares		
Issued - 189,217,535 shares	189,217,535	189,217,535
	₱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.

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 58,377,270 Class A shares and 37,629,267 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 Company'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 27, 2002.

The exercise periods and expiration dates of the Company'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 Company's outstanding common stock increased to 401,032,728 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 Company will have an outstanding common stock of 577,239,273 shares, consisting of 350,263,669 Class A common shares and 220,976,604 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 16,914,634 Class B common stock warrants expired due to non-exercise of stock warrants before expiration date. After the expiration of the said warrants, the Company's outstanding common stock amounted to ₱481.8 million with additional paid-in capital of ₱144.8 million. There have been no movements since 2008.

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

16.02 Retained Earnings

Following are the regular cash dividends declared and paid by the Company in 2022 and 2021:

Declaration date	Record date	Payment date	Per Share	Total
June 27, 2022	August 19, 2022	September 15, 2022	₱0.10	48,182,765
June 27, 2022	July 12, 2022	July 30, 2022	0.05	₱24,091,383
September 17, 2021	October 1, 2021	October 27, 2021	0.10	48,182,765

Dividends payable amounted to ₱7.0 million and ₱6.4 million as at December 31, 2022 and 2021, respectively.

17. Related Party Disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: individuals owning, directly or indirectly, through one or more intermediaries, control, or are controlled by, or under common control with, the Company; associates; and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The Company, through its BOD, recognizes that transactions between and among related parties create strategic financial, commercial, and economic benefits to the Company 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 Company's total assets, it shall be considered as Material Related Party Transactions and shall be subject to arms-length principle and BOD approval.

The Company, in the normal course of business, has provided and/or received advances, services and or goods to and from related parties principally consisting of the following:

Subsidiary	Year	Amount of Transaction	Outstanding Balances	Terms	Conditions
MCHC					
Dividends	2022	₱27,639,950	₱—	On demand; non-interest bearing	Unsecured; unimpaired
	2021	9,213,316	—	On demand; non-interest bearing	Unsecured; unimpaired
Due to related party	2022	6,500	6,500	On demand; non-interest bearing	Unsecured; unimpaired
	2021	—	—	On demand; non-interest bearing	Unsecured; unimpaired
(Forward)					

Indirect Subsidiary PIEI	Year	Amount of Transaction	Outstanding Balances	Terms	Conditions
Advances	2022	P1,282,692	P1,282,692	On demand; non- interest bearing	Unsecured; unimpaired
	2021	—	—	On demand; non- interest bearing	Unsecured; unimpaired
Associates PTC					
Dividends	2022	25,752,132	—	On demand; non- interest bearing	Unsecured; unimpaired
	2021	61,232,597	15,394,042	Collectible on or before February 28, 2022	Unsecured; unimpaired
BPOII					
Dividends	2022	5,249,962	5,249,962	On demand; non- interest bearing	Unsecured; unimpaired
	2021	—	1,749,987	On demand; non- interest bearing	Unsecured; unimpaired
	2022	P59,931,236	P6,539,154		
	2021	P70,445,913	P17,144,029		

17.01 Compensation of Key Management Personnel

Financial and operating decisions are carried out by the key management personnel of MCHC.

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

18. Financial Risk Management Objectives and Policies

18.01 Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

18.02 Financial Risk Management Objectives and Policies

The principal financial instruments of the Company consist of cash and cash equivalents and investments in equity and debt securities. The main purpose of these financial instruments is to place excess cash in income-earning investments. The Company has various other financial assets and liabilities such as receivables, due from related parties, accounts payable and accrued expenses and dividends payable which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (i.e., interest rate risk, foreign currency risk and equity price risk). The Company's management reviews and approves policies for managing each of these risks and they are summarized below. The Company also monitors the market price risk arising from all financial instruments.

The magnitudes of these risks that have arisen over the year are discussed below.

18.03 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

The Company is exposed to credit risk primarily because of its investing and operating activities. The Company is also exposed to credit risk arising from the counterparties (i.e., foreign currency

denominated debt instruments, short-term investments, fixed income deposit and receivables) to its financial assets.

18.03.01 Credit Risk Management

In managing credit risk on these investments, capital preservation is paramount. The Company trades only with recognized and creditworthy third parties. For investments in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in equity securities represent investments in companies with good dividend track record, as well as capital appreciation. The investment portfolio mix between debt and equity is reviewed regularly by the Company's President and Treasurer.

With respect to credit risk arising from other financial assets of the Company, which consist of cash and cash equivalents, receivables and due from related parties, the Company's President and Treasurer monitor these financial assets on an ongoing basis with the result that the Company's exposure to impairment losses is not significant.

18.03.02 Credit Risk Exposures

At reporting date, the Company's maximum exposure to credit risk is equal to the carrying amount of cash and cash equivalents, receivables, due from related parties, financial assets at FVTPL and FVOCI recognized in the separate statements of financial position. The Company's financial assets are not covered by collateral from counterparties.

18.03.03 Credit Risk Concentration Profile

The Company has no significant concentrations of credit risk.

18.03.04 Credit Quality

As of December 31, 2022 and 2021, the credit qualities per class of financial assets are as follows:

	2022				
	Neither past due nor impaired		Past due but not impaired	Individually impaired	Total
	High grade	Standard grade			
Financial assets					
At amortized cost					
Cash and cash equivalents*	P57,523,006	P—	P—	P—	P57,523,006
Receivables	7,401,486	—	—	123,862	7,525,348
Financial assets at FVOCI	42,514,975	—	—	—	42,514,975
	P107,439,467	P—	P—	P123,862	P107,563,329

*Excluding cash on hand

	2021				
	Neither past due nor impaired		Past due but not impaired	Individually impaired	
	High grade	Standard grade			Total
Financial assets					
At amortized cost					
Cash and cash equivalents*	P64,768,251	P—	P—	P—	P64,768,251
Receivables	18,094,087	—	—	100,000	18,194,087
Financial assets at FVOCI	45,508,609	—	—	—	45,508,609
	P128,370,947	P—	P—	P100,000	P128,470,947

*Excluding cash on hand

High grade financial assets

High grade receivables pertain to due from related parties and customers with good payment history. These receivables are considered to be of good quality and expected to be collectible

without incurring any credit losses. Other high grade financial assets reflect the investment grade quality of the investments and/or counterparty and realizability is thus assured.

Standard grade financial assets

Receivables from customers who settle their obligations with tolerable delays are classified under standard grade. Other standard grade financial assets are considered moderately realizable. There are no standard grade financial assets as of December 31, 2022 and 2021.

18.03.05 Impairment Assessment

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Company determines allowance for each significant receivable on an individual basis. Among the items that the Company considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are nonmoving accounts receivable, accounts of defaulted companies and accounts from closed companies.

In 2022 and 2021, the Company applies a general approach in calculating ECL. The Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date.

The Company has the following financial assets that are subject to the expected credit loss model:

- *Cash and cash equivalents.* As of December 31, 2022 and 2021, the ECL relating to the cash and cash equivalents of the Company is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
- *Receivables.* As of December 31, 2022 and 2021, the ECL relating to receivables of the Company is minimal as these mainly pertain to interest and dividends receivables and have low credit risk.
- *Convertible notes receivable.* There is no ECL recognized for the Company's convertible notes receivable for the years ended December 31, 2022 and 2021.
- *Debt instruments measured at fair value through other comprehensive income.* No additional ECL is recognized in 2022 and 2021. The probability of default and loss given default of each debt instrument were obtained from Bloomberg.

There has been no significant increase in credit risk in any of the Company's financial assets as at December 31, 2022 and 2021.

18.04 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due and this is done by primarily investing in highly liquid investments and maintaining a significant amount of cash and cash equivalents and pre-terminable investments in its portfolio.

The following table summarizes the maturity profile of the Company's financial liabilities as of December 31, 2022 and 2021 based on contractual undiscounted cash flows. The table also analyzes the maturity profile of the Company's financial assets in order to provide a complete view of the Company's contractual commitments.

The analysis into the relevant maturity profile of the Company is based on the remaining period at the end of the reporting period to the contractual maturity dates.

2022				
	On demand	Within 1 year	More than 1 year	Total
Financial assets				
At amortized cost				
Cash and cash equivalents	P39,151,458	P18,376,548	P—	P57,528,006
Receivables	23,862	7,377,624	—	7,401,486
Financial assets at FVTPL	19,354,357	—	—	19,354,357
Financial assets at FVOCI	—	—	91,383,094	91,383,094
	58,529,677	25,754,172	91,383,094	175,666,943
Financial liabilities				
Accounts payable and accrued expenses*	—	538,500	—	538,500
Dividends payable	—	6,964,039	—	6,964,039
	—	7,502,539	—	7,502,539
	P58,529,677	P18,251,633	P91,383,094	P168,164,404

*Excluding statutory payables

2021				
	On demand	Within 1 year	More than 1 year	Total
Financial assets				
At amortized cost				
Cash and cash equivalents	P48,276,189	P16,497,062	P—	P64,773,251
Receivables	23,862	18,070,225	—	18,094,087
Financial assets at FVTPL	21,080,589	—	—	21,080,589
Financial assets at FVOCI	—	—	85,727,329	85,727,329
	69,380,640	34,567,287	85,727,329	189,675,256
Financial liabilities				
Accounts payable and accrued expenses*	—	448,000	—	448,000
Dividends payable	—	6,422,407	—	6,422,407
	—	6,870,407	—	6,870,407
	P69,380,640	P27,696,880	P85,727,329	P182,804,849

*Excluding statutory payables

18.05 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices. There has been no change in the Company's exposure to market risks or the manner in which it manages and measures the risk.

18.05.01 Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Company derives majority of its revenue from interest-bearing placements and bonds. Accordingly, the Company is subject to financial risk arising from changes in interest rates. The Company manages interest rate risk by investing mainly on fixed coupon bonds and other investments. By doing so, the Company is assured of future interest revenues from such investments.

Since the Company invests on fixed coupon interest bonds and other investments, the Company is not exposed significantly to cash flow interest rate risk. The following table demonstrates management's best estimate of the sensitivity to a reasonably possible change in interest rates,

with all other variables held constant, of the Company's income before income tax due to changes in fair values of FVOCI financial assets in debt securities (see Note 9):

	2022	2021
Change in interest rate (in basis points)		
+10%	₱4,251,498	₱4,550,861
-10%	(4,251,498)	(4,550,861)

There is no other impact on equity other than those already affecting the income before income tax in profit or loss.

18.05.02 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currencies.

In the normal course of business, the Company enters into transactions denominated in US dollar and other foreign currencies. As a result, the Company is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign-currency-denominated assets.

Information on the Company's foreign currency denominated monetary assets and their Philippine peso equivalent as of 2022 and 2021 are as follows:

2022					2021		
	Exchange Rate	Original Currency	Peso Equivalent		Exchange Rate	Original Currency	Peso Equivalent
Cash in banks	USD	56.1200	550,324	₱30,884,184	50.774	847,959	₱43,054,270
Cash in banks	HKD	7.1996	16,182	116,501	6.510	16,181	105,340
Cash equivalents	USD	56.1200	327,451	18,376,548	50.774	324,912	16,497,082
Financial asset at FVTPL	HKD	7.1996	224,940	1,619,478	6.510	358,662	2,334,925
Financial assets at FVOCI:							
Debt securities	USD	56.1200	604,971	33,950,987	50.774	841,763	42,739,649
Equity securities	USD	56.1200	870,708	48,864,119	50.774	639,034	32,446,312
			₱133,811,817				₱137,177,578

The Company has no foreign currency denominated monetary liabilities as of December 31, 2022 and 2021.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates based on past foreign currencies exchange rates and macroeconomic forecasts for 2022 and 2021, with all other variables held constant, of the Company's 2022 and 2021 income before income tax.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the following percentage change in foreign currency rates:

Original Currency	2022		2021	
	Strengthened by 5%	Weakened by 5%	Strengthened by 5%	Weakened by 5%
USD	₱4,160,586	(₱4,160,586)	₱5,114,550	(₱5,114,550)
HKD	5,825	(5,825)	5,267	(5,267)

In 2022 and 2021, net foreign exchange gain amounted to ₱11.4 million and ₱4.3 million, respectively.

There is no other impact on the Company's equity other than those already affecting the separate statements of income.

18.05.03 Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Company's financial assets at FVTPL and investments in equity securities. For investments in Philippine equities, majority of funds are invested in equities listed in the PSE.

The Company measures the sensitivity of its equity securities by using PSE and HKEx indices fluctuations and its effect to respective share prices.

The following table demonstrates the sensitivity to a reasonably possible change in the equity price based on past price performance and macroeconomic forecast for 2022 and 2021, with all other variables held constant, of the Company's income before income tax and equity:

Effect on income before income tax

	2022	2021
Financial assets at FVTPL:		
Change in stock market index		
+10%	₱1,935,436	₱2,108,059
-10%	(1,935,436)	(2,108,059)

There is no other impact on the Company's equity other than those already affecting the income before income tax.

Effect on equity

	2022	2021
Investment in equity securities (FVOCI):		
Change in club share prices		
+10%	₱4,886,812	₱4,021,872
-10%	(4,886,812)	(4,021,872)

19. Fair Value of Financial Instruments

Fair values of financial assets at FVTPL and quoted financial assets at FVOCI are based on price quotations as at December 31, 2022 and 2021.

The following tables show the Company's fair value measurement hierarchy of its financial assets at FVTPL and FVOCI. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	₱19,354,357	₱19,354,357	₱—	₱—	₱19,354,357
Financial assets at FVOCI					
Quoted debt securities	42,514,975	42,514,975	—	—	42,514,975
Quoted equity securities	3,782,039	3,782,039	—	—	3,782,039
Unquoted equity securities	45,086,080	—	4,000	45,082,080	45,086,080
	₱110,737,451	₱65,651,371	₱4,000	₱45,082,080	₱110,737,451

	2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	₱21,080,589	₱21,080,589	₱—	₱—	₱21,080,589
Financial assets at FVOCI					
Quoted debt securities	45,508,609	45,508,609	—	—	45,508,609
Quoted equity securities	10,645,480	10,645,480	—	—	10,645,480
Unquoted equity securities	29,573,240	—	4,000	29,569,240	29,573,240
	₱106,807,918	₱77,234,678	₱4,000	₱29,569,240	₱106,807,918

As of December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.

20. Segment Information

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

21. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is not subject to any externally imposed capital requirements.

The total core capital considered by the Company as of December 31, 2022 and 2021 are as follows:

	2022	2021
Common stock	₱481,827,653	₱481,827,653
Additional paid in capital	144,759,977	144,759,977
Retained earnings	203,515,079	208,856,469
	₱830,102,709	₱835,444,099

22. Earnings per Share

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

	2022	2021
Net income	₱66,932,758	₱74,515,706
Weighted average number of common shares outstanding	481,827,653	481,827,653
Basic/diluted EPS	₱0.14	₱0.15

The Company has no potentially dilutive instruments issued as of December 31, 2022 and 2021.

23. Supplemental Notes to Separate Statements of Cash Flows

The following shows the changes in the Company's liabilities arising from its financing activities in 2022 and 2021:

	As at January 1, 2022	Cash Flows	Dividend Declaration	As at December 31, 2022
Dividends payable	₱6,422,407	(₱71,732,516)	₱72,274,148	₱6,964,039

	As at January 1, 2021	Cash Flows	Dividend Declaration	As at December 31, 2021
Dividends payable	₱5,997,543	(₱47,757,901)	₱48,182,765	₱6,422,407

24. Restatement of Prior Period Separate Financial Statements

The beginning balance of net unrealized valuation losses on financial assets at FVOCI and retained earnings for 2022 has been restated due to the correction of previously issued 2021 financial statements. The adjustments are mainly in the following accounts which increase the total assets by ₱4,334,428 resulting to an increase in the total equity by the same amount due to early conversion of convertible notes receivable into equity shares.

Account	Increase (Decrease)
Receivables – net	(₱329,016)
Prepayments and other current assets	(582)
Financial assets at FVOCI	21,800,818
Convertible notes receivable	(16,450,776)
Deferred tax assets	(686,016)
Net unrealized valuation losses on financial assets at FVOCI	4,833,599
Retained earnings	(499,171)
Interest income	(410,034)
Foreign exchange gains	255,527
Provision for income tax	(166,390)
Net unrealized valuation losses on changes in fair value of financial assets at FVOCI, net of tax effect	4,833,599
Basic/diluted loss per share	(0.01)

25. Supplementary Information Required under Revenue Regulations No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties and license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements.

This supplemental information, which is an addition to the disclosures required under full PFRS, is presented as follows:

25.01 VAT

The Company's output VAT declaration amounted to nil in 2022 and 2021.

The movements in the input VAT paid for by the Company for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning of the year	₱2,349,388	₱2,234,049
Current year's purchases of goods other than capital goods	124,105	115,339
	₱2,473,493	₱2,349,388

25.02 Excise Tax

The Company has no excise tax payments in 2022 and 2021.

25.03 Taxes and Licenses

Local and national taxes paid in 2022 and 2021 are included under 'Taxes and licenses' as follows:

	2022	2021
License and permit fees	₱290,971	₱299,985

25.04 Withholding Taxes

The following are the amounts of withholding taxes during 2022 and 2021:

	2022	2021
Expanded withholding taxes	₱46,948	₱55,169
Tax on compensation and benefits	32,889	32,889
	₱79,837	₱88,058

25.05 Taxes on Importation

Information on tariff fees paid or accrued are not applicable to the Company since the Company did not enter into transactions which will result in payment or accrual of such taxes.

25.06 Deficiency Tax Assessments

The Company does not have any deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR as of December 31, 2022 and 2021.