COVER SHEET

4	3	3	7	0

SEC Registration Number

F & J PRINCE
HOLDINGS CORPORATION

(Company's Full Name)

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

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

Atty. Fina Bernadette D.C. Tantuico
Contact Person

88927133 · 88927137
Company Telephone Numbers

12	31
Month	Day

Fiscal Year

04	12
Month	Day

Annual Meeting

DEFINITIVE INFORMATION STATEMENT

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

F & J Prince Holdings Corporation

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

ANNUAL STOCKHOLDERS' MEETING

Thursday, September 7, 2023, 3:00PM

via ZOOM (details to be announced)

(DEFINITIVE)

INFORMATION STATEMENT

THE CORPORATION UNDERTAKES TO PROVIDE WITHOUT CHARGE TO THE SHAREHOLDERS, UPON THE WRITTEN REQUEST OF ANY SHAREHOLDER, A COPY OF THE ANNUAL REPORT ON SEC FORM 17-A. HOWEVER, THE MANAGEMENT RESERVES THE RIGHT TO CHARGE REASONABLE FEES FOR PROVIDING COPIES OF THE EXHIBITS ATTACHED TO THE REGISTRANT'S SEC FORM 17-A. SAID WRITTEN REQUEST MAY BE DIRECTED TO:

ATTY. FINA BERNADETTE D.C. TANTUICO

Corporate Secretary

F & J Prince Holdings Corporation

5th Floor, BDO Towers Paseo

8741 Paseo de Roxas, Makati City, 1226

F & J Prince Holdings Corporation

July 26, 2023

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City

Attention : MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

Attention : MS. ALEXANDRA D. TOM WONG
Officer-in-Charge, Disclosure Department

Subject : Definitive Information Statement

Gentlemen:

In accordance with SEC Rule 20, prior to the sending of the Definitive copies of the following documents to stockholders, we are submitting herewith for your review and approval, drafts of the following:

1) Definitive Information Statement.
2) Notice of Annual Stockholders' Meeting. The Zoom link for the meeting will be provided to the shareholders who register to join the meeting as provided for in the Guidelines which will be provided in the company website fjprince.com and also provided in the Definitive Information Statement.
3) Proxy Form.
4) 2022 Management Report.
5) 2022 Audited Financial Statements and 2023 Unaudited First Quarter Report and Second Quarter Report.

We have incorporated the Revisions and Comments contained in your email of July 17, 2023 (please see attached).

The Statement of Management's Responsibility for Financial Statement was under oath and manually signed by the Chairman, Chief Executive Officer and Chief Financial Officer in the final 2022 Management/Annual Report. The Report of Independent Public Accountants was likewise manually signed by the certifying partner in the final printed 2022 Management/Annual Report.

We trust you will find the foregoing in order.

Very truly yours,

MARK RYAN K. COKENG
President

5/F BDO Towers Paseo, 8741 Paseo de Roxas, Makati City 1226
Tel. Nos. 88927133 • 88927137 • 88929443 • Fax No. 88927127
Email Address: fjphco@gmail.com

F & J Prince Holdings Corporation

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of *F & J Prince Holdings Corporation* will be held on **September 7, 2023, Thursday at 3:00PM via ZOOM, from the company's office at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City. In view of the ongoing Covid-19 pandemic, stockholders may only attend by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy. The Guidelines on the procedure registration for the meeting are provided in the company's website fjprince.com.**

The following matters will be taken up during the meeting:

1. **CALL MEETING TO ORDER.** The Chairman will formally open the 2023 Annual Stockholders' Meeting and will call the meeting to order.

2. **PROOF OF NOTICE AND QUORUM.** The Corporate Secretary will certify on the date when written notice of the time, date, place and purpose of the meeting was sent to all registered stockholders of record as of **August 26, 2023**. The Corporate Secretary will further certify the presence of a quorum. The holders of record for the time being of majority of the stock of the Company then issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business.

3. **APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON OCTOBER 6, 2022.** Copies of the minutes of the stockholders' meeting held on October 6, 2022 will be distributed to the stockholders before the meeting. Shareholders will vote for the adoption of a resolution approving the Minutes of the annual general meeting of the stockholders.

4. **MANAGEMENT REPORTS.** The Chairman will deliver a report to the stockholders on the highlights of the company's performance for the year 2022 and the outlook for the year 2023.

5. **PRESENTATION AND APPROVAL OF AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022.** The stockholders will be given an opportunity to ask questions prior to submitting the Annual Report and the Audited Financial Statements for approval by the

stockholders. Copies of the Annual Report and Audited Financial Statements will be distributed before the meeting.

6. **RATIFICATION OF CORPORATION ACTION TAKEN.** Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors, Board Committees and management of the Company taken or adopted since the annual stockholders' meeting on October 6, 2022. The acts and resolutions of the Board and its Committees were reflected in the minutes of meetings including approval of contracts and agreements, projects and investments, treasury matters and acts of resolutions covered by the disclosures to the SEC and PSE.

7. **ELECTION OF DIRECTORS**. The list of names of nominees for the office of the Board of Directors including the Independent Directors for the year 2023-2024 will be announced, for purposes of their election.

8. **ELECTION OF EXTERNAL AUDITOR FOR THE FISCAL YEAR JANUARY TO DECEMBER, 2023.** Upon the endorsement of the Audit Committee, the stockholders shall elect the external auditor for the year 2023.

9. **OTHER MATTERS.** Shareholders may raise questions or express comments that are relevant to the corporation.

10. **ADJOURMENT.** Upon determination by the Corporate Secretary that there are no other matters to be considered, and on motion by the stockholders, the Chairman shall declare the meeting adjourned.

For purposes of the meeting, only stockholders of record at the close of business on August 26, 2023 shall be entitled to vote thereat.

This Notice will also be published twice in 2 newspapers of general circulation and online format at least 21 days before the date of the Annual Stockholders' Meeting.

Duly accomplished proxies in the form attached must be submitted on or before August 30, 2023 to the office of the Corporation not later than the close of office hours, or submitted online by email to fjphco@gmail.com. If the stockholder is a corporation, a Secretary's Certificate quoting the board resolution authorizing the corporate officer to execute the proxy should also be submitted.

Validation of proxies will be held on August 31, at 11:00 AM at the 5th Floor, BDO Tower Paseo, Paseo de Roxas, Makati City.

Makati City, July 19, 2023.

By Resolution of the Board of Directors:

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

<u>Guidelines for Participating via Remote Communication and Voting *in Absentia* in 2023 Annual Stockholders' Meeting of F&J Prince Holdings Corporation.</u> (*Will be in the company's website fjprince.com*).

The 2023 Annual Stockholders' Meeting (ASM) of F&J Prince Holdings Corporation is on September 7, 2023 at 3:00PM and with a record date of August 26, 2023.

In consideration of the health and safety concerns of everyone brought by COVID 19 pandemic, the Board of Directors of the Company has approved and authorized our stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia.

<u>Registration</u>

The stockholder must notify the Corporate Secretary of his/her intention to participate in the ASM via remote communication and exercise his/her right to vote in absentia by no later than August 30, 2023 by emailing at fjphco@gmail.com and by submitting therewith the following supporting documents/information:

- For Individual Stockholders
  1. Copy of valid government ID of stockholder/proxy
  2. Stock certificate numbers
  3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
  4. E-mail address and contact number of stockholder and proxy (if any)

- For Multiple Stockholders or joint owners
  1. Stock certificate number/s
  2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need *not* be notarized)
  3. Copy of valid government IDs of all registered stockholders
  4. Email-address and contact number of the authorized representative

- For Corporate Stockholders
  1. Secretary's Certification of Board resolution appointing and authorizing a proxy to participate in the ASM
  2. Valid government ID of the authorized representative
  3. Stock certificate number/s
  4. E-mail address and contact number of the authorized representative

- For Stockholders with Shares under broker account
    1. Certification from the broker as to the number of shares owned by the stockholder
    2. Valid government ID of stockholder
    3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
    4. E-mail address and contact number of stockholder or proxy

Voting

The stockholders who have sent us their intention to participate in the ASM shall be notified via email of their log-in passwords for the zoom meeting. The stockholders can then cast their votes during the zoom meeting.

ASM Livestream

The stockholders who have the log-in passwords can participate in the ASM through zoom. Further instructions on how to access the live stream will also be posted at fjprince.com.

Open Forum

There will be Open Forum during the meeting, where representatives of the Company may answer as many questions as time will allow. However, a stockholder may send their questions in advance by sending an email at fjphco@gmail.com on or before August 30, 2023.

The Company's Investor Relations Officer will answer questions received but not answered during the ASM by email.

Voting Procedures

(a) Vote required
The affirmative vote of the at least majority of the issued and outstanding capital stock entitled to and represented at the Annual Stockholders' Meeting is required for the approval of the matters presented to the stockholders for decision. The election of Directors is by plurality of votes.

(b) Method of voting
In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary at fjphco@gmail.com on or before August 30, 2023.

A stockholder may vote electronically in absentia using the online web address, fjphco@gmail.com subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Committee of Inspectors and Ballots of the Company and the results will be validated by an independent third party.

For any queries or concerns, please contact the office of the Corporate Secretary at (632) 8-892.7133 or via email at fjphco@gmail.com.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20- IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

____ Preliminary Information Statement

___√_Definitive Information Statement

F & J Prince Holdings Corporation

2. Name of Registrant as specified in its charter

Philippines

3. Province, country or other jurisdiction of incorporation or organization

43370 **000-829-097**

4. SEC Identification Number 5. BIR Tax Identification Number

5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City **1226**

6. Address of principal office Postal Code

(632) 8892-7133 or 8892-7137

7. Registrant's telephone number, including area code

September 7, 2023, Thursday, 3:00PM
via ZOOM, 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

8. Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders.
August 9, 2023

10. In case of Proxy Solicitations:

F & J Prince Holdings Corporation

Name of Person Filing the Statement/Solicitor:

5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City
8892-7133 or 8892-7137

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Class "A"	**292,610,118**
Class "B"	**189,217,535**

12. Are any or all of registrant's securities listed on the Stock Exchange?

Yes ✓ No ____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein

Philippine Stock Exchange, Class "A" and "B"

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date	:	**September 7, 2023, Thursday**
Time	:	**3:00PM**
Place	:	**via ZOOM, 5th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City**
Complete mailing address of principal office	:	**5th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City 1226**

The Information Statement and the proxy forms and other solicitation materials may be accessed by the shareholders at the company's website fjprince.com beginning August 10, 2023. In view of the ongoing Covid-19 pandemic, it is deemed advisable to hold this meeting by teleconference.

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

The appraisal right is available to any stockholder who will vote against the proposed corporate action in the following instances stated in the Revised Corporation Code (2019), to wit:

(1) any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Sec. 80 (a));

(2) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Sec. 80 (b));

(3) any merger or consolidation of the Corporation with or into another entity (Sec. 80 (c)); and
(4) any investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Corporation was organized (Sec. 80 (d)).

However, the present meeting is being called in order to approve the following matters, namely:

(1) Approval of the Minutes of the 2022 Annual Stockholders' Meeting;
(2) Approval of the Audited Financial Statements as of 2022;
(3) Ratification of corporate acts of the Board of Directors;
(4) Election of members of the Board of Directors; and
(5) Appointment of the external auditor of the Corporation for the fiscal year 2023.

Therefore, the matters to be taken up during the meeting do not call for the availability and the exercise of the shareholder's appraisal right.

ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

None of the directors and executive officers of the Corporation, nor any associate of said persons, have any substantial interest, direct or indirect, in any matter to be acted upon at the meeting, other than elections to office.

None of the directors of the Corporation has informed the Corporation, whether in writing or otherwise, of any intention to oppose any matter to be taken up at the forthcoming stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The securities of the Registrant are divided into two (2) classes: Class A which is issued solely to Filipino citizens and Class B which may be issued to Filipino citizens or to aliens alike. As of June 30, 2023, One Hundred Forty Million One Hundred Forty-Four Thousand Two Hundred Fifty Nine **(140,144,259)** shares are foreign owned.

The following number of shares is outstanding and entitled to vote as of **June 30, 2023**~~:~~

<u>Class</u>	**No. of Shares <u>Outstanding</u>**	**No. of Votes to <u>which entitled</u>**
Class "A"	292,610,118	292,610,118
Class "B"	<u>189,217,535</u>	<u>189,217,535</u>
Total	**<u>481,827,653</u>**	**<u>481,827,653</u>**

The record date for shareholders who shall be entitled to vote has been fixed at August 26, 2023. All shareholders entitled to vote may vote such number of shares of stock standing in his name on the stock and transfer book of the Corporation as of August 26, 2023. Said shareholders may vote such shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: *provided* that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the total number of directors to be elected.

(1) Security Ownership of Certain Record and Beneficial Owners

As of June 30, 2023, the record or beneficial owners of Five Percent (5%) or more of the outstanding capital stock of the Corporation 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	NO. OF SHARES HELD	PERCENTAGE
Common B	Essential Holdings Limited 11/F, Belgian House 77-79 Gloucester Road, Hong Kong *Stockholder*	Same as Record Owner Estate of Robert Y. Cokeng Mary K. Cokeng Managing Director	Foreign	139,778,670 Record & Beneficial	29.01%
Common A	PCD Nominee Corporation 37th Floor Tower I, The Enterprise, 6766 Ayala Avenue Makati City *Stockholder*	None of the beneficial owners own Five (5%) Percent or more of the outstanding capital stock of the Corporation	Filipino	71,547,390	14.86%

Common A & B	Pinamucan Industrial Estates, Inc. 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *A Subsidiary of the Subsidiary of Issuer*	Same as Record Owner Johnson U. Co President	Filipino	47,268,493 Record & Beneficial	10.44%
Common A	Magellan Capital Holdings Corporation 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *94% Subsidiary of Issuer*	Same as Record Owner Mark Ryan K. Cokeng President	Filipino	47,143,022 Record & Beneficial	9.92%
Common A	Consolidated Tobacco Industries of the Philippines, Inc. CTIP Compound, Ortigas Avenue Extension, Rosario, Pasig City *Stockholder*	Same as Record Owner Mark Ryan K. Cokeng President	Filipino	43,052,023 Record & Beneficial	8.93%
Common A	Vructi Holdings Corporation 52 Narra Avenue, Forbes Park, Makati City *Stockholder*	Same as Record Owner Rufino B. Tiangco President	Filipino	34,633,628 Record & Beneficial	7.18%

Mr. Mark Ryan K. Cokeng is the controlling stockholder of Essential Holdings Limited ("EHL"). He is also the President of the Registrant. Mr. Mark Ryan K. Cokeng has the power to vote the shares of EHL in the upcoming Stockholders' Meeting.

Mr. Mark Ryan K. Cokeng is the Chairman of Pinamucan Industrial Estates, Inc. ("PIEI"). He has voting power over the shares of stock of PIEI. He is also the President of the Registrant.

Mr. Mark Ryan K. 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. Mark Ryan K. 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 June 30, 2023, 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	Estate of Robert Y. Cokeng	13,693,072 2,020,000	Direct Indirect	Filipino	3.26%
Common A	Katrina Marie K. Cokeng	10,000	Indirect	Filipino	.002%
Common A	Charlie K. Chua	5,000	Indirect	Filipino	0.0010%
Common A	Francis L. Chua	100,000	Direct	Filipino	0.02%
Common A	Johnson U. Co	1,100,000	Direct	Filipino	0.23%
Common A	Mark Ryan K. Cokeng	10,000	Indirect	Filipino	0.002%
Common A	Johnson Tan Gui Yee	15,371,747	Direct	Filipino	3.19%
Common A	Mary K. Cokeng	1,000	Indirect	Filipino	0.0002%
Common A	Johnny O. Cobankiat	7,227,076	Indirect	Filipino	1.50%
Common A	Peter L. Kawsek, Jr.	1,000	Indirect	Filipino	0.0002%
Common A & B	Rufino B. Tiangco	128,000	Direct	Filipino	0.03%
Total		**39,716,895**			**8.23%**

(3) Voting Trust Holders of 5% or More of the Outstanding Shares

No shareholder holding more than Five Percent (5%) of the outstanding capital stock of the Corporation holds such shares under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in the voting control of the Registrant nor has there been any arrangement with any party which may result in a change of control since the last fiscal year.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(1) Directors and Nominees

The following are the incumbent Directors and Executive Officers of the Registrant as well as nominee for Director, and their respective ages, citizenship, business experiences for the last five (5) years, positions and periods of service:

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, Ince. 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, 71 years old, Filipino citizen.
Vice-President for Administration and Director

Re-elected on 06 October 2022 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. Tomas.

CHARLIE K. CHUA, 61 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.

MARY K. COKENG, 71 years old, Filipino citizen.
Treasurer

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

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

Bachelor of Arts, Management, University of Sto. Tomas

JOHNNY O. COBANKIAT, 72 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, 72 years old, Filipino citizen.
Director

Re-elected on 06 October 2022 for 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., 66 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, 74 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, Midbound Vitas Central Terminal & Shipyards Corp.; *President*, Vructi 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. Tomas

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

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

Co-Founder & CEO, Xen Technologies PTE LTD, Singapore; Previous positions: *Co-Founder and Chief Commercial Officer*, Oriente Finance (HK) LTD; *Strategic Pricing Director*, Asia Pacific, Estee Lauder (HK) LTD; *Vice President*, ING Pomona Capital (HK) LTD; *Engagement Manager*, Corp. Finance, McKinsey & Company.

Master in Business Administration, Harvard Business School; AB, Economics and Psychology, Summa Cum Laude, Phi Betta Kappa, Smith College

PONCIANO K. MATHAY, 64 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.; *Director*, Alcorn Petroleum and Minerals Corporation; *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-elected 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; *Corporate Secretary*, Philippine Telegraph & Telephone Co. (PT&T), Capitol Wireless Inc. (Capwire), Philippine Wireless Inc. (Pocketbell), 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. *Professorial Lecturer*, University of the Philippines College of Law; member, Inter-Country Placement Committee of the national Authority for Child Care (Inter-Country Adoption Board).

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.

Executive Officers. The Executive Officers of the Registrant, and their respective ages, citizenship, positions are as follows:

NAME	AGE	CITIZENSHIP	POSITION	PERIOD DURING WHICH THE INDIVIDUAL HAS SERVED AS SUCH
Johnson Tan Gui Yee	76	Filipino	Chairman of the Board	January 2023 to present
Mark Ryan K. Cokeng	36	Filipino	President	January 2023 to present
Ponciano K. Mathay	63	Filipino	Senior Vice President, Compliance Officer, and Assistant Corporate Secretary	2018 to present
Johnson U. Co	71	Filipino	Vice-President for Administration	2013 to present
Mary K. Cokeng	71	Filipino	Treasurer	January 2023 to present
Fina C. Tantuico	61	Filipino	Corporate Secretary	2009 to present

During the Annual Stockholders' Meeting held on 12 July 2006, the stockholders, constituting more than 2/3 of the issuer's outstanding capital stock, approved the proposed amendment to the By-Laws adopting the requirements of SRC Rule 38 on the nomination and election of Independent Directors. The aforesaid amendment to the company's By-Laws adopting the requirements of SRC Rule 38 was approved by the SEC on February 2008.

Pursuant to SRC Rule 38 as amended, the Company's Nominations Committee promulgated the following guidelines to govern the conduct of the nomination for independent directors:

1. The Committee shall ascertain that all candidates for nominees meet the qualifications of an independent director pursuant to the Code of Corporate Governance and applicable issuances from the SEC.

2. Each of the Committee members shall choose possible nominees from candidates nominated by shareholders. The nominees must meet the following minimum qualifications:

   (i) He shall have at least one (1) share of stock of the corporation;
   (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
   (iii) He shall possess integrity/probity; and
   (iv) He shall be assiduous.

The members of the Nomination Committee of the Registrant are the following:

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

Nomination for Directorship. The nominees for Directors are all ten (10) incumbent directors namely Charlie K. Chua, Johnson U. Co, Mark Ryan K. Cokeng, Johnny O. Cobankiat, Katrina Marie K. Cokeng, Mary K. Cokeng, Francis L. Chua, Peter L. Kawsek, Jr., Johnson Tan Gui Yee, and Rufino B. Tiangco. The Nomination committee has determined that they meet the qualifications for directors as outlined above. The nominees for Independent Directors are: Peter L. Kawsek, Jr. and Charlie K. Chua. Mr. Peter Kawsek was nominated by shareholder Betty C. Dy who is not related to the nominee. Mr. Charlie K. Chua was nominated by Arsenio Tang who is not related to the nominee.

Appraisals and Performance Report. The Board shall institute a system for Appraisal and Performance of the Directors based on attendance and contribution to discussion and matters brought to the Board for discussion and approval.

Director's discussions on self-dealing and related party transactions. Katrina K. Cokeng is the Co-founder and Group CEO of XEN Technologies Pte. Ltd., a company providing a platform for private investments. It utilizes financial technology to enable accredited investors and their advisors to access private equity funds, venture funds, hedge funds, and real estate funds. It is headquartered in Singapore. The Registrant has investments in XEN Technologies Pte Ltd. In discussion on these investments, aside from Katrina Cokeng, Messrs Robert Cokeng, Mary Cokeng, Mark Ryan Cokeng, and Johnson Co abstained on approval for the transaction since they are related parties to Katrina Cokeng.

(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 (+) Robert Y. Cokeng. Katrina Marie K. Cokeng is the daughter of (+) Robert Y. Cokeng and Mary Cokeng. Other than the ones disclosed, there are no other family relationships known to the Registrant.

(4) Certain Relationship and Related Transaction

There is no transaction or proposed transaction during the last two (2) years to which the Registrant was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record beneficial owner or management or any member of the immediate families of such directors. The Registrant's subsidiary, Magellan Capital Holdings Corporation (MCHC), and certain of MCHC's subsidiaries and affiliates as well as Registrant's affiliate, Business Process Outsourcing International (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.

No director has resigned or declined to stand for re-election to the Board of Directors since October 6, 2022, the date of the last annual stockholders' meeting, because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

As of December 31, 2022, MCHC and its subsidiary, Pinamucan Industrial Estates, Inc. (PIEI) have receivables from Magellan Utilities Development Corporation (MUDC), a minority owned affiliate of MCHC. As of December 31, 2022, the Registrant also had dividend receivables from its outsourcing affiliate, PTC and BPOI. Receivables from MUDC are fully provided for in the Audited Financial Statements.

ITEM 5. <u>LEGAL PROCEEDINGS</u>

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 30 June 2023, 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 ₱14,669,691.43. 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. MCHC has fully paid a total of P29,688,521.50 as Arbitral Award based on Regional Court Decision.

(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 ₱41,021.50 (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 ₱121,500.00 (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 ₱40,000.00. 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, <u>Criminal Case No. 17-28768,</u> Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, <u>Criminal Case No. 17-28769</u>, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, <u>Criminal Case No. 17-28771</u>, 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 (₱10,000,000.00) 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 case.

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 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(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 (₱5,000.00) per attendance of Board Meeting.

(2) SUMMARY COMPENSATION TABLE

Summary Compensation Table
Annual Compensation

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Mark Ryan K. Cokeng, President	2023	-	-	
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	-	₱11,384,100.00[1>]

- **Estimated**

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2022	-	-	
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		₱10,770,507.00[1>]

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2021	-	-	
Johnson U. Co, Vice-President-Administration	2021	-	-	₱10,713,464.00
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 ₱5000 *per* attendance at Board Meetings and no other compensation as such.[E]

[E] 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 ₱5000 per attendance at Board Meetings.

(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 7. INDEPENDENT PUBLIC ACCOUNTANTS

Management intends to recommend the appointment of *Reyes Tacandong & Co*. as the external auditor of the Corporation. Said accounting firm will replace *Mendoza, Querido & Co., CPA*. Before *Mendoza, Querido & Co*., the Corporation engaged the external auditing services of *KPMG (R.G. Manabat & Co.)* in 2020 and *SyCip Gorres Velayo & Co. (SGV)* from 1997 up to 2019. There has been no changes in and disagreements with *Mendoza Querido & Co.*, on its accounting and financial disclosures. Likewise, there has been no changes in and disagreements with *SGV* and *KPMG (R.G. Manabat & Co.)* on its accounting and financial disclosures. Prior to 1997, the external auditor of the Corporation was *Velandria Dimagiba & Co.* The changes in the external auditor is not due to any disagreement between the Corporation and the former auditor on accounting and financial disclosures, or their resignation or dismissal.

Mr. Richard S. Querido of Mendoza Querido & Co. is the Signing Partner for FY 2022.

The representatives of the Independent Auditors will be present at the Annual Stockholders' Meeting to answer any questions raised to or to make appropriate statements.

The members of the Registrant's Audit Committee are the following:

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

ITEM 8. COMPENSATION PLANS

There is no action to be taken with respect to any plan pursuant to cash or non-cash compensation to be paid or distributed.

The members of the Registrant's Compensation Committee are the following:

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHERWISE THAN FOR EXCHANGE

There is no action to be taken with respect to the authorization or issuance of any securities other than for exchange.

ITEM 10. MODIFICATION/ EXCHANGE OF SECURITIES

There is no action to be taken with respect to the modification of any class of securities of the registrant.

ITEM 11. FINANCIAL OR OTHER INFORMATION

No submission of any other financial information related to Items 9 and 10 needs to be made.

ITEM 12. MERGER, CONSOLIDATION, ACQUISITION AND SIMILAR MATTERS

There is no action to be taken with respect to any merger, consolidation, acquisition and similar matters.

ITEM 13. ACQUISITION/DISPOSITION OF PROPERTY

There is no action to be taken with respect to any acquisition or disposition of property.

ITEM 14. RESTATEMENT OF ACCOUNTS

There is no action to be taken with respect to any restatement of accounts.

D. OTHER MATTERS

ITEM 10. ACTION WITH RESPECT TO REPORTS

Action will be required for the approval of the following matters:

(1) Minutes of the Annual Stockholders' Meeting held on October 6, 2022 – briefly, directors for the year 2022 were nominated and elected, and the following matters were approved:

   (a) minutes of the 2021 Annual Stockholders' Meeting were approved;
   (b) 2021 Audited Financial Statements were likewise approved;
   (c) ratification of corporate actions taken in 2021;
   (d) appointment of Mendoza Querido & Co., CPAs as external auditor;

(2) Audited Financial Statements as of December 31, 2022; and
(3) Ratification of corporate actions taken by the Board of Directors for the year 2022.
(4) Appointment of Reyes Tacandong & Co. as Independent Auditors.
(5) Election of members of the Board of Directors, including Independent Directors, for ensuing year.

Actions taken on the above minutes and reports will constitute approval or disapproval of any of the matters referred to in such minutes and reports.

ITEM 11. MATTERS NOT REQUIRED TO BE SUBMITTED

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

ITEM 12. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

No action is required for any amendment of the corporation's charter or By-laws.

ITEM 13. OTHER PROPOSED ACTION

No other action is to be taken with respect to any matter not specifically referred to above.

ITEM 14. DISAGREEMENTS

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

ITEM 15. VOTING PROCEDURES

Provided there is present, in person through remote communication, the owners of a majority of the outstanding capital stock of the Corporation:

(1) matters presented for approval by the shareholders, other than election of directors, will be considered approved upon the affirmative vote of a majority of the shareholders present at the meeting, and

(2) candidates for the positions of Directors of the Corporation receiving the highest number of votes shall be declared elected.

Voting Procedures

(a) Vote required

The affirmative vote of the at least majority of the issued and outstanding capital stock entitled to and represented at the Annual Stockholders' Meeting is required for the approval of the matters presented to the stockholders for decision. The election of Directors is by plurality of votes.

(b) Method of voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary at fjphco@gmail.com on or before August 30, 2023.

A stockholder may vote electronically in absentia using the online web address, fjphco@gmail.com subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Committee of Inspectors and Ballots of the Company and the results will be validated by an independent third party.

Each shareholder may vote *in absentia*, or by proxy the number of shares of stock standing in his name on the books of the Corporation. Each share represents one vote. In accordance with the By-laws of the Corporation, the election of directors and/or approval of any other matters presented to the shareholders shall be by ballot, and the Corporate Secretary shall count the votes cast. The Guidelines for shareholders to register for the Zoom meeting are shown in the company website fjprince.com.

Voting through Remote Communication; Voting In Absentia

The stockholders who have sent their intention to participate in the ASM shall be notified via email of their log-in passwords for the zoom meeting. The stockholders can then cast their votes during the zoom meeting.

ITEM 16. MATTERS TAKEN UP DURING THE ANNUAL STOCKHOLDERS' MEETING HELD ON OCTOBER 6, 2022.

1. **Attendance**: 396,645,744 shares represented in person or by proxy representing 82% of the 481,827,653 outstanding shares. One vote per share.

2. **Directors and Nominees attending:**

Name of Stockholder	Number of Shares
Board of Directors	
1. Robert Y. Cokeng	15,713,072
2. Mark Ryan K. Cokeng	10,000
3. Johnson Tan Gui Yee	15,371,747
4. Katrina Marie K. Cokeng	10,000
5. Johnson U. Co	1,100,000
6. Rufino B. Tiangco	128,000
7. Mary K. Cokeng	1,000
8. Francis L. Chua	100,000
9. Johnny O. Cobankiat	5,851,076
10. Peter L Kawsek, Jr.	1,000
11. Charlie K. Chua	10,000
TOTAL	**39,716,395**

Other shares in attendance: 356,929,349

3. **Matters for approval**

	Votes Taken		
	Approved	Disapproved	Abstain
(a) Minutes of the previous meeting	396,645,744	NIL	NIL
(b) 2021 Audited Financial Statements	396,645,744	NIL	NIL
(c) Ratification of corporate actions taken	396,645,744	NIL	NIL

(d) Election of Directors

Charlie K. Chua	396,645,744	NIL	NIL
Francis L. Chua	396,645,744	NIL	NIL
Johnson U. Co	396,645,744	NIL	NIL
Johnny O. Cobankiat	396,645,744	NIL	NIL
Katrina Marie K. Cokeng	396,645,744	NIL	NIL
Mark Ryan K. Cokeng	396,645,744	NIL	NIL
Mary K. Cokeng	396,645,744	NIL	NIL
Robert Y. Cokeng	396,645,744	NIL	NIL
Peter L. Kawsek, Jr.	396,645,744	NIL	NIL
Johnson Tan Gui Yee	396,645,744	NIL	NIL
Rufino B. Tiangco	396,645,744	NIL	NIL

Messrs. Charlie K. Chua and Peter L. Kawsek, Jr. were elected as Independent Directors

(e) Appointment of Mendoza Querido & Co, CPAs . 396,645,744 NIL NIL

as external auditor for fiscal year 2022

4. Open Forum

After the presentation, the floor was open for questions to be raised by any stockholder in attendance. No questions were raised.

F & J Prince Holdings Corporation

29 June 2023

SECURITIES AND EXCHANGE COMMISSION
Secretariat Bldg., Vicente Sotto Street, PICC Complex, Pasay City

Attention : MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

Attention : MS. ALEXANDRA D. TOM WONG
Officer-in-Charge, Disclosure Department

Gentlemen :

This is to certify that none of the current Directors of F & J Prince Holdings Corporation are employed by, or holding positions in, or are in any way connected with any government agency or instrumentality of the government. Other than this no other officer of the Corporation is employed by, or holding position in, or in any way connected with any government agency or instrumentality of the government.

The undersigned is a senior lecturer at the University of the Philippines College of Law and is also a member of the Inter-Country Placement Committee of the National Authority for Child Care (Inter-Country Adoption Board).

This Certification is issued in compliance with the directive of the Securities & Exchange Commission (in compliance with Office of the President Memorandum Circular No. 17, September 4, 1986), in relation to the submission of the Corporation's Preliminary Information Statement.

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

5/F BDO Towers Paseo, 8741 Paseo de Roxas, Makati City 1226
Tel. Nos. 88927133 • 88927137 • 88929443 • Fax No. 88927127
Email Address: fjphco@gmail.com

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

July 26, 2023, Makati City, Philippines.

F & J Prince Holdings Corporation

By:

MARK RYAN K. COKENG
President

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

The proxy is being solicited by *F & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders Meeting to be held on **Thursday, September 7, 2023 at 3:00PM via ZOOM, from the company's office at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.**

Item 2. Instruction

In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date the Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute the Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Item 3. Revocability of Proxy

The shareholder may revoke the proxy issued by him at any time prior to its use by the party who is thereby authorized to exercise the same. The By-laws do not provide any formal procedure by which revocation shall be done. However, the By-laws provide that no proxy bearing a signature that is not legally acknowledge, shall be recognized at any meeting unless such signature is known and recognized by the secretary of the meeting. Furthermore, proxies for meetings must be filed with and received at the offices of the Corporation at least five (5) days prior to the date of the meeting.

Item 4. Persons Making the Solicitation

The solicitation of proxies is being undertaken by the Corporation in order to obtain the required quorum and the required vote to approve the subject matter of the annual meeting. No director has informed the Corporation of any intention to oppose the matters to be taken up in the annual meeting. No director or executive officer of the Registrant has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

In addition to ordinary mail, the Corporation, in coordination with its stock and transfer agent, intends to utilize the usual couriers and messengers to undertake the personal delivery of the proxy forms. No special contracts for courier or delivery services have been entered into. Costs will be limited to the normal costs of such services.

The costs of distributing this Information Statement and of soliciting the relevant proxies, which will be approximately Thirty Thousand Pesos (₱30,000.00) shall be borne by the Corporation.

PROXY

This proxy is being solicited by *F & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders' Meeting to be held on **Thursday, September 7, 2023 at 3:00PM via Zoom.**

In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date this Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute this Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Hereunder are the matters to be taken up during the meeting, please indicate your proposal selection by firmly placing an "X" in the appropriate box:

1. Approval of the Minutes of the October 6, 2022 Annual Stockholders' Meeting.
Voting Instruction

☐ For ☐ Against ☐ Abstain

2. Approval of the Audited Financial Statements as of December 31, 2022.
Voting Instruction

☐ For ☐ Against ☐ Abstain

3. Ratification of Corporate Acts.
Voting Instruction

☐ For ☐ Against ☐ Abstain

4. Election of Directors.

Nominees	Authority to Vote Granted	Authority to Vote Withheld
1. Francis L. Chua	☐	☐
2. Johnson U. Co	☐	☐
3. Johnny O. Cobankiat	☐	☐
4. Katrina Marie K. Cokeng	☐	☐
5. Mark Ryan K. Cokeng	☐	☐
6. Mary K. Cokeng	☐	☐
7. Rufino B. Tiangco	☐	☐
8. Johnson Tan Gui Yee	☐	☐
Independent Directors:	☐	☐
9. Charlie K. Chua	☐	☐
10. Peter K. Kawsek, Jr.	☐	☐

5. Appointment of Reyes Tacandong & Co. as External Auditor of the Corporation for the Fiscal Year January to December 2023.

Voting Instruction

☐ For ☐ Against ☐ Abstain

This Proxy shall confer discretionary authority to vote with respect to any of the following matters:

1. Matters which the Corporation does not know a reasonable time before this solicitation, are to be presented at the meeting; and
2. Matters incident to the conduct of the meeting.

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

IN WITNESS WHEREOF, the undersigned stockholder has executed this proxy this ______ day of _____________ 2023, at __________________________________.

____
Usual Signature

____
Print Name Here

____
Address

FJP

2022
Management Report

F & J Prince Holdings Corporation

STOCK TRADING PRICE 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 and 2nd quarters of 2023 are as follows:

QUARTER; YEAR	CLASS "A"		CLASS "B"	
	High	Low	High	Low
1st Quarter, 2021	3.47	2.75	4.61	2.61
2nd Quarter, 2021	3.20	2.95	3.30	3.30
3rd Quarter, 2021	3.08	2.67	2.85	2.85
4th Quarter, 2021	2.80	1.81	2.80	2.80
1st Quarter, 2022	2.60	2.13	2.61	2.50
2nd Quarter, 2022	2.63	2.24	3.74	2.63
3rd Quarter, 2022	2.70	2.45	-	-
4th Quarter, 2022	2.20	1.98	1.88	1.86
1st Quarter, 2023	2.10	2.00	-	-
2nd Quarter, 2023	2.91	1.96	-	-

Note 1: Dividends amounting to ₱0.10 per share were declared and paid out in 2021. Dividends of ₱0.10 per share were declared and paid by the company in 2020.

Note 2: Class "A" shares may be owned only by Filipino citizens while Class "B" shares may be owned by Filipino citizens as well as foreigners.

Note 3: Latest market price traded was ₱2.20 per share for Class "A" shares transacted on June 19, 2023; and ₱1.88 per share for Class "B" shares transacted on December 19, 2022.

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) shareholders; Class "B" shares – Forty-Four (44) shareholders; and shareholders owning both Class "A" and "B" – Six (6) shareholders.

Dividends

Dividends amounting to ₱0.10 per share were declared and paid in 2021. Dividends of ₱0.10 per share were declared and paid in 2020.

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.

F & J Prince Holdings Corporation

Management Report

Annual Stockholders' Meeting

September 7, 2023

Contents

REPORT OF THE CHAIRMAN AND PRESIDENT

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.

The following is a detailed discussion of the company direct and indirect subsidiaries and its affiliated associates:

MAGELLAN CAPITAL HOLDINGS CORPORATION (MCHC)

Magellan Capital Holdings Corporation (MCHC), your Company's 95% owned subsidiary, is involved in the development of and investment in infrastructure and power generation projects. Established in 1990,
MCHC has ₱689 million in paid-in capital and ₱1,800.2 million in consolidated shareholders' equity as of December 31, 2020. After the acquisition of the block of shares owned by PSEG Philippine Holdings LLC. in December 2006, your Company owns 95% of the outstanding shares of MCHC and effectively controls and manages MCHC.

MCHC was until December 2006, 28% owned by PSEG Philippine Holdings LLC, a unit of the Public Service Enterprise Group (PSEG), the largest energy holding company in New Jersey and one of the largest in the United States.

MCHC's total consolidated assets at year-end 2021 was ₱1,781.1 million compared to ₱1,769.3 million at end of 2020.

MCHC's consolidated revenues for the year 2021 totaled ₱123.6 million compared to ₱107.8 million in 2020. Most of the increase was accounted for Foreign Exchange and by Fair Value Gains on Financial Assets at FVPL due to recovery in the prices of listed stocks and bond investments held by the Registrant and its subsidiaries. Consolidated expenses went down to ₱57.6 million in 2021 from ₱87.6 million in 2020 due mainly to Foreign Exchange Losses. As a result of the above, net income after tax rose to ₱50.6 million in 2021 from ₱17.9 million in 2020.

The President of MCHC is Mr. Mark Ryan K. Cokeng and the Chairman of the Board is Mr. Johnson Tan Gui Yee.

MCHC owns 43% of Magellan Utilities Development Corporation (MUDC) which is discussed below. MCHC also owns the entire fifth floor of the Citibank Center Building in Makati as well as three (3) units in the adjacent Citibank Tower Building. It has also acquired one floor in the JMT Condominium Building in Ortigas Center. Almost half of the floor in Citibank Center is used by your Company as well as MCHC and its subsidiaries as its corporate offices. One unit is leased to Business Process Outsourcing International, a 35% owned affiliate of the Company. The other two units available for lease have also been rented out. The condo units in the Citi Tower Building are also currently leased out. MCHC also owns a 985 square meter lot in Fort Bonifacio that it intends to develop into an office building. However, because of the current pandemic, construction of the building may be postponed to next year. MCHC has also recently acquired three condominium units in Two Roxas Triangle in Makati for investment purposes.

MAGELLAN UTILITIES DEVELOPMENT CORPORATION (MUDC)

Magellan Utilities Development Corporation (MUDC) is an MCHC project company developing a 320 MW Power Project in Pinamucan, Batangas. MCHC directly owns 43% of MUDC. GPU Power Philippines, Inc., a unit of GPU Corporation (GPU), former U.S. parent company of the Manila Electric Company (MERALCO), owns 40% of MUDC. MERALCO was established by a predecessor company of GPU during the American colonial era and was a wholly owned subsidiary of GPU until 1962 when MERALCO was acquired by a Lopez - led investor group.

With the continued uncertainty over the project being developed by MUDC, MUDC at the urging of its outside auditors had in 2004 written-off all its project development expenditures. It had in 2003 already written-off all pre-operating expenses as dictated by new accounting standards that became effective in 2003. With these write-offs, MUDC now has negative equity of ₱257 million as of year-end 2015. In 2005, your Company decided not to continue development of the project. Your Company's exposure including those of MCHC and its subsidiary, Pinamucan Industrial Estates, Inc., in the project have been provided for and will not have any impact on the Company's financial position. MCHC, along with other shareholders of MUDC, will evaluate the future course of action for MUDC, including possible liquidation.

POINTWEST TECHNOLOGIES CORPORATION (PTC)

PTC is a global service company offering outsourced IT services in 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 below One Thousand. PTC's consolidated revenue in 2021 reached over Fifteen Million US Dollars ($15 Million). Net income of PTC in 2020 was $419,000. In 2020, PTC registered a net income of $1.5 Million on revenue of $14.4 Million.

BUSINESS PROCESS OUTSOURCING INTERNATIONAL, INC. (BPOI)

Business Process Outsourcing International, Inc. (BPOI) is a provider of accounting and finance related services such as payroll services, internal audit, payables processing and others. It has a total staff of over 400 servicing many of the multinational and large corporations operating in the country. BPOI was spun off from the BPO Department of SGV & Co., the biggest auditing firm in the country.

Your Company owns 35% of BPOI after it acquired another 8.75% in 2005. BPOI revenues in 2021 exceeded ₱403 million and it has a staff of over 400 accountants and support staff. Net income increased to ₱37.6 Million in 2021 from ₱20.3 Million in 2020.

CONCLUSION

Your Company generated a consolidated net income of ₱64.5 million in 2021 compared to a net income of ₱43.4 in 2020. The main reason was Net FX Gain of ₱31 million in 2021 as the devaluation of the Peso benefitted the Foreign Exchange denominated stocks and bonds owned by the Registrant and its subsidiaries.

A net foreign exchange gain of ₱31.0 million was recorded in 2021 versus a foreign exchange loss of ₱36.7 million in 2020 as the Peso depreciated against foreign currencies which benefitted the foreign exchange denominated bonds and other securities owned by the Registrant and its subsidiaries.

As a result of the above and dividend payments made in 2021, total consolidated equity attributable to equity holders of the Registrant increased to ₱1,814.7 million at year-end in 2021 compared to ₱1,763.3 million at year-end 2020.

The Company and its subsidiary has been increasing its investment in income producing properties in the last few years. Its subsidiary, MCHC, will also develop its lot in Fort Bonifacio into an office building generating lease income. However, construction of the building is being deferred due to the covid-19 pandemic.

With the support of the Directors, Officers, Staff and Shareholders, we look forward to the Company's future prospects and continued success. We again reiterate our thanks to the Shareholders for their continued support.

MARK RYAN K. COKENG
President

BUSINESS AND GENERAL INFORMATION

A. BUSINESS DEVELOPMENT

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 94.34% 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.

<u>Business Development of the Registrant's Subsidiaries</u>

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.	04 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 soft ware servicing development company and 35% of BPOI, a company providing accounting, finance and payroll services which it acquired in 2004 and 2005.

Percentage of Consolidated Total Revenues

Breakdown of Revenues for the year 2022

(₽000)	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	₽ 26,211,341	16.2%
Interest Income	15,588,814	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 at FVPL	13,742,456	8.5%
Other Income	56,790	-
Gain on (Losses) Disposal of Financial Assets at FVOCI	(2,286,887)	(1.4%)
Foreign Exchange Gains	74,517,075	46.0%
Total	**₽ 162,126,275**	**100.00%**

Breakdown of Revenues for the year 2021

(₽000)	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	₽ 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	**₽ 128,321,177**	**100.00%**

The Registrant's consolidated revenue in 2021 increased to ₱119.3 million from ₱111.8 million in 2020. Equity in net earnings of associates decreased from ₱32.1 million in 2020 to ₱19.4 million in 2021 as Pointwest Technologies Corporation reported lower earnings in 2021. Rent decreased from ₱23.3 million in 2020 to ₱22.0 million in 2021 due to some Lessors ending their Leases. Gain on disposal of Financial Assets at FVPL was ₱2.3 million in 2021 compared to NIL in 2020. Dividend income increased to ₱4.6 million in 2021 from ₱3.7 million in 2020. Fair value gain on Financial Assets at FVPL was ₱21.8 million in 2021 compared to ₱1.3 million in 2020.

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 (about ₱2.1 million) at the end of 2015.

(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 2021 reached over US$ 419,000 Million US Dollars on revenues of $15.2 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 600 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 ₱37.6 million on revenues of ₱403.3 million in 2021.

<u>Competition</u>

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.

<u>Transactions with and/or Dependence on Related Parties</u>

The Registrant’s subsidiary, MCHC and certain of MCHC’s subsidiaries and affiliates as well as Registrant’s affiliates, BPOI and Pointwest Technologies Inc. have transactions with each other such as rental contracts. 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.

As previously stated, other than for MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, 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, mutual funds, 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.

The Registrant and Pinamucan Industrial Estates, Inc. (PIEI) have also invested in Aslan Pharmaceuticals Limited (Aslan), a biotech company focused on development of immunotherapies and targeted agents for Asia prevalent tumor types. The Registrant owns 936,000 shares while PIEI owns 1,497,388 shares of Aslan. Aslan's shares was listed in the Taipei Exchange on June 1, 2017 and its ADR 's were listed in NASDAQ in May of 2019.

Other than MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, 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.

PROPERTIES

Equity Interests. The Registrant' 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 Building, 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 Building in Makati (acquired in December 2014) and ten parking slots which are being leased out at prevailing commercial rates. MCHC also acquired in early 2017 one whole floor of the JMT Condominium Building in Ortigas Center. In 2018, MCHC has also acquired three condominium units in Two Roxas Triangle which were under construction and are expected to be turned over in 2021 and one residential condominium unit in Arya Residences 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 BDO Towers Paseo Building in Makati. 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 to other lessees. MCHC acquired at the end of 2014 two additional units in BDO Towers Valero which are currently leased out.

(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. MCHC acquired, at the end of 2014, two additional condominium office units in BDO Towers Valero which are currently leased out. At the end of 2016, MCHC also acquired one floor of office condo units in the JMT Condominium Building which are also currently leased out. As of 31 December 2017, the above land and properties are not subject to any mortgages, liens or encumbrances.

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 **30 June 2023**, 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 ₱14,669,691.43. 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 court has finalized its decision and MCHC has fully paid the Arbitral Award and the case is now closed.

(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 ₱41,021.50 (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 ₱121,500.00 (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 ₱40,000.00. 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, <u>Criminal Case No. 17-28768,</u> Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, <u>Criminal Case No. 17-28769</u>, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, <u>Criminal Case No. 17-28771</u>, 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.

FINANCIAL AND OTHER INFORMATION

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

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

					INCREASE	(DECREASE)
(₱000)	**YEAR 2022**	**PER-CENTAGE**	**YEAR 2021**	**PER-CENTAGE**	**YEAR 2021**	**PER-CENTAGE**
Equity in net earnings of associates	₱ 26,211	16.2%	₱ P 18,885	14.7%	₱ 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	**₱ 162,126**	**100.0%**	**₱ 128,321**	**100.0%**	**₱ 33,805**	**26.4%**

Equity in Net Earnings of Associates decreased from ₱32.1 million in 2020 to ₱19.4 million in 2021 due to Lower Earnings at Pointwest Technologies. Interest income dropped to ₱18.3 million in 2021 from ₱21.3 million in 2020. Rental income decreased from ₱23.3 million in 2020 to ₱22.0 million 2021. However, Net FX Gain of ₱31.0 million and Fair Value Gain on Financial Assets at FVPL offset these decreases resulting in an increase in revenue to ₱119.3 million in 2021 from ₱111.8 million in 2020.

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.

FIRST QUARTER 2023 REPORT

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

Operating Results

Breakdown of Revenue for the Three-Month Periods Ending March 31, 2023 and March 31, 2022 with Vertical and Horizontal Percentage Analysis is shown below:

(₱000)	FIRST QUARTER March 31, 2023	VERTICAL PERCENTAGE ANALYSIS March 31, 2023	FIRST QUARTER March 31, 2022	VERTICAL PERCENTAGE ANALYSIS March 31, 2022	INCREASE (DECREASE) AMOUNT March 31, 2023	INCREASE (DECREASE) PERCENTAGE March 31, 2023
INTEREST INCOME From Banks	₱ 2,026	8.1%	₱ 393	1.7%	₱ 1633	415.5%
From Securities	1,844	7.4%	1,852	8.0%	(8)	(0.4%)
TOTAL	**3,871**	**15.6%**	**2,245**	**9.7%**	**1626**	**72.4%**
Dividend Income	637	2.5%	276	1.2%	361	130.7%
Rent Income	4,960	20.0%	5,687	24.6%	(727)	(12.8%)
Unrealized Gain on Trading Securities	15,034	60.5%	8,055	34.9%	6,979	86.6%
Net Unrealized FX Gain	0	-	844	3.7%	(844)	(100%)
Gain on Disposal of Financial Assets at FVTPL	0	-	5,994	26.0%	(5,994)	(100%)
TOTAL	**₱ 24,825**	**100%**	**₱ 23,101**	**100%**	**₱ (18,696)**	**(44.7%)**

Revenues. Consolidated Revenues, during the 3-month period ended March 31, 2023, totaled ₱24.8 million compared to P23.1 million during the same 3-month period in 2022. The increase in unrealized gain on trading securities of ₱6.9 million, accounted for the bulk of the increase.

Expenses. Consolidated General and Administrative Expenses in the first quarter of 2023 totaled ₱12.3 million compared to ₱9.9 million in the first quarter of 2022.

Operating Income. As a result of the factors discussed above, consolidated operating income in first quarter 2023 totaled ₱12.5 million compared to ₱13.2 million in the same period of 2022.

Net Income. The Registrant had a net income of ₱12.5 million during the first quarter of 2023 compared to ₱13.2 million in the first quarter of 2022. The net income in the first quarter of 2022 attributable to shareholders of the Company totaled ₱11.9 million while ₱0.6 million in net income was attributable to minority shareholders in the company's majority owned subsidiary Magellan Capital Holdings Corporation. In the first quarter of 2022, ₱12.6 million net income was attributable to shareholders of the company and ₱0.6 million net income was attributable to minority shareholders in the Registrant's subsidiary.

BALANCE SHEET ACCOUNTS

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for March 31, 2023 compared to December 31, 2022.

ASSETS

Current Assets. Consolidated current assets as of March 31, 2023 totaled ₱786.0 million compared to ₱750.2 million as of December 31, 2022. Most of the increase was due to financial assets at fair value through profit or less.

Receivables from Related Parties. This account was ₱0.25 million at March 31, 2023, versus ₱0.17 million at year-end 2022.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2022 to March 31, 2023 at ₱263.3 million as equity in net earnings of associates is taken up at year-end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of corporate bonds and listed equities totaled ₱441.1 million as of March 31, 2023 from ₱462.3 million at year-end 2022.

Property and Equipment. This account totaled ₱4.2 million as of March 31, 2023 compared to ₱4.6 million as of December 31, 2022 due to allowance for depreciation.

Investment in Property. This account totaled ₱357.3 million as of March 31, 2023 from ₱359.1 million at year-end 2022 due to additional allowance for depreciation.

Other Non-Current Assets. This account totaled ₱2.9 million as of March 31, 2023, the same level as year-end 2022.

Total Assets. As a result of the foregoing, total assets increased to ₱1,893.7 million as of March 31, 2022 from ₱1,879.9 million as of December 31, 2022.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities was at ₱15.6 million as of March 31, 2023 compared to ₱16.2 million at year-end 2022.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation and deferred tax liability was stable at ₱41.3 million as of March 31, 2023 roughly the same level as at year-end 2022. The accrual of additional retirement benefit obligation is taken up at year-end based on actuarial studies commissioned at that time.

Stockholder's Equity. Total stockholders' equity increased to ₱1,836.7 million as of March 31, 2023 from ₱1,821.9 million at year-end 2022. Total equity attributable to stockholders of the company totaled ₱1,765.7 million at March 31, 2023 from

₱1,751.5 million at December 31, 2022. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱71.1 million at March 31, 2023 compared to ₱70.4 million at December 31, 2022.

Top Performance Indicators

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

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

Change in Revenues. Consolidated revenues in the first quarter of 2023 and 2022 are shown in Annex "B" and presented below in summary form:

(₱000)	1st Quarter-2023	Percentage (%)	1st Quarter-2022	Percentage (%)
Interest Income	₱ 3,871	15.6%	₱ 2,245	9.7%
Lease Rental Income	4,960	20.0%	5,687	24.61%
Dividend Income	637	2.5%	276	1.2%
Unrealized Gain on trading securities	15,034	60.5%	8,055	34.9%
Net Unrealized FX Gain	0	-	844	3.7%
Gain on Disposal of Financial Assets at FVTPL	0	-	5,994	26.1%
TOTAL INCOME	**₱ 24,825**	**100%**	**₱ 23,101**	**100%**

Total revenue in the first quarter of 2023 was ₱24.8 million, versus ₱23.1 million in the first quarter of 2022. The increase in unrealized gain on trading securities from ₱8.0 million to ₱15.0 million, accounted for the bulk of the increase.

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

(₱000)	1st Quarter 2022	Percentage (%)	1st Quarter 2022	Percentage (%)
Revenues	₱ 24,825	100%	₱ 23,101	100%
Expenses	12,307	49.6%	9,915	42.9%
Net Income	12,518	50.4%	13,186	57.1%
Attributable to:				
- Minority Interest	625	2.5%	605	2.6%
- Stockholders of Company	11,892	47.9%	12,581	54.5%

The Registrant realized a net income of ₱12.5 million in the first quarter of 2023 compared to a net income of ₱13.2 million in the first quarter of 2022. Net income of ₱11.9 million was attributable to stockholders of the company in the first quarter of 2023 compared to net income of ₱12.6 million in the first quarter of 2022.

Earnings per Share. The net income per share attributable to shareholders of the Company during the first quarter of 2023 was ₱0.031 per share compared to net income per share of ₱0.033 in the first quarter of 2022.

Current Ratio. Current ratio as of March 31, 2022 was 52.4 X compared to 46.9 X as of December 31, 2021.

Book Value Per Share. Book value per share as of March 31, 2023 was ₱4.59 per share compared to ₱4.55 as of December 31, 2022.

SECOND QUARTER 2023 REPORT

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

Operating Results

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

(P000)	Second Quarter 2023	Vertical Percentage Analysis	Second Quarter 2022	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME From Banks	₱ 2,646	4.6%	₱ 643	1.5%	2003	311.5%
From Securities	1,802	3.1%	1,911	4.4%	(109)	(5.7%)
TOTAL	**₱ 4,448**	**7.7%**	**₱ 2,554**	**5.9%**	**1,894**	**74.1%**
UNREALIZED GAIN ON TRADING SECURITIES	25,926	45.1%	-	-	25,926	100%
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	-	-	-	-	-	-
DIVIDEND INCOME	1,364	2.3%	1,706	4.0%	(342)	(20.0%)
RENT INCOME	4,845	8.4%	5,976	13.9%	(1,131)	(18.9%)
REALIZED GAIN ON DISPOSAL OF FVOCI	15,497	26.9%	352	0.8%	15,145	(4300%)
UNREALIZED FX GAIN	460	0.8%	31,668	73.5%	(31,208)	(98.5%)
REALIZED FX GAIN	4,954	8.6%	837	2.0%	4,117	491%
TOTAL	**₱ 57,494**	**100%**	**₱ 43,095**	**100%**	**14,399**	**33.4%**

Revenues. Consolidated revenues, during the 3-month period ended June 30, 2023 increased by 33.4% to ₱57.5 million compared to ₱43.1 million during the same 3-month period in 2022 as shown in Annex "C". The higher revenue was due mainly to higher unrealized gain on trading securities and realized gain on disposal of FVOCI.

Expenses. Consolidated expenses in the second quarter of 2023 totaled ₱33.5 million compared to ₱72.3 million in the second quarter of 2022. As shown in Annex "C", the decrease was accounted for by litigation expense due to one time arbitral award and lower unrealized loss on financial assets at FVPL as the global stock markets have rebounded.

Operating Income. Due to the factors discussed above, consolidated operating income in the second quarter of 2023 totaled ₱8.5 million compared to a loss of ₱29.2 million in the second quarter of 2022.

Net Income. Net income totaled ₱8.5 million during the second quarter of 2022 compared to net loss of ₱29.2 million in the second quarter of 2021. This is due to the substantial decrease in expenses.

BALANCE SHEET ACCOUNTS

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for June 30, 2023 compared to December 31, 2022.

Assets

Current Assets. Consolidated current assets as of June 30, 2023 totaled ₱842.1 million compared to ₱750.2 million as of December 31, 2022. Most of the increase was due to the higher cash and cash equivalents which increased to ₱511.1 million as of June 30, 2023 from ₱467.7 million as of December 31, 2022. Financial assets at FVPL also increased to ₱293.8 million as of June 30, 2023 from ₱238.3 million as of December 31, 2022.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained at the same level at year-end 2021 and at June 30, 2022 at ₱267.6 million as equity in net earnings of associates are not taken up until year end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of medium-term bonds and listed equities decreased from ₱462.3 million at year-end 2022 to ₱407.9 million at June 30, 2023.

Property and Equipment. This account totaled ₱4.0 million as of June 30, 2023 compared to ₱4.6 million as of December 31, 2022 due to increase in furniture and fixtures in the first half of 2023.

Investment in Property. This Account totaled ₱351.9 million at June 30, 2023 compared to ₱359.1 million at year end 2022 due to depreciation allowance provided in the first half of 2023.

Other Non-Current Assets. This account totaled ₱3.3 million as of June 30, 2023, compared to ₱2.8 million as of December 31, 2022, as the time deposits pledged to secure a bond to cover the litigation expenses was used to pay the arbitral award described in the expenses section.

Total Assets. As a result of the foregoing, total assets increased to ₱1,929.4 million as of June 30, 2023 from ₱1,879.9 million as of December 31, 2022.

Liabilities and Equity

Current Liabilities. Current liabilities increased to ₱21.9 million as of June 30, 2023 from ₱16.2 million as of December 31, 2022.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation, deposits payable and deferred tax liabilities remain at ₱41 million as of June 30, 2022, the same level as at year-end 2021.

Stockholder's Equity. Total stockholder's equity increased to ₱1,866.1 million as of June 30, 2023 from ₱1,821.9 million at year-end 2022. Total equity attributable to stockholders of the company totaled ₱1,794.5 million at June 30, 2023 from ₱1,751.4 million at December 31, 2022. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱71.6 million at June 30, 2023 compared to P70.4 million at year-end 2022.

(a) Top Performance Indicators

The top five (5) performance indicators for the Company and its Subsidiary are as follows:

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

Change in Revenues. Consolidated revenues in the second quarter of 2023 and 2022 are shown in Annex "C" and presented below in summary form:

(P 000)	2nd Quarter 2023	Percentage (%)	2nd Quarter 2022	Percentage (%)
Interest Income	₱ 4,448	10.7%	₱ 2,554	5.9%
Lease Rental Income	4,845	11.6%	5,976	13.9%
Dividend Income	1,364	3.2%	1,706	4.0%
Unrealized Gain on Trading Securities	25,926	62.4%	-	-
Realized Gain on FVPL	-	-	-	-
Realized Gain on Disposal of FVOCI Assets	-	-	352	0.8%
Unrealized FX Gain	4,954	11.9%	31,668	73.5%
Realized FX Gain	-	-	837	2.0%
Total Income	**₱ 41,537**	**100.00%**	**₱ 43,095**	**100.00%**

Total revenue decreased in the second quarter of 2023 to ₱42.1 million from ₱43.1 million in the second quarter of 2022.

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

(P 000)	2nd Quarter 2023	Percentage (%)	2nd Quarter 2022	Percentage (%)
Revenues	₱ 42,101	100%	₱ 43,095	100.00%
Expenses	33,545	79.6%	72,359	167.9%
Net Income (Loss)	8,555	20.3%	(29,264)	(67.9)
Attributable to:				
- Minority Interest	427	1.0%	(1,463)	(3.4%)
- Stockholders of Company	₱ 8,127	19.3%	₱ (27,801)	(64.5%)

The company realized a net income of ₱8.1 million attributable to stockholders of the company in the second quarter of 2022, compared to a net loss of ₱27.8 million attributable to stockholders of the company in the second quarter of 2022 due to the factors discussed in the preceding pages.

Earnings per Share. Earnings per share attributable to shareholders of the Company during the second quarter of 2023 was ₱0.021 per share compared to net loss per share of ₱0.073 in the second quarter of 2022.

Current Ratio. Current ratio as of June 30, 2023 was 40.1 X compared to 46.8 X as of December 31, 2022.

Book Value Per Share. Book value per share as of June 30, 2023 was ₱5.08 per share compared to ₱4.95 per share as of December 31, 2022.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

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

	2022	2021	2020
Registrant	₱ 475,000	₱ 448,000	₱ 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

Prior to the commencement of audit work, the external auditors, present their program and schedule to the company's Audit Committee. The company's audited financial statements for the year are presented by the external auditors to the Audit Committee for committee approval and endorsement to the full Board for final approval. Upon the recommendation of the Audit Committee, the Board approved the audit fees and nomination of Mendoza Querido & Co, CPA. as external auditor for the year 2022.

Dividends

Dividends amounting to ₱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.

TOP 20 STOCKHOLDERS OF THE REGISTRANT

The top twenty (20) stockholders of the common equity of the Registrant as of June 30, 2022 are as follows:

	NAME OF STOCKHOLDERS	NUMBER OF SHARES			PER-CENTAGE
		CLASS A	CLASS B	TOTAL	
1	Essential Holdings Limited	-	139,778,670	139,778,670	29.01%
2	PCD Nominee Corporation (A Shares)	72,705,490	11,088,581	83,794,071	17.4%
3	Pinamucan Industrial Estates, Inc.	12,491,025	37,799,160	50,290,105	10.42%
4	Magellan Capital Holdings Corporation	47,844,022	-	47,844,022	9.92%
5	Consolidated Tobacco Industries of the Phils., Inc.	43,052,023	-	43,052,023	8.93%
6	Vructi Holdings Corporation	34,633,628	-	34,633,628	7.18%
7	Center Industrial and Investment, Inc.	23,991,000	-	23,991,000	4.98%
8	Robert Y. Cokeng	15,713,072	-	15,713,072	3.26%
9	Johnson Tan Gui Yee	15,371,747	-	15,371,747	3.19%
10	Victorian Development Corporation	12,085,427	-	12,085,427	2.51%
11	Brixton Investment Corporation	2,815,000	-	2,815,000	0.58%
12	Francisco Y. Cokeng, Jr.	2,160,000	-	2,160,000	0.45%
13	Johnson U. Co	1,100,000	-	1,100,000	0.23%
14	Betty C. Dy	1,100,000	-	1,100,000	0.23%
15	Homer U. Cokeng	1,020,000	80,000	1,100,000	0.23%
16	Rosalinda C. Tang	1,080,000	-	1,080,000	0.22%
17	Metro Agro Industrial Supply Corporation	523,833	270,144	793,977	0.16%
18	Rey Michael C. Tiangco	500,000	-	500,000	0.11%
19	Raizel T. Kwok	500,000	-	500,000	0.11%
20	Criscini A. Reyes	400,000	-	400,000	0.09%

Percentage based on the Total Issued and Outstanding Shares of 481,827,653.

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, 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.

Warrants

There are no warrants or options outstanding as of the end of December, 2022 and up to the present.

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

In Compliance with SEC Memorandum Circular No. 2, dated April 05, 2002, the Company submitted its Manual on Corporate Governance on August 29, 2002 as approved by its Board of Directors in a meeting held on August 14, 2002, which basically adopted the SEC's Model Manual. Since the Manual's effectivity on January 01, 2003, the Company's Board of Directors and Management has been complying with the principles laid down by the Code of Corporate Governance through the mechanisms which have been institutionalized in the Manual and so far as may be relevant and appropriate to the Company's business as a holding company.

The Company continues to adopt measures to ensure compliance with the leading practices on good corporate governance through, among others, the nomination and election of two independent directors, the constitution of the different committees required by the Code such as the Nominations Committee, the Audit Committee, the Compensation and Remuneration Committee, all of which have been performing their functions as laid down in the Manual.

During a meeting held on March 29, 2004 the company's Board of Directors approved the adoption as part of the Manual, Sec. 4.2 of the PSE's Revised Disclosure Rules, which is in consonance with Chapter VII of the Securities Regulation Code.

Since its effective date, there has been no deviation from the Company's Manual of Corporate Governance. No member of the Company's Board of Directors or its officers and personnel has done or caused to be done any act in violation of the principles laid down in the said Manual.

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance.

On February 11, 2008, the Board of Directors of the Company attended and completed the Seminar on Corporate Governance given by the UP Law Center, as required by the Rules. The company continues to comply with the appropriate performance self-rating assessment and performance evaluation system in compliance with pertinent SEC regulations.

On February 22, 2011, the Company submitted its Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 6, Series of 2009.

In compliance with pertinent Rules, the Corporate Secretary of the Company attended various seminars on the Corporate Governance – the Asean Scorecard Information Briefing held on various dates, the last one being held last March 26, 2013 at the Institute of Corporate Directors.

On May 30, 2013, the Company submitted its Annual Corporate Governance Report pursuant to SEC Circular No. 5, Series of 2013.

On October 20, 2014, the Company's President and Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the Makati Shangri-la Hotel.

On April 23, 2015, the Company's representatives attended the SEC Corporate Governance Workshop on the Asean Corporation Governance Scorecard at the Crowne Plaza Manila in Ortigas.

On December 9, 2015, the members of the Board of Directors and the Corporate Secretary attended the Advance Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City.

On April 22, 2016, The Company's Corporate Secretary attended the Business Integrity Workshop of the Institute of Corporate Directors on "Compliance with US FCPA and the UK Bribery Act" at the Makati Diamond Residences.

On August 25, 2016 and December 8, 2016, the members of the Board of Directors attended the Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City

On November 22, 2016, other members of the Board of Directors and the Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the 3rd Floor, Meeting Room I, PICC Complex, Pasay City.

On September 26, 2017, members of the Board attended the Corporate Governance Seminar "Competing Against Risk" at the Dusit Thani Hotel, Makati City. Another seminar was attended on October 14, 2017 at the Wackwack Golf & Country Club on "Risk, Opportunities, Assessment and Management (ROAM) Inc." The last seminar attended for the year was on 10 November 2017at the Makati Shangrila Hotel on "Corporate Governance: Board Effectiveness Best Practices." The Corresponding Certificates of Completion/Attendance for the 2017 seminars attended was submitted to the SEC on 21 November 2017.

On February 23, 2018, the Company's President attended the Corporate Governance Seminar held at the 3rd Floor, Guajes Room of Acacia Hotel in Alabang, Muntinlupa City and conducted by SGV.

On August 29, 2018, members of the Board of Directors attended the Corporate Governance "Orientation Program" held at the Discovery Primea, Makati City conducted by Institute of Corporate Directors (ICD)>

On August 30, 2018, members of the Board of Directors attended the Corporate Governance Seminar held at RCBC Plaza, Ayala Avenue, Makati City, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. The corresponding Certificates of Completion/Attendance for August 29 and August 30 was submitted to SEC on 04 September 2018.

On November 9, 2018, members of the Board of Directors attended the Corporate Governance Seminar "Board Effectiveness Best Practices" held at Manila Marriott Hotel, Pasay City, conducted by Center for Global Best Practices.

On November 21, 2018, the other members of the Board of Directors attended the Corporate Governance Seminar "Professionalizing your Management and Board of Directors" held at PCCI BA Securities Hall, McKinley Hills, Taguig City, conducted by Philippine Chamber of Commerce and Industry (PCCI). The corresponding Certificates of Completion/Attendance for November 9 and November 21 was submitted to SEC on November 22, 2018.

On May 16, 2019, members of the Board of Directors attended the Corporate Governance Seminar "Professionalizing your Management and Board of Directors" held at PCCI BA Securities Hall, McKinley Hills, Taguig City, conducted by Philippine Chamber of Commerce and Industry (PCCI). Certificates of Completion/Attendance was submitted to SEC on May 21, 2019.

One June 14, 2019, members of the Board of Directors attended the Corporate Governance Seminar held at RCBC Plaza, Ayala Avenue, Makati City, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. The corresponding Certificates of Completion/Attendance was submitted to SEC on June 18, 2019.

On November 19, 2020, members of the Board of Directors attended the Corporate Governance Webinar "2019 Revised Corporation Code of the Philippines" held via zoom and conducted by Center for Global Best Practices Foundation. The corresponding Certificates of Attendance was submitted to SEC on December 17, 2020.

On August 10, 2021, members of the Board of Directors attended the Corporate Governance Webinar, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc., via Zoom. The corresponding Certificates of Attendance was submitted to SEC on August 23, 2021.

On October 21, 2022, members of the Board of Directors attended the Corporate Governance Webinar conducted by Risks, Opportunities, Assessment and Management *ROAM), Inc. via Zoom. Also on December 20, 2022, other Board members attended the Corporate Governance Webinar conducted by Philippine Chamber of Commerce and Industry (PCCI) via Zoom. The corresponding Certificate of Attendance was submitted to SEC on November 16, 2022 and January 2, 2023, respectively.

Evaluation System

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance. It has adopted as a guideline the SEC's Corporate Governance Self-Rating Form (CG-SRF) in order to determine the Company's compliance with the leading practices on Corporate Governance.

Plan to Improve

The Company continues to take efforts to be abreast with development and trends on Corporate Governance as the same may emerge.

BOARD OF DIRECTORS AND MANAGEMENT

DIRECTORS

Johnson Tan Gui Yee
Chairman

Mark Ryan K. Cokeng
President

Charlie K. Chua

Francis L. Chua

Johnson U. Co

Johnny O. Cobankiat

Katrina Marie K. Cokeng

Mary K. Cokeng

Peter L. Kawsek, Jr.

Rufino B. Tiangco

MANAGEMENT

JOHNSON TAN GUI YEE
Chairman of the Board

MARK RYAN K. COKENG
President

PONCIANO K. MATHAY
Senior Vice-President,
Compliance Officer and
Asst. Corporate Secretary

JOHNSON U. CO
Vice-President for Administration

MARY K. COKENG
Treasurer

ATTY. FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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 06 October 2022 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. Tomas.

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. Tomas

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*, Vructi 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. Tomas.

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 of the National Authority for Child Care (Inter-Country Adoption Board).

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 Peter Kawsek, Jr. and Charlie K. Chua.

(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.

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	**Mary K. Cokeng**
President/ CEO	Treasurer/Chief Financial Officer

APR 2 7 2023

SUBSCRIBED AND SWORN to before me this _______day of_________, 2023, affiants exhibiting to me their Driver's License/ National IDs, as follows:

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

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. 264994 / JAN. 03, 2023 / PASIC CITY
3107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

Doc.No. 107;
Page No. 77;
Book No. 7;
Series of 2023

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 0 3 2023, 2023.

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

SUBSCRIBED AND SWORN to before me in the City of MAKATI CITY this ___ day of MAY 0 3 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.

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

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

My Docs>FJP>2023 Files>Sec Cert>

F & J Prince Holdings Corporation

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

Company Name

F & J PRINCE HOLDINGS CORPORATION

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

5TH FLOOR, BDO PASEO TOWERS
8741 PASEO DE ROXAS,
MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
APFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
fjphco@gmail.com	892-7133 / 892-7131	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
474	04/12	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Fina Bernadette D.C Tantuico	fct.law@gmail.com	633-2107	0917-892-0786

Contact Person's Address

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

Note 1: In case of death, resgination 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.

M&Q

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

APR 28 2023

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A MAKATI
RECEIVED

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 statement 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.

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 50
South Makati
RECEIVED
APR 2 0 2025

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
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

APR 28 2023
BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 50
RECEIVED

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	**₱57,528,006**	₱64,773,251
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		**₱815,564,745**	₱831,609,856
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other liabilities	3, 4, 17	**₱552,115**	₱460,246
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		**₱815,564,745**	₱831,609,856

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	**₱59,500,970**	₱71,267,449
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		**₱66,932,758**	₱74,515,706
EARNINGS PER SHARE			
Basic/Diluted	22	**₱0.14**	₱0.15

See accompanying Notes to Separate Financial Statements.

APR 2 8 2023

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 50
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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			
Item that will be reclassified to profit or loss in subsequent periods:			
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)
Items that will not be reclassified to profit or loss in subsequent periods:			
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.

APR 28 2023

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 50
South Makati
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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	₱481,827,653	₱144,759,977	(₱9,018,926)	₱458,193	₱182,523,528	₱800,550,425
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 - ₱0.10 per share	–	–	–	–	(48,182,765)	(48,182,765)
Balances as at December 31, 2021	₱481,827,653	₱144,759,977	(₱11,869,229)	₱499,052	₱208,856,469	₱824,073,922

	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.

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

APR 28 2023

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A
Revenue District Office No. 50
RECEIVED
RCO NAME: NASHEBA M. MOCTAR

(Forward)

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

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
    - 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.

3.02 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:

  - 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.

<u>No Mandatory Effective Date</u>

- 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.

<u>3.05.02 Financial Liabilities</u>

Initial recognition and measurement

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

The 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.

<u>3.05.03 Derecognition</u>

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.

<u>3.14.01 Revenue Outside the Scope of PFRS 15</u>
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:

<u>4.01.01 Determination of Significant Influence over an Investee Company</u>
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.

<u>4.01.02 Classification of Financial Instruments</u>
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 financials 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 arid 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
	₱2,893,733	₱1,732,432

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	**₱2,139,341**	**(₱118,002)**	**₱–**	**₱2,021,339**
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**
	₱2,152,901	**(₱2,686,601)**	**₱134,698**	**(₱399,002)**

2021	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Deferred tax assets (liabilities)				
NOLCO	₱2,961,664	(₱822,323)	₱–	₱2,139,341
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	184,436	(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
	₱3,739,019	(₱1,574,284)	(₱11,834)	₱2,152,901

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	₱0.01	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:

	Year	Amount of Transaction	Outstanding Balances	Terms	Conditions
Subsidiary					
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)

	Year	Amount of Transaction	Outstanding Balances	Terms	Conditions
Indirect Subsidiary					
PIEI					
Advances	**2022**	**₱1,282,692**	**₱1,282,692**	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	**₱59,931,236**	**₱6,539,154**		
	2021	₱70,445,913	₱17,144,029		

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*	**₱57,523,006**	**₱–**	**₱–**	**₱–**	**₱57,523,006**
Receivables	**7,401,486**	**–**	**–**	**123,862**	**7,525,348**
Financial assets at FVOCI	**42,514,975**	**–**	**–**	**–**	**42,514,975**
	₱107,439,467	**₱–**	**₱–**	**₱123,862**	**₱107,563,329**

**Excluding cash on hand*

	2021				
	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*	₱64,768,251	₱–	₱–	₱–	₱64,768,251
Receivables	18,094,087	–	–	100,000	18,194,087
Financial assets at FVOCI	45,508,609	–	–	–	45,508,609
	₱128,370,947	₱–	₱–	₱100,000	₱128,470,947

**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	**₱39,151,458**	**₱18,376,548**	**₱–**	**₱57,528,006**
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**
	₱58,529,677	**₱18,251,633**	**₱91,383,094**	**₱168,164,404**

**Excluding statutory payables*

	2021			
	On demand	Within 1 year	More than 1 year	Total
Financial assets				
At amortized cost				
Cash and cash equivalents	₱48,276,189	₱16,497,062	₱–	₱64,773,251
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
	₱69,380,640	₱27,696,880	₱85,727,329	₱182,804,849

**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.

<u>18.05.01 Interest Rate Risk</u>

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:

	2022		2021	
Original Currency	**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:

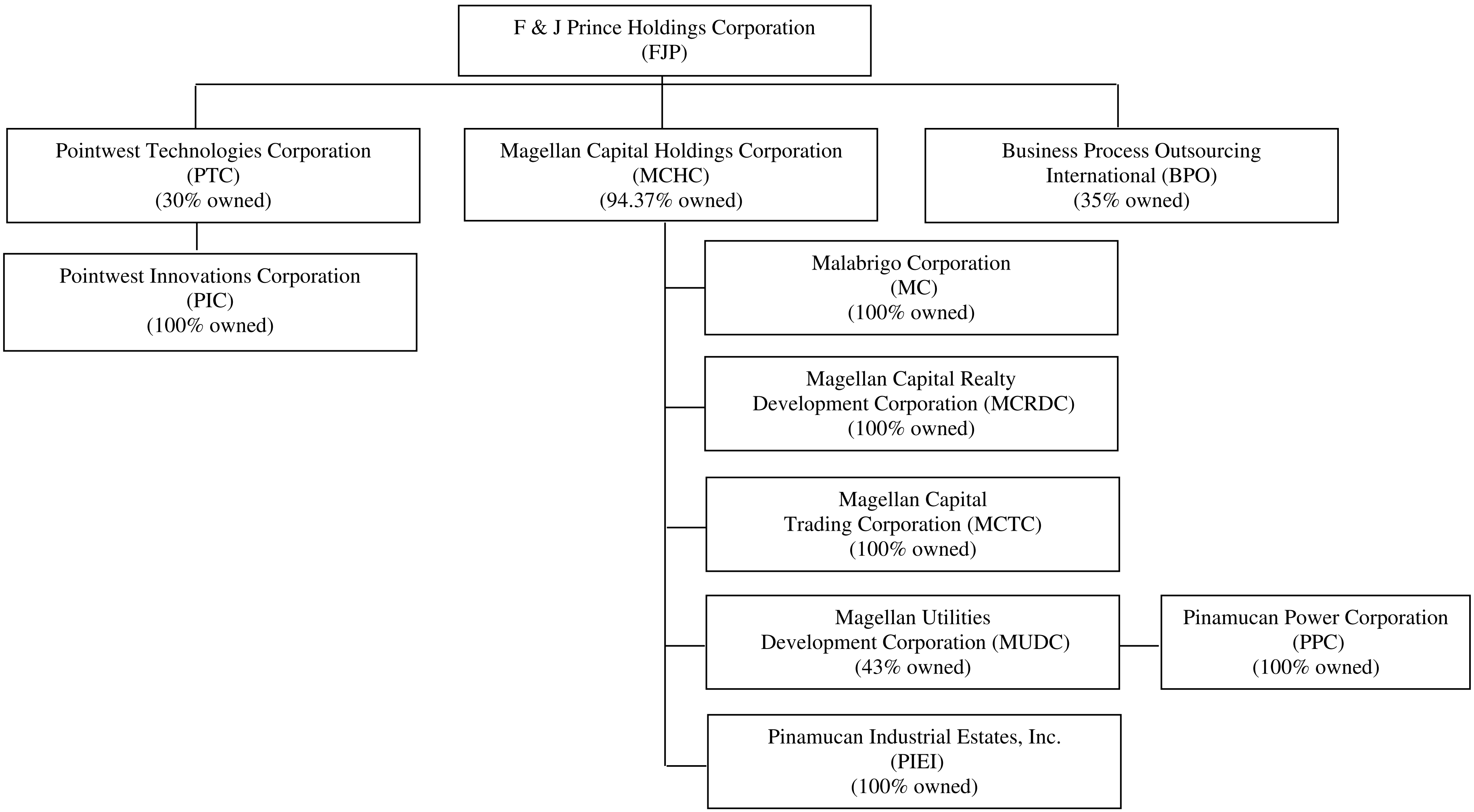
	2022	2021
Expanded withholding taxes	**₱46,948**	₱55,169
Tax on compensation and benefits	**32,889**	32,889
	₱79,837	₱88,058

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.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP



F & J Prince Holdings Corporation

2023
FIRST QUARTER

UNAUDITED FINANCIAL REPORT

COVER SHEET

4 3 3 7 0

SEC Registration Number

F & J PRINCE HOLDINGS CORPORATION

(Company's Full Name)

5TH FLR BDO TOWERS PASEO 8741 PASEO DE ROXAS MAKATI

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

Atty. Fina C. Tantuico

Contact Person

88927133 · 88927137

Company Telephone Numbers

12 31

Month Day

Fiscal Year

04 12

Month Day

Annual Meeting

SEC FORM 17-Q
(As of March 31, 2023)

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

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **31 March 2023**

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

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

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

6. Industry Classification Code: (SEC Use Only)

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

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

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

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

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

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

Yes [✓] No [ ]

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

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

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I
FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

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

(1) Unaudited Interim Balance Sheet as of 31 March 2023 and Audited Balance Sheet as of 31 December 2022 as Annex "A";

(2) Unaudited Interim Statement of Income and Retained Earnings for the three (3) month period ending 31 March 2023 and the three (3) month period ending 31 March 2022 as Annex "B";

(3) Unaudited Interim Statement of Changes in Stockholders' Equity for the three (3) months period ending 31 March 2023 and 31 March 2022 and Audited Statement of Changes in Stockholders' Equity for the year ending 31 December 2022 as Annex "C";

(4) Unaudited Interim Consolidated Cash Flow Statement for the three (3) month period ending 31 March 2023 and the three (3) month period ending 31 March 2022 as Annex "D";

(5) Interim Cash Flow for the quarterly periods ending 30 June 2022 and 30 September 2022 Audited Cash Flow Statement for the year ended 31 December 2022 as Annex "E"; and

(6) Consolidated Balance Sheet as of 31 March 2023 and 31 December 2022 with vertical and horizontal percentage analysis as Annex "F".

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(1) Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Operating Results

Breakdown of Revenue for the Three-Month Periods Ending March 31, 2023 and March 31, 2022 with Vertical and Horizontal Percentage Analysis is shown below:

(₱000)	FIRST QUARTER March 31, 2023	VERTICAL PERCENTAGE ANALYSIS March 31, 2023	FIRST QUARTER March 31, 2022	VERTICAL PERCENTAGE ANALYSIS March 31, 2022	INCREASE (DECREASE) AMOUNT March 31, 2023	INCREASE (DECREASE) PERCENTAGE March 31, 2023
INTEREST INCOME From Banks	₱ 2,026	8.1%	₱ 393	1.7%	₱ 1633	415.5%
From Securities	1,844	7.4%	1,852	8.0%	(8)	(0.4%)
TOTAL	**3,871**	**15.6%**	**2,245**	**9.7%**	**1626**	**72.4%**
Dividend Income	637	2.5%	276	1.2%	361	130.7%
Rent Income	4,960	20.0%	5,687	24.6%	(727)	(12.8%)
Unrealized Gain on Trading Securities	15,034	60.5%	8,055	34.9%	6,979	86.6%
Net Unrealized FX Gain	0	-	844	3.7%	(844)	(100%)
Gain on Disposal of Financial Assets at FVTPL	0	-	5,994	26.0%	(5,994)	(100%)
TOTAL	**₱ 24,825**	**100%**	**₱ 23,101**	**100%**	**₱ (18,696)**	**(44.7%)**

Revenues. Consolidated Revenues, during the 3-month period ended March 31, 2023, totaled ₱24.8 million compared to P23.1 million during the same 3-month period in 2022. The increase in unrealized gain on trading securities of ₱6.9 million, accounted for the bulk of the increase.

Expenses. Consolidated General and Administrative Expenses in the first quarter of 2023 totaled ₱12.3 million compared to ₱9.9 million in the first quarter of 2022.

Operating Income. As a result of the factors discussed above, consolidated operating income in first quarter 2023 totaled ₱12.5 million compared to ₱13.2 million in the same period of 2022.

Net Income. The Registrant had a net income of ₱12.5 million during the first quarter of 2023 compared to ₱13.2 million in the first quarter of 2022. The net income in the first quarter of 2022 attributable to shareholders of the Company totaled ₱11.9 million while ₱0.6 million in net income was attributable to minority shareholders in the company's majority owned subsidiary Magellan Capital Holdings Corporation. In the first quarter of 2022, ₱12.6 million net income was attributable to shareholders of the company and ₱0.6 million net income was attributable to minority shareholders in the Registrant's subsidiary.

BALANCE SHEET ACCOUNTS

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for March 31, 2023 compared to December 31, 2022.

ASSETS

Current Assets. Consolidated current assets as of March 31, 2023 totaled ₱786.0 million compared to ₱750.2 million as of December 31, 2022. Most of the increase was due to financial assets at fair value through profit or less.

Receivables from Related Parties. This account was ₱0.25 million at March 31, 2023, versus ₱0.17 million at year-end 2022.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2022 to March 31, 2023 at ₱263.3 million as equity in net earnings of associates is taken up at year-end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of corporate bonds and listed equities totaled ₱441.1 million as of March 31, 2023 from ₱462.3 million at year-end 2022.

Property and Equipment. This account totaled ₱4.2 million as of March 31, 2023 compared to ₱4.6 million as of December 31, 2022 due to allowance for depreciation.

Investment in Property. This account totaled ₱357.3 million as of March 31, 2023 from ₱359.1 million at year-end 2022 due to additional allowance for depreciation.

Other Non-Current Assets. This account totaled ₱2.9 million as of March 31, 2023, the same level as year-end 2022.

Total Assets. As a result of the foregoing, total assets increased to ₱1,893.7 million as of March 31, 2022 from ₱1,879.9 million as of December 31, 2022.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities was at ₱15.6 million as of March 31, 2023 compared to ₱16.2 million at year-end 2022.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation and deferred tax liability was stable at ₱41.3 million as of March 31, 2023 roughly the same level as at year-end 2022. The accrual of additional retirement benefit obligation is taken up at year-end based on actuarial studies commissioned at that time.

Stockholder's Equity. Total stockholders' equity increased to ₱1,836.7 million as of March 31, 2023 from ₱1,821.9 million at year-end 2022. Total equity attributable to stockholders of the company totaled ₱1,765.7 million at March 31, 2023 from ₱1,751.5 million at December 31, 2022. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱71.1 million at March 31, 2023 compared to ₱70.4 million at December 31, 2022.

Top Performance Indicators

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

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

Change in Revenues. Consolidated revenues in the first quarter of 2023 and 2022 are shown in Annex "B" and presented below in summary form:

(₱000)	1st Quarter-2023	Percentage (%)	1st Quarter-2022	Percentage (%)
Interest Income	₱ 3,871	15.6%	₱ 2,245	9.7%
Lease Rental Income	4,960	20.0%	5,687	24.61%
Dividend Income	637	2.5%	276	1.2%
Unrealized Gain on trading securities	15,034	60.5%	8,055	34.9%
Net Unrealized FX Gain	0	-	844	3.7%
Gain on Disposal of Financial Assets at FVTPL	0	-	5,994	26.1%
TOTAL INCOME	₱ **24,825**	**100%**	₱ **23,101**	**100%**

Total revenue in the first quarter of 2023 was ₱24.8 million, versus ₱23.1 million in the first quarter of 2022. The increase in unrealized gain on trading securities from ₱8.0 million to ₱15.0 million, accounted for the bulk of the increase.

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

(₱000)	1st Quarter 2022	Percentage (%)	1st Quarter 2022	Percentage (%)
Revenues	₱ 24,825	100%	₱ 23,101	100%
Expenses	12,307	49.6%	9,915	42.9%
Net Income	12,518	50.4%	13,186	57.1%
Attributable to:				
- Minority Interest	625	2.5%	605	2.6%
- Stockholders of Company	11,892	47.9%	12,581	54.5%

The Registrant realized a net income of ₱12.5 million in the first quarter of 2023 compared to a net income of ₱13.2 million in the first quarter of 2022. Net income of ₱11.9 million was attributable to stockholders of the company in the first quarter of 2023 compared to net income of ₱12.6 million in the first quarter of 2022.

Earnings per Share. The net income per share attributable to shareholders of the Company during the first quarter of 2023 was ₱0.031 per share compared to net income per share of ₱0.033 in the first quarter of 2022.

Current Ratio. Current ratio as of March 31, 2022 was 52.4 X compared to 46.9 X as of December 31, 2021.

Book Value Per Share. Book value per share as of March 31, 2023 was ₱4.59 per share compared to ₱4.55 as of December 31, 2022.

PART II

OTHER INFORMATION

The Board of Directors of the corporation will meet next month at which time a date will be set for the stockholders' meeting. The Stockholders will be informed of the venue and time.

SIGNATURES

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

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

Principal Executive Officer

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

Date ....18 May 2023....

Principal Financial/Accounting Officer/Controller

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

Date ....18 May 2023....

My Docs>F&J>2023 Files>SEC Form 17-Q>
1st Quarter-31 March 2023

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

ANNEX "A"
Page 1

ASSETS		**UNAUDITED MARCH 31, 2023**		**AUDITED DEC. 31,2022**
Current Assets				
Cash and cash equivalents	P	452,045,421	P	467,697,273
Financial assets at fair value through profit or loss		296,367,552		238,309,793
Convertible note receivable		0		0
Receivables-net :				
Advances to Officers & Employees		23,862		0
Interest Receivable		3,180,989		4,215,899
Dividends Receivable		0		5,249,962
Receivable from related parties		218,886		173,419
Others		432,898		913,725
Total Receivables		3,856,635		10,553,005
Allowance for impairment losses		1,007,000		1,007,000
Total Receivables-Net		2,849,635		9,546,005
Current portion of HTM investments		0		0
Current portion of AFS financial assets		477,020		477,020
Prepaid expenses & other current assets:				
Input Tax		25,691,437		25,656,949
Prepaid Income Tax		1,099,103		1,099,103
Others		7,527,265		7,420,602
Total Prepaid expenses and other current assets		34,317,805		34,176,654
Total Current Assets	P	786,057,433	P	750,206,745
Non-current Assets				
Convertible notes receivable		5,612,000		5,612,000
Investments in associates		263,360,439		267,617,359
Investment in rights issue subscription		33,101,200		27,632,400
Financial assets at FVOCI-net of current portion		441,109,416		462,343,736
Investment in property		357,343,925		359,082,446
Property and Equipment				
Building		20,755,943		20,755,943
Building Improvements		9,935,133		9,935,133
Transportation equipment		7,234,510		7,234,510
Furniture and fixtures		3,039,303		3,039,303
Total		40,964,889		40,964,889
Less: Accumulated depreciation		36,705,739		36,322,799
Net Book Value		4,259,150		4,642,090
Total Property and Equipment		4,259,150		4,642,090
Other non-current assets		2,857,086		2,857,086
Total Non-Current Assets		1,107,643,216		1,129,787,117
TOTAL ASSETS	P	1,893,700,649	P	1,879,993,862

LIABILITIES & STOCKHOLDERS' EQUITY		UNAUDITED MARCH 31, 2023		AUDITED DEC. 31, 2022
Current Liabilities				
Accounts Payable and accrued expenses				
Accounts payable-trade		0		0
Accounts payable-others		750,021		957,570
Withholding taxes payable		212,133		452,893
SSS Premium Payable		29,367		23,242
HDMF Premium Payable		14,139		1,896
Philhealth Premium Payable		8,064		8,065
Deposit Payable		3,929,555		4,270,053
Output Vat Payable		2,064,592		1,672,735
Accrued expenses		1,515,458		1,744,548
Total Accounts payable and accrued expenses	P	**8,523,329**	P	**9,131,002**
Dividends Payable		**6,964,039**		**6,964,039**
Income Tax Payable		**124,280**		**124,280**
Provision for legal obligation		**0**		**0**
Total Current Liabilities	P	**15,611,648**	P	**16,219,321**
Non-Current Liabilities				
Deferred tax liabilities		**22,943,545**		**22,943,545**
Deposits payable		**580,000**		**1,099,000**
Retirement benefit obligation		**17,796,176**		**17,796,176**
Total Non-Current Liabilities		**41,319,721**		**41,838,721**
Stockholders' Equity				
Capital stock		**481,827,653**		**481,827,653**
Additional paid in capital		**144,759,977**		**144,759,977**
Treasury shares		**(102,094,826)**		**(102,094,826)**
Unrealized gain on financial assets at FVOCI		**(14,483,818)**		**(16,798,687)**
Actuarial loss on retirement benefit obligation		**615,438**		**615,438**
Accumulated share in other comprehensive income of associates		**107,814,148**		**107,814,148**
Retained earnings		**1,147,242,546**		**1,135,349,885**
Total Equity Attributable to Stockholders of the Company		**1,765,681,118**		**1,751,473,588**
Minority Interest		**71,088,162**		**70,462,232**
Total Stockholders' Equity		**1,836,769,280**		**1,821,935,820**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P	**1,893,700,649**	P	**1,879,993,862**

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2023 AND MARCH 31, 2022

		UNAUDITED MARCH 31, 2023		UNAUDITED MARCH 31, 2022
REVENUES				
Interest Income				
From Banks	P	2,026,684	P	393,341
From Securities		1,844,460		1,851,659
Total Interest Income		3,871,144		2,245,000
Unrealized gains on trading securities		15,034,996		8,055,387
Rental Income		4,960,143		5,687,373
Gains on disposal /redemption of financial assets at FVTPL		0		5,993,835
Realized gain on disposal of financial assets at FVOCI		236,107		0
Dividend Income		637,951		276,213
Net unrealized foreign exchange gain		0		843,675
Other income		85,658		0
	P	24,825,999	P	23,101,483
EXPENSES				
Net foreign exchange loss		1,012,262		0
Realized loss on disposal of FVOCI investments		93,030		0
Salaries, wages and employees' benefits		2,365,926		2,973,544
Depreciation		2,636,942		2,520,674
Professional fees		844,391		492,199
Condominium dues		1,762,571		1,468,427
Repairs and maintenance		0		0
Taxes and licenses		1,722,567		617,310
Entertainment, amusement and recreation		73,356		107,691
Unrealized loss on financial assets at FVPL		1,182,693		0
Others		613,670		1,735,642
		12,307,408		9,915,487
NET INCOME	P	12,518,591	P	13,185,996
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	11,892,661	P	12,581,466
MINORITY INTERESTS		625,930		604,530
EARNINGS PER SHARE	P	0.031	P	0.033

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2023 AND MARCH 31, 2022

		UNAUDITED MARCH 31, 2023		UNAUDITED MARCH 31, 2022
NET INCOME	P	12,518,591	P	13,185,996
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		-		-
Amortization of unrealized losses on changes in fair value of AFS investments				
Unrealized gains on financial assets at FVOCI		2,314,869		(12,026,162)
Impairment loss on AFS investments				
Others				
		2,314,869		(12,026,162)
TOTAL COMPREHENSIVE INCOME(LOSS)	P	14,833,460	P	1,159,834
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	14,091,787	P	1,101,842
MINORITY INTERESTS		741,673		57,992
	P	14,833,460	P	1,159,834

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "C"

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

		UNAUDITED MARCH 31, 2023	UNAUDITED MARCH 31, 2022	AUDITED DEC. 31, 2022
CAPITAL STOCK				
Balance at beginning of year	P	481,827,653P	481,827,653 P	481,827,653
Issuance of additional shares of stock				
Subscription of additional shares of stock				
Balance at end of period		481,827,653	481,827,653	481,827,653
ADDITIONAL PAID-IN CAPITAL		144,759,977	144,759,977	144,759,977
Treasury Shares		(102,094,826)	(102,094,826)	(102,094,826)
Unrealized gain on financial assets at FVOCI		(14,483,819)	(25,529,106)	(16,798,687)
Other Reserves				
Actuarial loss on retirement benefit obligation		615,438	1,005,072	615,438
Share in other comprehensive income of associates		107,814,148	87,890,753	107,814,148
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES				
RETAINED EARNINGS				
Balance at beginning of period, as restated		1,135,349,885	1,214,760,272	1,172,570,596
Net Income		11,892,661	12,581,465	20,333,318
Dividends declared				(57,554,029)
Balance at end of period		1,147,242,546	1,227,341,737	1,135,349,885
		1,765,681,117	1,815,201,260	1,751,473,588
Minority Interests		71,088,162	74,377,230	70,462,232
TOTAL STOCKHOLDERS' EQUITY	P	1,836,769,279 P	1,889,578,490 P	1,821,935,820

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "D"

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2023 AND MARCH 31, 2022

		UNAUDITED MARCH 31, 2023		UNAUDITED MARCH 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income	P	11,892,661	P	12,581,466
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority Interest		625,930		604,530
Depreciation and amortization		2,636,942		2,520,674
Net unrealized gains on financial assets at FVOCI		2,314,869		(12,026,162)
Amortization of unrealized loss/gain on FV of AFS inv.				
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		6,696,370		18,206,388
Prepaid expenses and other current assets		(141,151)		(413,094)
Increase (decrease) in accounts payable and accrued expenses		(607,673)		618,167
Net cash provided by operating activities		23,417,948		22,091,969
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(515,478)		(21,338)
Investment in issue rights subscriptions		(5,468,800)		0
Financial assets at FVOCI and FVPL		(32,566,522)		(12,362,633)
Decrease (increase) in:				
Investment in property		0		0
Other assets		0		3,000
Net cash provided by (used in) investing activities		(38,550,800)		(12,380,971)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Deposits payable		(519,000)		0
Income tax payable		0		0
Net cash provided by (used in) financing activities		(519,000)		0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	(15,651,852)	P	9,710,998
CASH AND CASH EQUIVALENTS, BEGINNING		467,697,273		506,730,242
CASH AND CASH EQUIVALENTS, ENDING	P	452,045,421	P	516,441,240

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTERS ENDING JUNE 30, 2022 AND SEPTEMBER 30, 2022

	UNAUDITED SEPTEMBER 30, 2022	UNAUDITED JUNE 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	P 10,146,970	P (14,959,210)
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate	0	
Minority interest	229,228	(1,118,873)
Depreciation and amortization	7,655,862	5,080,141
Net unrealized gains on financial assets at FVOCI	(30,407,071)	(30,578,466)
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	18,515,017	18,966,082
Prepaid expenses and other current assets	578,884	224,484
Increase (decrease) in:		
Accounts payable and accrued expenses	3,935,549	(911,394)
Net cash provided by operating activities	10,654,439	(23,297,236)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	(2,238,201)	(2,122,095)
Investment in rights issue subscription	(11,106,400)	
Financial assets at FVOCI and FVPL	22,394,939	15,754,661
Investment in associates	(10,269,352)	0
Decrease(increase) in		
Other assets	26,261,748	26,261,748
Net cash provided by (used in) investing activities	25,042,734	39,894,314
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Provision for legal obligation	(5,000,000)	(5,000,000)
Cash dividends declared and paid	(59,761,724)	0
Dividends payable	(31,228)	0
Income tax payable	(60,199)	(60,199)
Net cash provided by (used in) financing activities	(64,853,151)	(5,060,199)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P (29,155,978)	P 11,536,879
CASH AND CASH EQUIVALENTS, BEGINNING	506,730,242	506,730,242
CASH AND CASH EQUIVALENTS, ENDING	P 477,574,264	P 518,267,121

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES **ANNEX "E"**
CONSOLIDATED STATEMENT OF CASH FLOWS **Page 2**
FOR THE YEAR ENDING DECEMBER 31, 2022 **Audited**

		Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax from continuing operations	P	25,728,882
Adjustments for:		
Equity in net losses(earnings) of associates		(26,211,341)
Net unrealized foreign exchange losses (gains)		(56,973,100)
Fair value losses(gains) on financial assets at FVPL		33,022,832
Interest income		(14,588,814)
Dividend income		(5,670,253)
Depreciation		17,472,709
Losses/ Gains on disposal of:		
Financial assets at FVOCI		(5,679,671)
Financial assets at FVTPL		2,286,877
Property and equipment		0
Retirement benefit expense		1,505,974
Expected credit loss		86,873
Operating loss before working capital changes		(29,019,032)
Decrease (increase) in:		
Receivables		609,481
Receivable from related parties		11,827,565
Prepaid expenses and other current assets		1,811,731
Other assets		26,259,048
Increase (decrease) in trade and other payables		918,939
Increase (decrease) in deposits payable		(988,813)
Provision for legal obligation		(5,000,000)
Proceeds from disposal of financial assets at FVTPL		44,394,948
Additions to financial assets at FVTPL		(79,442,793)
Net cash flows used in operations		(28,628,926)
Interest received		12,833,366
Dividends received		36,672,347
Income taxes paid		(2,517,368)
Net cash flows from operating activities		18,359,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at FVTPL		23,849,839
Additions to:		
Financial assets at FVOCI		(57,719,216)
Property and equipment		(1,317,938)
Investment in properties		(1,433,127)
Convertible notes receivable		(5,659,800)
Right issue subscription		(1,133,400)
Distribution received from investment in associate		1,492,121
Net cash flows from (used in) investing activities		(41,921,521)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid		(57,012,397)
Dividends to non-controlling interest		(1,649,303)
Acquisition of treasury shares		0
Net cash flows from financing activities		(58,661,700)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		43,406,424
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(38,817,378)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**506,514,651**
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	**467,697,273**

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

"ANNEX F"

	UNAUDITED MARCH 31, 2023	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2023	AUDITED DEC. 31,2022	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2022	INCREASE (DECREASE) AMOUNT MARCH 31, 2023	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2023
ASSETS						
Current Assets						
Cash and cash equivalents	452,045,421	23.87%	467,697,273	24.87%	(15,652,252)	-3.35%
Financial assets at fair value through fair value thru profit or loss (FVPL)	296,367,552	15.65%	238,309,793	12.68%	58,057,759	24.36%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	23,862	0.00%	0	0.00%	23,862	100.00%
Interest Receivable	3,180,989	0.17%	4,215,899	0.22%	(1,034,910)	-24.55%
Dividends Receivable	0	0.00%	5,249,962	0.28%	(5,249,962)	-100.00%
Receivable from related parties	218,886	0.02%	173,419	0.01%	45,467	26.22%
Others	432,898	0.02%	913,725	0.05%	(480,827)	-52.62%
Total Receivables	3,856,635	0.20%	10,553,005	0.56%	(6,696,370)	-63.45%
Allowance for impairment losses	1,007,000	-0.05%	1,007,000	-0.05%	0	0.00%
Total Receivables-Net	2,849,635	0.15%	9,546,005	0.51%	(6,696,370)	-70.15%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	477,020	0.03%	477,020	0.03%	0	100.00%
Prepaid expenses & other current assets:						
Others	7,527,265	0.40%	7,420,602	0.39%	106,663	1.44%
Input Tax	25,691,437	1.36%	25,656,949	1.36%	34,488	0.13%
Prepaid Income Tax	1,105,857	0.06%	1,099,103	0.06%	0	0.00%
Total Prepaid expenses & other current assets	34,317,805	1.82%	34,176,654	1.81%	141,151	0.41%
Total Current Assets	786,057,433	41.52%	750,206,745	39.90%	35,850,288	4.78%
Non-current Assets						
Convertible notes receivable	5,612,000	0.30%	5,612,000	0.30%	0	0.00%
Investments in associates	263,360,439	13.90%	267,617,359	14.24%	(4,256,920)	-1.59%
Investment in rights issue subscription	33,101,200	1.75%	27,632,400	1.47%	5,468,800	19.79%
Financial assets at FVOCI	441,109,416	23.29%	462,343,736	24.59%	(21,234,320)	-4.59%
Investment in properties	357,343,925	18.87%	359,082,446	19.10%	(1,738,521)	-0.48%
Property and Equipment						
Building	20,755,943	1.10%	20,755,943	1.11%	0	0.00%
Building Improvements	9,935,133	0.52%	9,935,133	0.53%	0	0.00%
Transportation equipment	7,234,510	0.38%	7,234,510	0.38%	0	0.00%
Furniture and fixtures	3,039,303	0.16%	3,039,303	0.16%	0	0.00%
Total Property and Equipment	40,964,889	2.16%	40,964,889	2.18%	0	0.00%
Less: accumulated depreciation	36,705,739	-1.94%	36,322,799	-1.93%	382,940	1.05%
Net Book Value	4,259,150	0.22%	4,642,090	0.25%	(382,940)	-8.25%
Total Property and Equipment	4,259,150	0.22%	4,642,090	0.25%	(382,940)	-8.25%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets – net	2,857,086	0.15%	2,857,086	0.15%	0	0.00%
Total Non-Current Assets	1,107,643,216	58.48%	1,129,787,117	60.10%	(22,143,901)	-1.96%
TOTAL ASSETS	1,893,700,649	100.00%	1,879,993,862	100.00%	13,706,787	0.73%

	UNAUDITED MARCH 31, 2023	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2023	AUDITED DEC. 31,2022	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2022	INCREASE (DECREASE) AMOUNT MARCH 31, 2023	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2023
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	750,021	0.04%	957,570	0.05%	(207,549)	-21.67%
Withholding taxes payable	212,133	0.01%	452,893	0.02%	(240,760)	-53.16%
SSS Premium Payable	29,367	0.00%	23,242	0.00%	6,125	26.35%
HDMF Premium Payable	14,139	0.00%	1,896	0.00%	12,243	645.73%
Philhealth Premium Payable	8,065	0.00%	8,065	0.00%	0	0.00%
Deposit Payable	3,929,554	0.21%	4,270,053	0.23%	(340,498)	-7.97%
Output Vat Payable	2,064,592	0.11%	1,672,735	0.09%	391,857	23.43%
Accrued expenses	1,515,458	0.08%	1,744,548	0.09%	(229,090)	-13.13%
Total Accounts payable & accrued expenses	8,523,329	0.45%	9,131,002	0.48%	(607,673)	-6.66%
Dividends Payable	6,964,039	0.36%	6,964,039	0.37%	0	0.00%
Income Tax Payable	124,280	0.01%	124,280	0.01%	0	0.00%
Provision for legal obligation	0	0.26%	0	0.00%	0	0.00%
Total Current Liabilities	15,611,648	0.82%	16,219,321	0.86%	(607,673)	-3.75%
Non-Current Liabilities						
Deposits payable	580,000	0.03%	1,099,000	0.06%	(519,000)	-47.22%
Deferred tax liabilities	22,943,545	1.21%	22,943,545	1.22%	0	0.00%
Retirement benefit obligation	17,796,176	0.94%	17,796,176	0.95%	0	0.00%
Total Non-Current Liabilities	41,319,721	2.18%	41,838,721	2.23%	(519,000)	-1.24%
Stockholders' Equity						
Capital stock	481,827,653	25.45%	481,827,653	25.63%	0	0.00%
Additional paid in capital	144,759,977	7.64%	144,759,977	7.70%	0	0.00%
Unrealized gain on fin. assets at FVOCI	(14,483,818)	-0.76%	(16,798,687)	-0.89%	2,314,869	13.78%
Actuarial loss on retirement obligation	615,438	0.03%	615,438	0.03%	0)	0.00%
Accumulated share in OCI of associates	107,814,148	5.69%	107,814,148	5.73%	0)	0.00%
Treasury shares	(102,094,826)	-5.39%	(102,094,826)	-5.43%	0)	0.00%
Retained earnings	1,147,242,546	60.59%	1,135,349,885	60.39%	11,892,661	1.05%
Total Equity Attributable to Stock-holders of the Company	1,765,681,118	93.25%	1,751,473,588	93.16%	14,207,530	0.81%
Minority Interest	71,088,162	3.75%	70,462,232	3.75%	625,930	0.89%
Total Stockholders' Equity	1,836,769,280	97.00%	1,821,935,820	96.91%	14,833,460	0.81%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,893,700,649	100.00%	1,879,993,862	100.00%	13,706,787	0.73%

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 losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.1 Adoption of Amendments to Standards

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deferred effectivity

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

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

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

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

No Mandatory Effective Date

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

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

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

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

All other assets are classified as noncurrent.

A liability is classified as current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

3.4 Fair Value Measurement
Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

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

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

3.5 Financial Instruments

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

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

<u>3.21.1 Current Income Tax</u>

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.

<u>3.21.2 Deferred Income Tax</u>

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).

<u>4.2.3 Estimating Impairment of Debt Securities Classified as Financial Assets at FVOCI</u>
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).

<u>4.2.4 Estimating Impairment of Investments in Associates</u>
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).

<u>4.2.5 Estimating Impairment of Nonfinancial Assets</u>
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:

	March, 2023	2022
Cash on hand and in banks	**₱45,944,932**	**₱83,520,956**
Short-term placements	**406,100,489**	**384,176,317**
	₱452,045,421	**₱467,697,273**

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

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

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

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

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

As of March 31, 2023, the financial assets at FVTPL is valued at P 296,367,552.

7. Receivables – net

This account consists of:

	Note	March, 2023	2022
Accrued interest	9	₱3,180,989	₱4,215,899
Rent receivable		284,915	853,034
Others		171,845	60,691
		3,637,749	5,129,624
Less: allowance for expected credit losses		1,007,000	1,007,000
		₱2,630,749	₱4,122,624

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

8. Prepayments and Other Current Assets

This account consists of:

	March 2023	2022
Current input tax	₱25,691,437	₱25,656,949
Deposits on contracts	3,186,207	3,260,796
Creditable withholding tax	2,909,622	2,703,631
Prepaid expenses	1,274,418	1,299,157
Prepaid income tax	1,099,103	1,099,103
Deferred input tax	157,018	157,018
	₱34,317,805	₱34,176,654

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

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

This account consists of:

	March 2023	2022
Quoted		
Debt securities, net of allowance for impairment loss of ₱2.1 million	**₱123,769,916**	**₱145,004,236**
Equity securities	**10,952,293**	**10,952,293**
Unquoted equity securities	**306,864,227**	**306,864,227**
	₱441,586,436	**₱462,820,756**

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

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

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

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

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

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

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

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

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

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

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

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

10. Convertible Notes Receivable

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

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

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

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

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

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

11. Investment in Associates

This account consists of:

	March, 2023	2022
Acquisition cost	₱205,189,635	₱205,189,635
Accumulated equity in net earnings:		
As at beginning of year	157,257,853	143,457,795
Share in net income of associates		26,211,341
Share in other comprehensive income of associates/Effect of reclassification	(4,256,920)	2,474,577
Share in dividends declared by associates		(32,494,215)
Cumulative translation adjustment		17,608,355
	153,000,933	157,257,853
	358,190,568	362,447,488
Less: allowance for impairment losses	(94,830,129)	(94,830,129)
	₱263,360,439	₱267,617,359

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MPI

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

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

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

12. Investment in Rights Issue Subscription

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

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

As of March 31, 2023, the investment in rights issue subscription amounted to P33,101,200.

13. Property and Equipment – net

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

	As of March 31, 2023				
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	₱20,755,943	₱8,764,062	₱7,234,510	₱2,892,436	₱39,646,951
Additions	–	1,171,071	–	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	18,473,099	8,825,613	6,235,104	2,788,983	36,322,799
Depreciation	207,559	17,637	83,190	74,554	382,940
Disposals	–	–	–	–	–
Ending balances	18,680,658	8,843,250	6,318,294	2,863,537	36,705,739
Net Book Values	₱2,075,285	₱1,091,883	₱916,216	₱175,766	₱4,259,150

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

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

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

14. **Investment Properties** – net

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

	As of March 31, 2023		
	Land	**Condominium and Improvements**	**Total**
Cost			
Beginning balances	46,319,625	397,188,127	443,507,752
Additions	–	515,478	515,478
Ending balances	46,319,625	397,703,605	444,023,230
Accumulated depreciation			
Beginning balances	–	84,425,305	84,425,305
Depreciation	–	2,254,000	2,254,000
Ending balances	–	86,679,305	86,679,305
Net Book Values	₱46,319,625	₱311,024,300	₱357,343,925

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

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

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

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

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

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

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

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

15. Other Noncurrent Assets

This account consists of:

	March 2023	2022
Refundable deposits	**₱575,780**	**₱575,780**
Cash restricted for legal proceedings	**–**	–
Others	**2,281,306**	**2,281,306**
	₱2,857,086	**₱2,857,086**

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

16. Trade and Other Payables

This account consists of:

	March 2023	2022
Deposits payable	**₱3,929,555**	**₱4,270,053**
Accounts payable	**750,021**	**1,489,570**
Accrued professional fees	**1,515,458**	**1,192,505**
Government payables	**2,328,295**	**2,178,874**
	₱8,523,329	**₱9,131,002**

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

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

17. Retirement Benefit Obligation

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

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

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

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

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

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

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

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

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

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

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

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

18. Other Income

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

19. Income Taxes

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

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

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

2022	**Beginning Balance**	**Credited (Charged) to Profit**	**Credited (Charged) to Equity**	**Ending Balance**
Unrealized valuation losses (gains) on financial assets at FVOCI	**(₱17,061,680)**	**₱–**	**₱6,545,553**	**(₱10,516,127)**
Unrealized foreign exchange gains	**(18,178,591)**	**(9,045,506)**	**–**	**(27,224,097)**
Retirement benefit obligation	**3,935,279**	**376,494**	**137,271**	**4,449,044**
Advance rental	**44,532**	**(44,532)**	**–**	**–**
NOLCO	**2,139,341**	**(118,002)**	**–**	**2,021,339**
MCIT	**133,606**	**32,820**	**–**	**166,426**
Unrealized valuation loss (gain) on financial assets at FVTPL	**(8,482,815)**	**4,724,013**	**–**	**(3,758,802)**
Allowance for expected credit losses on receivables, financial assets at FVOCI	**11,918,672**	**–**	**–**	**11,918,672**
	(₱25,551,656)	**(₱4,074,713)**	**₱6,682,824**	**(₱22,943,545)**

2021	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains on financial assets at FVOCI	(₱13,729,048)	₱–	(₱3,332,632)	(₱17,061,680)
Unrealized foreign exchange gains	(8,359,007)	(9,819,584)	–	(18,178,591)
Retirement benefit obligation	5,050,957	(468,276)	(647,402)	3,935,279
Advance rental	53,438	(8,906)	–	44,532
NOLCO	2,975,727	(836,386)	–	2,139,341
MCIT	187,058	(53,452)	–	133,606
Unrealized valuation gain on financial assets at FVTPL	(5,529,055)	(2,953,760)	–	(8,482,815)
Allowance for expected credit losses on receivables, financial assets at FVOCI	14,493,718	(2,575,046)	–	11,918,672
	(₱4,856,212)	(₱16,715,410)	(₱3,980,034)	(₱25,551,656)

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

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

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

20. Equity

20.01 Common Stock

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

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

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

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

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

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

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

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

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

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

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

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

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

Full payment of each subscription under the First Tranche was made within the offer period approved by the PSE and the SEC, and the full payment of each subscription under the second tranche shall be due and payable one year from the last day of the offer period. With the full subscription of the Pre-

Emptive Rights Stock Offering, the Group's outstanding common stock increased to 481,032,728 common shares of stock, consisting of 291,886,391 Class A common shares and 189,146,337 Class B common shares, all with par value of ₱1 per share.

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

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

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

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

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

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

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

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

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

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

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

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	Mar. 2023	₱441,449	₱–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	₱1,477,146	–	On demand; non-interest bearing	Unsecured; unimpaired
Payroll service expenses	Mar. 2023	21,419	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	59,456	–	On demand; non-interest bearing	Unsecured; unimpaired
Dividends	Mar. 2023	5,249,962	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	5,249,962	5,249,962	On demand; non-interest bearing	Unsecured; unimpaired
PTC					
Dividends	Mar. 2023	–	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	25,752,132	–	On demand; non-interest bearing	Unsecured; unimpaired
Other Related Parties					
Advances	Mar. 2023	1,000	174,419	On demand; non-interest bearing	Unsecured; unimpaired
	2022	11,100	173,419	On demand; non-interest bearing	Unsecured; unimpaired
	Mar. 2023		₱174,419		
	2022		₱5,423,381		

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

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

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

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

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

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

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

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

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

Compensation of the key management personnel is as follows:

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

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

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

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

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

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

22. Earnings Per Share (EPS)

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

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

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

23. Segment Information

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

24. Commitments and Contingencies

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

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

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

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

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

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

25. Restatement of Prior Period Financial Statements

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

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

Some differences are due to rounding-off.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2023

Name	Beginning Balance	Additions	Deductions		Current 30 days	60 days or over	Over 120 days	Ending Balance
			Amount Collected	Amount Written-Off				
Magellan Capital Corporation	64,157	7,399				7,399	64,157	71,556
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	5,268,300	441,449	5,691,411				18,338	18,338
Pinamucan Power Corporation	56,873	500				500	56,873	57,373
Pointwest Technologies Corporation	0							0
Others	0							0
	5,389,330	449,348	5,691,411			7,899	139,368	147,267

F & J Prince Holdings Corporation

2023
SECOND QUARTER

UNAUDITED FINANCIAL REPORT

COVER SHEET

4	3	3	7	0		

SEC Registration Number

F & J PRINCE HOLDINGS CORPORATION

(Company's Full Name)

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

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

Atty. Fina C. Tantuico
Contact Person

8892-7133 · 8892-7137
Company Telephone Numbers

12 (Month) **31** (Day)
Fiscal Year

04 (Month) **12** (Day)
Annual Meeting

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

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

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

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

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

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

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

6. Industry Classification Code: (SEC Use Only)

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

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

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

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

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

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [✓] No [ ]

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

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

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

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

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

(2) Unaudited Consolidated Interim Statement of Income and Summary of General and Administrative Expenses for the six (6) month period ending 30 June 2023 and the six (6) month period ending 30 June 2022 as Annex “B”;

(3) Unaudited Consolidated Interim Statement of Income and Summary of General and Administrative Expense for the three (3) month period from April 01 – June 30, 2023 and for the three (3) month period from April 01 – June 30, 2022 as Annex “C”;

(4) Unaudited Consolidated Interim Statement of Changes in Stockholders’ Equity for the six (6) month periods ending 30 June 2023 and 30 June 2022 and Audited Consolidated Statement of Changes in Stockholders’ Equity for the year ending 31 December 2022 as Annex “D”;

(5) Unaudited Consolidated Interim Cash Flow Statement for the six (6) month period ending 30 June 2023 and the six (6) month period ending 30 June 2022 as Annex “E”;

(6) Interim Consolidated Cash Flow Statement for the three (3) month periods ending 30 June 2023 and 30 June 2022 as Annex “F”; and

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

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(1) Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

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

(iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary and equity in net earnings of associates.

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

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

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

Operating Results

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

(P000)	Second Quarter 2023	Vertical Percentage Analysis	Second Quarter 2022	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME From Banks	₱ 2,646	4.6%	₱ 643	1.5%	2003	311.5%
From Securities	1,802	3.1%	1,911	4.4%	(109)	(5.7%)
TOTAL	**₱ 4,448**	**7.7%**	**₱ 2,554**	**5.9%**	**1,894**	**74.1%**
UNREALIZED GAIN ON TRADING SECURITIES	25,926	45.1%	-	-	25,926	100%
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	-	-	-	-	-	-
DIVIDEND INCOME	1,364	2.3%	1,706	4.0%	(342)	(20.0%)
RENT INCOME	4,845	8.4%	5,976	13.9%	(1,131)	(18.9%)
REALIZED GAIN ON DISPOSAL OF FVOCI	15,497	26.9%	352	0.8%	15,145	(4300%)
UNREALIZED FX GAIN	460	0.8%	31,668	73.5%	(31,208)	(98.5%)
REALIZED FX GAIN	4,954	8.6%	837	2.0%	4,117	491%
TOTAL	**₱ 57,494**	**100%**	**₱ 43,095**	**100%**	**14,399**	**33.4%**

<u>Revenues</u>. Consolidated revenues, during the 3-month period ended June 30, 2023 increased by 33.4% to ₱57.5 million compared to ₱43.1 million during the same 3-month period in 2022 as shown in Annex "C". The higher revenue was due mainly to higher unrealized gain on trading securities and realized gain on disposal of FVOCI.

<u>Expenses</u>. Consolidated expenses in the second quarter of 2023 totaled ₱33.5 million compared to ₱72.3 million in the second quarter of 2022. As shown in Annex “C”, the decrease was accounted for by litigation expense due to one time arbitral award and lower unrealized loss on financial assets at FVPL as the global stock markets have rebounded.

<u>Operating Income</u>. Due to the factors discussed above, consolidated operating income in the second quarter of 2023 totaled ₱8.5 million compared to a loss of ₱29.2 million in the second quarter of 2022.

<u>Net Income</u>. Net income totaled ₱8.5 million during the second quarter of 2022 compared to net loss of ₱29.2 million in the second quarter of 2021. This is due to the substantial decrease in expenses.

BALANCE SHEET ACCOUNTS

Annex “F” shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for June 30, 2023 compared to December 31, 2022.

<u>Assets</u>

Current Assets. Consolidated current assets as of June 30, 2023 totaled ₱842.1 million compared to ₱750.2 million as of December 31, 2022. Most of the increase was due to the higher cash and cash equivalents which increased to ₱511.1 million as of June 30, 2023 from ₱467.7 million as of December 31, 2022. Financial assets at FVPL also increased to ₱293.8 million as of June 30, 2023 from ₱238.3 million as of December 31, 2022.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained at the same level at year-end 2021 and at June 30, 2022 at ₱267.6 million as equity in net earnings of associates are not taken up until year end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of medium-term bonds and listed equities decreased from ₱462.3 million at year-end 2022 to ₱407.9 million at June 30, 2023.

Property and Equipment. This account totaled ₱4.0 million as of June 30, 2023 compared to ₱4.6 million as of December 31, 2022 due to increase in furniture and fixtures in the first half of 2023.

Investment in Property. This Account totaled ₱351.9 million at June 30, 2023 compared to ₱359.1 million at year end 2022 due to depreciation allowance provided in the first half of 2023.

Other Non-Current Assets. This account totaled ₱3.3 million as of June 30, 2023, compared to ₱2.8 million as of December 31, 2022, as the time deposits pledged to secure a bond to cover the litigation expenses was used to pay the arbitral award described in the expenses section.

Total Assets. As a result of the foregoing, total assets increased to ₱1,929.4 million as of June 30, 2023 from ₱1,879.9 million as of December 31, 2022.

Liabilities and Equity

Current Liabilities. Current liabilities increased to ₱21.9 million as of June 30, 2023 from ₱16.2 million as of December 31, 2022.

Non-Current Liabilities. Non-current liabilities which consist mostly of retirement benefit obligation, deposits payable and deferred tax liabilities remain at ₱41 million as of June 30, 2022, the same level as at year-end 2021.

Stockholder's Equity. Total stockholder's equity increased to ₱1,866.1 million as of June 30, 2023 from ₱1,821.9 million at year-end 2022. Total equity attributable to stockholders of the company totaled ₱1,794.5 million at June 30, 2023 from ₱1,751.4 million at December 31, 2022. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱71.6 million at June 30, 2023 compared to P70.4 million at year-end 2022.

(a) Top Performance Indicators

The top five (5) performance indicators for the Company and its Subsidiary are as follows:

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

Change in Revenues. Consolidated revenues in the second quarter of 2023 and 2022 are shown in Annex "C" and presented below in summary form:

(P 000)	2nd Quarter 2023	Percentage (%)	2nd Quarter 2022	Percentage (%)
Interest Income	₱ 4,448	10.7%	₱ 2,554	5.9%
Lease Rental Income	4,845	11.6%	5,976	13.9%
Dividend Income	1,364	3.2%	1,706	4.0%
Unrealized Gain on Trading Securities	25,926	62.4%	-	-
Realized Gain on FVPL	-	-	-	-
Realized Gain on Disposal of FVOCI Assets	-	-	352	0.8%
Unrealized FX Gain	4,954	11.9%	31,668	73.5%
Realized FX Gain	-	-	837	2.0%
Total Income	**₱ 41,537**	**100.00%**	**₱ 43,095**	**100.00%**

Total revenue decreased in the second quarter of 2023 to ₱42.1 million from ₱43.1 million in the second quarter of 2022.

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

(P 000)	2nd Quarter 2023	Percentage (%)	2nd Quarter 2022	Percentage (%)
Revenues	₱ 42,101	100%	₱ 43,095	100.00%
Expenses	33,545	79.6%	72,359	167.9%
Net Income (Loss)	8,555	20.3%	(29,264)	(67.9)
Attributable to:				
- Minority Interest	427	1.0%	(1,463)	(3.4%)
- Stockholders of Company	₱ 8,127	19.3%	₱ (27,801)	(64.5%)

The company realized a net income of ₱8.1 million attributable to stockholders of the company in the second quarter of 2022, compared to a net loss of ₱27.8 million attributable to stockholders of the company in the second quarter of 2022 due to the factors discussed in the preceding pages.

Earnings per Share. Earnings per share attributable to shareholders of the Company during the second quarter of 2023 was ₱0.021 per share compared to net loss per share of ₱0.073 in the second quarter of 2022.

Current Ratio. Current ratio as of June 30, 2023 was 40.1 X compared to 46.8 X as of December 31, 2022.

Book Value Per Share. Book value per share as of June 30, 2023 was ₱5.08 per share compared to ₱4.95 per share as of December 31, 2022.

PART II

OTHER INFORMATION

1. Regular Board Meeting of the Corporation held on June 19, 2023

The Board approved and adopted the following resolutions:

1. Date of Annual Stockholders' Meeting

"Resolved, that the Corporation's Annual Stockholders' Meeting be held on September 7, 2023, Thursday at 3:00PM via Zoom app."

"Resolved Further, that for this purpose, MARK RYAN K. COKENG, President, be as he is hereby authorized to represent the Corporation as well as to sign, execute and deliver any and all as may be necessary to be executed in implementation of the foregoing."

2. Declaration of Cash Dividends

"Resolved, that there is hereby declared out of the Corporation's unrestricted retained earnings a cash dividend of a total of Seventeen Centavos (₱0.17) per share, payable as follows:

(i) Ten Centavos **(₱.10) per share**, to stockholders of record as of July 9, 2023 (the "Record Date"), payable on or before July 27, 2023; and

(ii) Five Centavos **(P0.05) per share**, to stockholders of record as of September 9, 2023 (the "Record Date"), payable on or before September 27, 2023.

3. Account with Bank of Singapore Limited

"Resolved, that the list of authorised signatories previously submitted to the Bank be revoked with effect from June 23, 2023 and the authorised signatories shall be as follows:

RUFINO BORROMEO TIANGCO	______________________
JOHNSON UY CO	______________________
MARY KU COKENG	______________________

"Resolved Further, that each of the persons named above and whose names and particulars are set out in the enclosed list of authorised signatories (the "**Authorised Signatories**") be and are hereby authorized to operate the Account in the manner set out in the Services Agreement for the time being, subject to any limitation of authority specified in the enclosed signatory list (if any), including closing the Account and signing on behalf of the Company any deeds, documents, forms, agreements and amendments or variations thereof relating to or governing the Account as the Bank may require from time to time, and that any [two]* of the signatures of the Authorised Signatories shall be of sufficient authority to bind the Company in all transactions between the Bank and the Company including those specifically referred to;

"Resolved Finally, that the effective date of the list authorised signatories herein be set for June 23, 2023."

4. Change of name from Ultrana Energy & Resources Corporation to F&J Prince Holdings Corporation

"Resolved, that the Corporation process with San Miguel Corporation (*SMC*) the change of the Corporation's name in their records to reflect the change in name from "Ultrana Energy & Resources Corporation" to "F&J Prince Holdings Corporation" pursuant to the company's amended SEC Registration Certificate No. AS094-5770;

"Resolved Further, that the following whose specimen signatures appear below be, as they are hereby authorized to represent the Corporation in this transaction as well as to sign, on behalf of the Corporation, any and all documents as may be necessary to implement the foregoing:

Name	Position	Specimen Signature
Mark Ryan K. Cokeng	President	________________
Johnson U. Co	Vice President for Administration	________________

5. **Authorized Signatories with Professional Stock Transfer, Inc.**

"Resolved, that any ONE (1) of the following officers of the Corporation, be as he is hereby authorized to act on behalf of the Corporation in relation to the Corporation's account with Professional Stock Transfer, Inc. (PSTI) the Corporation's Stock and Transfer Agent, to wit:

Name	Position	Signature
Mark Ryan K. Cokeng	President	_______________
Johnson U. Co	Vice President for Administration	_______________
Mary K. Cokeng	Treasurer	_______________

"Resolved Further, that the above-described officers are likewise authorized to sign execute and deliver any and all documents in implementation of the foregoing."

SIGNATURES

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

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

Principal Executive Officer

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

Date .... **05 August 2023**

Principal Financial/Accounting Officer/Controller

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

Date .... **05 August 2023**

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2nd Quarter Report-30 June 2023

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

ASSETS		UNAUDITED JUNE 30, 2023		AUDITED DEC. 31,2022
Current Assets				
Cash and cash equivalents	P	511,169,217	P	467,697,273
Financial assets at fair value through profit or loss		293,861,487		238,309,793
Convertible note receivable		0		0
Receivables-net :				
Advances to Officers & Employees		0		0
Interest Receivable		2,544,517		4,215,899
Dividends Receivable		0		5,249,962
Receivable from related parties		260,843		173,419
Others		814,507		913,725
Total Receivables		3,619,867		10,553,005
Allowance for impairment losses		1,007,000		1,007,000
Total Receivables-Net		2,612,867		9,546,005
Current portion of HTM investments		0		0
Current portion of AFS financial assets		477,020		477,020
Prepaid expenses & other current assets:				
Input Tax		25,359,889		25,656,949
Prepaid Income Tax		1,099,103		1,099,103
Others		7,511,424		7,420,602
Total Prepaid expenses and other current assets		33,970,416		34,176,654
Total Current Assets	P	842,091,007	P	750,206,745
Non-current Assets				
Convertible notes receivable		5,612,000		5,612,000
Investments in associates		267,617,359		267,617,359
Investment in rights issue subscription		46,806,750		27,632,400
Financial assets at FVOCI-net of current portion		407,980,943		462,343,736
Investment in property		351,914,448		359,082,446
Property and Equipment				
Building		20,755,943		20,755,943
Building Improvements		10,050,133		8,764,062
Transportation equipment		3,663,170		7,234,510
Furniture and fixtures		3,069,215		3,039,303
Total		37,538,461		40,964,889
Less: Accumulated depreciation		33,521,984		36,322,799
Net Book Value		4,016,477		4,642,090
Total Property and Equipment		4,016,477		4,642,090
Other non-current assets		3,357,086		2,857,086
Total Non-Current Assets		1,087,305,063		1,129,787,117
TOTAL ASSETS	P	1,929,396,070	P	1,879,993,862

LIABILITIES & STOCKHOLDERS' EQUITY		UNAUDITED JUNE 30, 2023		AUDITED DEC. 31, 2022
Current Liabilities				
Accounts Payable and accrued expenses				
Accounts payable-trade		0		0
Accounts payable-others		744,194		957,570
Withholding taxes payable		203,070		452,893
SSS Premium Payable		25,502		23,242
HDMF Premium Payable		1,896		1,896
Philhealth Premium Payable		8,065		8,065
Deposit Payable		10,631,076		4,270,053
Output Vat Payable		2,188,379		1,672,735
Accrued expenses		1,064,545		1,744,548
Total Accounts payable and accrued expenses	P	**14,866,727**	P	**9,131,002**
Dividends Payable		**6,964,039**		**6,964,039**
Income Tax Payable		**124,280**		**124,280**
Provision for legal obligation		**0**		**0**
Total Current Liabilities	P	**21,955,046**	P	**16,219,321**
Non-Current Liabilities				
Deferred tax liabilities		**22,943,545**		**22,943,545**
Deposits payable		**580,000**		**1,099,000**
Retirement benefit obligation		**17,796,176**		**17,796,176**
Total Non-Current Liabilities		**41,319,721**		**41,838,721**
Stockholders' Equity				
Capital stock		**481,827,653**		**481,827,653**
Additional paid in capital		**144,759,977**		**144,759,977**
Treasury shares		**(102,094,826)**		**(102,094,826)**
Unrealized gain on financial assets at FVOCI		**6,312,954**		**(16,798,687)**
Actuarial loss on retirement benefit obligation		**615,438**		**615,438**
Accumulated share in other comprehensive income of associates		**107,814,148**		**107,814,148**
Retained earnings		**1,155,305,575**		**1,135,349,885**
Total Equity Attributable to Stockholders of the Company		**1,794,540,919**		**1,751,473,588**
Minority Interest		**71,580,384**		**70,462,232**
Total Stockholders' Equity		**1,866,121,303**		**1,821,935,820**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P	**1,929,396,070**	P	**1,879,993,862**

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

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

		UNAUDITED JUNE 30, 2023		UNAUDITED JUNE 30, 2022
REVENUES				
Interest Income				
From Banks	P	4,672,992	P	1,036,747
From Securities		3,646,612		3,762,292
Total Interest Income		8,319,604		4,799,039
Unrealized gains on trading securities		40,961,317		1,536,863
Rental Income		9,805,413		11,663,774
Gains on disposal /redemption of financial assets at FVTPL		0		5,993,835
Dividend Income		2,002,139		1,982,638
Realized gain on disposal of fin.assets at FVOCI		0		352,516
Net unrealized foreign exchange gain		3,967,320		31,667,805
Realized foreign exchange gain		0		1,681,580
Miscellaneous		648,158		0
	P	65,703,951	P	59,678,050
EXPENSES				
Doubtful accounts expense				23,862
Net foreign exchange loss		0		25,630
Salaries, wages and employees' benefits		5,272,004		5,943,047
Depreciation		8,858,102		5,080,141
Professional fees		2,379,476		1,191,356
Condominium dues		3,652,874		2,069,004
Litigation expense		0		24,615,173
Taxes and licenses		3,293,677		685,752
Entertainment, amusement and recreation		114,402		247,961
Unrealized loss on financial assets at FVPL		1,614,711		33,165,292
Realized loss on redemption of bonds		15,354,061		
Others		4,090,800		2,734,545
		44,630,107		75,756,133
NET INCOME	P	21,073,844	P	(16,078,083)
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	19,955,690	P	(14,959,210)
MINORITY INTERESTS		1,1118,154		(1,118,873)
EARNINGS PER SHARE	P	0.053	P	(0.039)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "B"

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

		UNAUDITED JUNE 30, 2023		UNAUDITED JUNE 30, 2022
NET INCOME	P	21,073,844	P	(16,078,083)
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		-		-
Amortization of unrealized losses on changes in fair value of AFS investments				
Unrealized gains on financial assets at FVOCI		23,111,641		(30,578,466)
Impairment loss on AFS investments				
Others				
		23,111,641		(30,578,466)
TOTAL COMPREHENSIVE INCOME(LOSS)	P	44,185,485	P	(46,656,549)
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	41,976,211	P	(44,323,721)
MINORITY INTERESTS		2,209,274		(2,332,828)
	P	44,185,485	P	(46,656,549)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

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

		UNAUDITED APRIL 1-JUNE 30, 2023		UNAUDITED APRIL 1-JUNE 30, 2022
REVENUES				
Interest Income				
From Banks	P	2,646,308	P	643,406
From Securities		1,802,152		1,910,633
Total Interest Income		4,448,460		2,554,039
Unrealized gains on trading securities		25,926,321		0
Rental Income		4,845,270		5,976,401
Dividend Income		1,364,188		1,706,425
Unrealized forex gain		4,954,343		31,667,805
Realized gain on sale of FVOCI		0		352,516
Realized forex exchange gain		0		837,905
Other income		562,500		0
	P	42,101,082	P	43,095,091
EXPENSES				
Doubtful accounts expense		0		23,862
Litigation expenses				24,615,173
Salaries, wages and employees' benefits		2,906,078		2,969,503
Depreciation		6,221,159		2,559,466
Professional fees		1,535,085		699,158
Condominium dues		1,890,303		600,577
Realized loss on disposal/redemption of bonds/FVOCI		15,497,138		78,467
Taxes and licenses		1,571,110		68,442
Entertainment, amusement and recreation		41,046		140,270
Unrealized loss on financial assets at FVPL		432,018		39,683,816
Others		3,451,891		920,435
		33,545,828		72,359,169
NET INCOME	P	8,555,254	P	(29,264,078)
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	8,127,491	P	(27,800,874)
MINORITY INTERESTS		427,763		(1,463,204)
EARNINGS PER SHARE	P	0.0214	P	(0.073)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

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

		UNAUDITED APRIL 1-JUNE 30,2023		UNAUDITED APRIL 1-JUNE 30,2022
NET INCOME	P	8,555,254	P	(29,264,078)
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments				
Amortization of unrealized losses on changes in fair value of AFS investments		-		-
Unrealized gain/loss on financial assets at FVOCI		20,796,769		(18,552,304)
Impairment loss on AFS investments				
Others				
		20,796,769		(18,552,304)
TOTAL COMPREHENSIVE INCOME(LOSS)	P	29,352,023	P	(47,816,382)
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	27,884,422	P	(45,425,563)
MINORITY INTERESTS		1,467,601		(2,390,819)
	P	29,352,023	P	(47,816,382)

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "D"

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

		UNAUDITED JUNE 30, 2023		UNAUDITED JUNE 30,2022		AUDITED DEC. 31, 2022
CAPITAL STOCK						
Balance at beginning of year	P	481,827,653	P	481,827,653	P	481,827,653
Issuance of additional shares of stock						
Subscription of additional shares of stock						
Balance at end of period		481,827,653		481,827,653		481,827,653
ADDITIONAL PAID-IN CAPITAL		144,759,977		144,759,977		144,759,977
Treasury Shares		(102,094,826)		(102,094,826)		(102,094,826)
Unrealized gain on financial assets at FVOCI		6,312,954		(44,081,410)		(16,798,687)
Other Reserves						
Actuarial loss on retirement benefit obligation		615,438		1,005,072		615,438
Share in other comprehensive income of associates		107,814,148		87,890,753		107,814,148
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES						
RETAINED EARNINGS						
Balance at beginning of period, as restated		1,135,349,885		1,214,760,272		1,172,570,596
Net Income		19,955,690		(14,959,210)		20,333,318
Dividends declared						(57,554,029)
Balance at end of period		1,155,305,575		1,199,801,062		1,135,349,885
		1,794,540,919		1,769,108,281		1,751,473,588
Minority Interests		71,580,384		72,653,827		70,462,232
TOTAL STOCKHOLDERS' EQUITY	P	1,866,121,303	P	1,841,762,108	P	1,821,935,820

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "E"

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

		UNAUDITED JUNE 30, 2023		UNAUDITED JUNE 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income	P	19,955,690	P	(14,959,210)
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority Interest		1,118,154		(1,118,873)
Depreciation and amortization		8,858,102		5,080,141
Net unrealized gains on financial assets at FVOCI		23,111,641		(30,578,466)
Amortization of unrealized loss/gain on FV of AFS inv.				
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		6,933,138		18,966,082
Prepaid expenses and other current assets		206,238		224,484
Increase (decrease) in accounts payable and accrued expenses		5,735,725		(911,394)
Net cash provided by operating activities		65,918,687		(23,297,236)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(1,064,493)		(2,122,095)
AFS/HTM investments and financial assets at FVPL				
Financial assets at FVOCI and FVPL		(1,188,900)		15,754,661
Decrease (increase) in:				
Other assets		(500,000)		26,261,748
Net cash provided by (used in) investing activities		(2,753,393)		39,894,314
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Deposits payable		(519,000)		
Provision for legal obligation				(5,000,000)
Investment in issue rights subscription		(19,174,350)		
Income tax payable				(60,199)
Net cash provided by (used in) financing activities		(19,693,350)		(5,060,199)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	43,471,944	P	11,536,879
CASH AND CASH EQUIVALENTS, BEGINNING		467,697,273		506,730,242
CASH AND CASH EQUIVALENTS, ENDING	P	511,169,217	P	518,267,121

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "F"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3 MONTHS PERIOD APRIL1-JUNE 30,2023 AND APRIL 1-JUNE 30, 2022

		UNAUDITED APRIL 1- JUNE 30, 2023		UNAUDITED APRIL 1- JUNE 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	P	8,127,491	P	(27,800,874)
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in net earnings in associate		0		0
Minority interest		427,763		(1,463,204)
Depreciation and amortization		6,221,159		2,559,466
Net unrealized gains on financial assets at FVOCI		20,796,769		(18,552,304)
Amortization of unrealized loss/gain on FV of AFS inv.				
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		236,768		759,694
Prepaid expenses and other current assets		347,389		637,578
Increase (decrease) in:				
Accounts payable and accrued expenses		6,343,398		(1,529,561)
Net cash provided by operating activities		42,500,737		(45,389,205)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(549,009)		(2,100,757)
Investment in property				
Financial assets at FVOCI and FVPL		31,377,618		28,117,294
Investment in issue rights subscription		(13,705,550)		0
Decrease(increase) in				
Other assets		(500,000)		26,258,748
Net cash provided by (used in) investing activities		16,623,059		52,275,285
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Provision for legal obligation		0		(5,000,000)
Income tax payable		0		(60,199)
Net cash provided by (used in) financing activities		0		(5,060,199)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	59,123,796	P	1,825,881
CASH AND CASH EQUIVALENTS, BEGINNING		452,045,421		516,441,240
CASH AND CASH EQUIVALENTS, ENDING	P	511,169,217	P	518,267,121

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

"ANNEX G"

	UNAUDITED JUNE 30, 2023	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2023	AUDITED DEC. 31,2022	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2022	INCREASE (DECREASE) AMOUNT JUNE 30, 2023	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2023
ASSETS						
Current Assets						
Cash and cash equivalents	511,169,217	26.49%	467,697,273	24.87%	43,471,944	9.29%
Financial assets at fair value through fair value thru profit or loss (FVPL)	293,861,487	15.23%	238,309,793	12.68%	55,551,694	23.31%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	2,544,517	0.14%	4,215,899	0.22%	(1,671,382)	-39.64%
Dividends Receivable	0	0.00%	5,249,962	0.28%	(5,249,962)	-100.00%
Receivable from related parties	260,843	0.01%	173,419	0.01%	87,424	50.41%
Others	814,507	0.04%	913,725	0.05%	(99,218)	-10.86%
Total Receivables	3,619,867	0.19%	10,553,005	0.56%	(6,933,138)	-65.70%
Allowance for impairment losses	1,007,000	-0.05%	1,007,000	-0.05%	0	0.00%
Total Receivables-Net	2,612,867	0.14%	9,546,005	0.51%	(6,933,138)	-72.63%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	477,020	0.02%	477,020	0.03%	0	0.00%
Prepaid expenses & other current assets:						
Others	7,511,424	0.39%	7,420,602	0.39%	90,822	1.22%
Input Tax	25,359,889	1.31%	25,656,949	1.36%	(297,060)	-1.16%
Prepaid Income Tax	1,099,103	0.06%	1,099,103	0.06%	0	0.00%
Total Prepaid expenses & other current assets	33,970,416	1.76%	34,176,654	1.81%	(206,238)	-0.60%
Total Current Assets	842,091,007	43.64%	750,206,745	39.90%	91,884,262	12.25%
Non-current Assets						
Convertible notes receivable	5,612,000	0.29%	5,612,000	0.30%	0	0.00%
Investments in associates	267,617,359	13.87%	267,617,359	14.24%	0	0.00%
Investment in rights issue subscription	46,806,750	2.43%	27,632,400	1.47%	19,174,350	69.39%
Financial assets at FVOCI	407,980,943	21.15%	462,343,736	24.59%	(54,362,793)	-11.76%
Investment in properties	351,914,448	18.24%	359,082,446	19.10%	(7,167,998)	-2.00%
Property and Equipment						
Building	20,755,943	1.08%	20,755,943	1.11%	0	0.00%
Building Improvements	10,050,133	0.52%	9,935,133	0.53%	115,000	1.16%
Transportation equipment	3,663,170	0.19%	7,234,510	0.38%	(3,571,340)	-49.37%
Furniture and fixtures	3,069,215	0.16%	3,039,303	0.16%	29,912	0.98%
Total Property and Equipment	37,538,461	1.95%	40,964,889	2.18%	(3,426,428)	-8.36%
Less: accumulated depreciation	33,521,984	-1.74%	36,322,799	-1.93%	(2,800,815)	-7.71%
Net Book Value	4,016,477	0.21%	4,642,090	0.25%	(625,613)	-13.48%
Total Property and Equipment	4,016,477	0.21%	4,642,090	0.25%	(625,613)	-13.48%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets – net	3,357,086	0.17%	2,857,086	0.15%	500,000	17.50%
Total Non-Current Assets	1,087,305,063	56.36%	1,129,787,117	60.10%	(42,482,054)	-3.76%
TOTAL ASSETS	1,929,396,070	100.00%	1,879,993,862	100.00%	49,402,208	2.63%

1. Corporate Information

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

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

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

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

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

2.1 Basis of Preparation

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

2.2 Statement of Compliance

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

2.3 Basis of Measurement

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

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

2.4 Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

PIEI
PIEI was organized primarily as a real estate developer and was registered with the SEC on May 5, 1993.

MC
MC was organized primarily to purchase, operate, maintain and sell coal mines and their products and by-products. MC was registered with the SEC on August 31, 1993.

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

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

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

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

3.1 Adoption of Amendments to Standards

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

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

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

- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract.*
The amendments specify the costs a Company includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a "directly related approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

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

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

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

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

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

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

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

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

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates.*
  The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction.*
  The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that

arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

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

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

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

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

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

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

  - A specific adoption for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

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

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

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

Deferred effectivity

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

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

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

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

No Mandatory Effective Date

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

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

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

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

All other assets are classified as noncurrent.

A liability is classified as current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

3.4 Fair Value Measurement
Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

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

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

3.5 Financial Instruments

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

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:

	June , 2023	2022
Cash on hand and in banks	₱102,778,661	₱83,520,956
Short-term placements	408,390,556	384,176,317
	₱511,169,217	₱467,697,273

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

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

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

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

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

As of June 30, 2023, the financial assets at FVTPL is valued at P 293,861,487.

7. Receivables – net

This account consists of:

	Note	June 2023	2022
Accrued interest	9	₱2,538,517	₱4,215,899
Rent receivable		229,414	853,034
Others		591,093	60,691
		3,359,024	5,129,624
Less: allowance for expected credit losses		1,007,000	1,007,000
		₱2,352,024	₱4,122,624

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

8. Prepayments and Other Current Assets

This account consists of:

	June 2023	2022
Current input tax	₱25,358,148	₱25,656,949
Deposits on contracts	3,103,771	3,260,796
Creditable withholding tax	3,029,718	2,703,631
Prepaid expenses	1,325,918	1,299,157
Prepaid income tax	1,099,103	1,099,103
Deferred input tax	53,758	157,018
	₱33,970,416	₱34,176,654

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

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

This account consists of:

	June 2023	2022
Quoted		
Debt securities, net of allowance for impairment loss of ₱2.1 million	₱90,641,443	₱145,004,236
Equity securities	10,952,293	10,952,293
Unquoted equity securities	306,864,227	306,864,227
	₱408,457,963	₱462,820,756

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

	June, 2023	2022
Beginning balances	**₱462,820,756**	**₱460,117,630**
Additions	**57,719,216**	**57,719,216**
Disposals	**(60,905,311)**	**(26,136,716)**
Changes recognized in profit or loss	**14,787,070**	**14,787,070**
Movements in net unrealized valuation gains (losses)	**(65,963,768)**	**(43,666,444)**
	₱408,457,963	**₱462,820,756**

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

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

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

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

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

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

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

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

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

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

10. Convertible Notes Receivable

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

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

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

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

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

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

11. Investment in Associates

This account consists of:

	June, 2023	2022
Acquisition cost	₱205,189,635	₱205,189,635
Accumulated equity in net earnings:		
As at beginning of year	143,457,795	143,457,795
Share in net income of associates	26,211,341	26,211,341
Share in other comprehensive income of associates	2,474,577	2,474,577
Share in dividends declared by associates	(32,494,215)	(32,494,215)
Cumulative translation adjustment	17,608,355	17,608,355
157,257,853	157,257,853	172,566,558
	362,447,488	362,447,488
Less: allowance for impairment losses	(94,830,129)	(94,830,129)
	₱267,617,359	₱267,617,359

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

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

PTC

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

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

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

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

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

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

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

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

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

<u>BPO</u>
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 June 30, 2023				
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Beginning balances	₱20,755,943	₱8,764,062	₱7,234,510	₱2,892,436	₱39,646,951
Additions	–	1,286,071	–	176,779	1,462,850
Disposals	–	–	(3,571,340)	–	(3,571,340)
Ending balances	20,755,943	10,050,133	3,663,170	3,069,215	37,538,461
Accumulated depreciation					
Beginning balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Depreciation	1,248,697	379,071	366,067	215,482	2,209,317
Disposals	–	–	(3,571,340)	–	(3,571,340)
Ending balances	18,891,559	8,977,994	2,697,065	2,955,366	33,521,984
Net Book Values	₱1,864,384	₱1,072,139	₱966,105	₱113,849	₱4,016,477

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

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

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

14. **Investment Properties** – net

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

	As of June 30, 2023		
	Land	Condominium and Improvements	Total
Cost			
Beginning balances	₱46,319,625	₱395,755,000	₱442,074,625
Additions	–	2,352,703	2,352,703
Ending balances	46,319,625	398,107,703	444,427,328
Accumulated depreciation			
Beginning balances	–	68,391,389	68,391,389
Depreciation	–	24,121,491	24,121,491
Ending balances	–	92,512,880	92,512,880
Net Book Values	₱46,319,625	₱305,594,823	₱351,914,448

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

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

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

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

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

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

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

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

15. Other Noncurrent Assets

This account consists of:

	June 2023	2022
Refundable deposits	**₱575,780**	**₱575,780**
Cash restricted for legal proceedings	**–**	**–**
Others	**2,781,306**	**2,281,306**
	₱3,357,086	**₱2,857,086**

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

16. Trade and Other Payables

This account consists of:

	June 2023	2022
Deposits payable	**₱10,631,076**	**₱4,270,053**
Accounts payable	**744,194**	**1,489,570**
Accrued professional fees	**1,045,725**	**1,192,505**
Government payables	**2,445,732**	**2,178,874**
	₱14,866,727	**₱9,131,002**

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

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

17. Retirement Benefit Obligation

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

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

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

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

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

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

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

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

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

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

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

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

18. Other Income

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

19. Income Taxes

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

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

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

2022

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

2021

	Beginning Balance	Credited (Charged) to Profit	Credited (Charged) to Equity	Ending Balance
Unrealized valuation gains on financial assets at FVOCI	(₱13,729,048)	₱–	(₱3,332,632)	(₱17,061,680)
Unrealized foreign exchange gains	(8,359,007)	(9,819,584)	–	(18,178,591)

Retirement benefit obligation	5,050,957	(468,276)	(647,402)	3,935,279
Advance rental	53,438	(8,906)	–	44,532
NOLCO	2,975,727	(836,386)	–	2,139,341
MCIT	187,058	(53,452)	–	133,606
Unrealized valuation gain on financial assets at FVTPL	(5,529,055)	(2,953,760)	–	(8,482,815)
Allowance for expected credit losses on receivables, financial assets at FVOCI	14,493,718	(2,575,046)	–	11,918,672
	(₱4,856,212)	(₱16,715,410)	(₱3,980,034)	(₱25,551,656)

2020

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

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

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

20. Equity

20.01 Common Stock

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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	June 2023	₱877,146	₱–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	₱1,477,146	–	On demand; non-interest bearing	Unsecured; unimpaired
Payroll service expenses	June 2023	38,324	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	59,456	–	On demand; non-interest bearing	Unsecured; unimpaired
Dividends	June 2023	0	0	On demand; non-interest bearing	Unsecured; unimpaired
	2022	5,249,962	5,249,962	On demand; non-interest bearing	Unsecured; unimpaired
PTC					
Dividends	June 2023	25,752,132	–	On demand; non-interest bearing	Unsecured; unimpaired
	2022	25,752,132	–	On demand; non-interest bearing	Unsecured; unimpaired
Other Related Parties					
Advances	June 2023	155,174	260,843	On demand; non-interest bearing	Unsecured; unimpaired
	2022	11,100	173,419	On demand; non-interest bearing	Unsecured; unimpaired
	June 2023		₱260,843		
	2022		₱5,423,381		

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

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

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

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

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

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

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

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

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

Compensation of the key management personnel is as follows:

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

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

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

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

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

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

22. Earnings Per Share (EPS)

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

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

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

23. Segment Information

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

24. Commitments and Contingencies

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

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

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

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

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

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

25. 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:

	June 2023	2022
Common stock	**₱481,827,653**	**₱481,827,653**
Additional paid in capital	**144,759,977**	**144,759,977**
Treasury shares	**(102,094,826)**	**(102,094,826)**
Retained earnings	**1,155,305,575**	**1,135,349,885**
	₱1,679,798,379	**₱1,659,842,689**

26. 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

Account	2021 Increase (Decrease)	2020 Increase (Decrease)
Net unrealized valuation gains on financial assets at FVOCI	33,158,632	11,961,077
Accumulated share in other comprehensive income of associates	(159,537)	–
Retained earnings	(42,189,676)	(36,567,734)
Noncontrolling interests	136,586	(1,399,069)
Interest income	(248,250)	33,760
Equity in net earnings of associates	(527,692)	(33,760)
Fair value gains on financial assets at FVTPL	(5,070,414)	(8,994,090)
Loss on disposal of financial assets at FVOCI	–	(47,833)
Dividend income	159,537	23,279
Foreign exchange gains	(529,811)	220
Other expenses	(119,987)	–
Provision for income tax	(196,685)	–
Net unrealized valuation gain on changes in fair value of financial assets at FVOCI, net of tax effect	(7,523,162)	(7,523,162)
Net income attributable to equity holders of the Parent Company	(5,621,942)	(8,476,623)
Net income attributable to noncontrolling interests	(278,016)	(446,138)

Some differences are due to rounding-off.

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

Name	Beginning Balance	Additions	Deductions		Current 30 days	60 days or over	Over 120 days	Ending Balance
			Amount Collected	Amount Written-Off				
Magellan Capital Corporation	64,157	14,298				6,899	71,556	78,455
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	5,268,300	877,460	6,127,422				18,338	18,338
Pinamucan Power Corporation	56,873	14,498				13,998	57,373	71,371
Pointwest Technologies Corporation	0							0
Others	0							0
	5,389,330	906,256	6,127,422			20,897	147,267	168,164

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Peter L. Kawsek, Jr**, Filipino, of legal age and resident of 415 Arayat Street, Mandaluyong City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of F & J Prince Holdings Corporation and have been its independent director since July 16, 2019.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Apo International Marketing Corporation	President	From 1980 to Present
Kawsek, Incorporated	Vice President	From 1980 to Present
PNZ Marketing, Inc.	President	From1981 to Present
PNZ Packers, Inc.	President	From 1981 to Present
Bekter Ventures, Inc.	President	From 2007 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of F & J Prince Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other issuances of the Securities and Exchange Commission (SEC).

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of F & J Prince Holdings Corporation of any changes in the above-mentioned information within five days from its occurrence.

Done, this JUN 2 3 2023 day of ______ 2023, at City of MAKATI CITY.

PETER L. KAWSEK, JR.
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 3 2023 day of ______ 2023 at City of MAKATI CITY, affiant personally appeared before me and exhibited his Driver's License No. N15-79-022353 issued at LTO Quezon City on July 29, 2018.

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

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Series of 2023.

My Docs>F&J>2023 Files>SEC Form 20-IS
Certification of Independent Director>PLKawsek, Jr.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Charlie K. Chua**, Filipino, of legal age and resident of 180 4th Avenue, Caloocan City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of F & J Prince Holdings Corporation and have been its independent director since July 16, 2019.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Highland Tractor Parts, Inc.	Vice President	28 years
CKL Marketing & Dev't. Corp.	President	28 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of F & J Prince Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other issuances of the Securities and Exchange Commission (SEC).
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Governance and other SEC issuances.
6. I shall inform the Corporate Secretary of F & J Prince Holdings Corporation of any changes in the above-mentioned information within five days from its occurrence.

Done, this JUN 23 2023 day of ______ 2023, at City of MAKATI CITY.

Charlie Cho Chua

CHARLIE K. CHUA
Affiant

JUN 23 2023

SUBSCRIBED AND SWORN to before me this _____ day of __________ 2023 at City of MAKATI CITY, affiant personally appeared before me and exhibited his Passport No. P3217214B issued at DFA NCR Northeast on September 15, 2019.

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NOTARY PUBLIC
ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
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1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

F & J Prince Holdings Corporation

Memorandum: CORPORATE ACTIONS TAKEN FOR 2022

DATE	ACTION TAKEN
June 27, 2022 **(Regular Board Meeting)**	**a) Date of Annual Stockholders' Meeting** "Resolved, that the Corporation's Annual Stockholders' Meeting be held on October 6, 2022, Thursday at 10:00AM via Zoom app." Resolved Further, that for this purpose, Robert Y. Cokeng, President, be as he is hereby authorized to represent the Corporation as well as to sign, execute and deliver any and all as may be necessary to be executed in implementation of the foregoing." **b) Declaration of Cash Dividends** "Resolved, that there is hereby declared out of the Corporation's unrestricted retained earnings a cash dividend of a total of Fifteen Centavos (P0.15) per share, payable as follows: (i) Five Centavos (P0.05) per share, to stockholders of record as of July 12, 2022, payable on or before July 30, 2022; and (ii) Ten Centavos (P0.10) per share, to stockholders of record as of August 19, 2022 (the "Record Date"), payable on or before September 15, 2022. **c) XEN Technologies** "Resolved, that the Corporation invest a total of USD 175,000.00 in XEN Technologies Ptd Ltd and for this purpose the President be as he is hereby authorized to sign, execute and deliver any and all documents as may be necessary for the implementation of the foregoing. In discussion on these investments, aside from Katrina Cokeng, Messrs Robert Cokeng, Mary Cokeng, Mark Ryan Cokeng, and Johnson Co abstained on approval for the transaction since they are related parties to Katrina Cokeng."

October 6, 2022 (Annual Stockholders Meeting and Organizational Board Meeting)	**a) Election of Directors** During the Annual Meeting of the Stockholders of the Corporation held on 06 October 2022, the following persons were elected as the members of the Board of Directors of the Corporation, to wit: *(in alphabetical order)* Charlie K. Chua Francis L. Chua Johnson U. Co Johnny O. Cobankiat Katrina Marie K. Cokeng Mark Ryan K. Cokeng Robert Y. Cokeng Peter L. kawsek, Jr. Johson Tan Gui Yee Rufino B. Tiangco The independent directors of the Corporation are Charlie K. Chua and Peter L. Kawsek, Jr. **b) Annual Stockholders Meeting** 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: (i) the minutes of the Annual Stockholders Meeting held on 17 September 2021; (ii) ratification of the Corporate Actions approved and adopted by the Board of Directors during the year 2021; (iii) the Audited Financial Statements as of 31 December 2021; (iv) re-appointment of Mendoza Querido & Co. as external auditor of the Corporation 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:

	Robert Y. Cokeng – Chairman & President Ponciano K. Mathay – Senior Vice President, Compliance Officer, and Assistant Corporate Secretary Johnson U. Co – Vice President for Administration Fina Bernadette D.C. Tantuico – Corporate Secretary The members of the different committees were elected as follows: Audit Committee: Peter L. Kawsek, Jr. – Chairman/Independent Director Robert Y. Cokeng – member Mark Ryan K. Cokeng – member Johnson Tan Gui Yee – member Rufino B. Tiangco – member Nomination Committee: Robert Y. Cokeng – Chairman Mark Ryan K. Cokeng – member Rufino B. Tiangco – member Johnson Tan Gui Yee – member Charlie K. Chua – Independent Director Compensation Committee: Robert Y. Cokeng – Chairman Johnson U. Co – member Mark Ryan K. Cokeng – member Rufino B. Tiangco – member Charlie K. Chua – member **c) Registration of the Books of Accounts with BIR** “Resolved, that Leocardo C. Hingco, be as he is hereby authorized to act on behalf of the Corporation in relation to the Corporation’s Manual Books of Accounts (Subsequent) with the Bureau of Internal Revenue; “Resolved Further, that the above employee is likewise hereby authorized to sign, execute, and deliver any and all documents in implementation of the foregoing”.

DIRECTORY/BANKERS

EXECUTIVE OFFICES:
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 8892-7133 • 8892-7137
88929443

LEGAL COUNSEL:
ATTY. FINA BERNADETTE D.C. TANTUICO
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

AUDITORS:
MENDOZA QUERIDO & CO.
16th Floor, The Salcedo Towers,
169 H.V. de la Costa St., Ayala Avenue,
Makati City

TRANSFER AGENT:
PROFESSIONAL STOCK TRANSFER, INC. (PSTI)
10th Floor, Telecom Plaza,
316 Sen. Gil Puyat Avenue, Makati City

LISTED AT:
THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue cor. 28th Street,
Bonifacio Global City, Taguig City

BANKERS:

BANK OF SINGAPORE
34th Floor, Ayala Triangle Gardens,
Tower Two, Paseo de Roxas, Makati City

BANK OF THE PHILIPPINE ISLANDS
Ortigas Branch
Benpres Building, Ortigas Center
Pasig City

CHINA BANKING CORPORATION
Balintawak-Boni Branch
Balintawak, Quezon City

METROPOLITAN BANK & TRUST CO.
Meralco Branch
Ground Floor, Ortigas Building
Ortigas Avenue, Pasig City

ANNUAL REPORT ON SEC FORM 17-A

The corporation undertakes to provide without charge to the shareholders or to each person solicited, on the written request of any such person, a copy of the Annual Report on SEC Form 17-A. Said written request, may be directed to:

ATTY. FINA BERNADETTE D.C. TANTUICO

Corporate Secretary

F&J Prince Holdings Corporation

5th Floor, BDO Towers Paseo

8741 Paseo de Roxas, Makati City