PREMIERE HORIZON ALLIANCE CORPORATION
ANNUAL STOCKHOLDERS' MEETING
May 15, 2023

P R O X Y F O R M

This proxy is being solicited on behalf of the Board of Directors and Management of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") for voting at the Annual Stockholders' Meeting to be held virtually by remote communications or *in absentia* on May 15, 2023 at 10:00 a.m., with **Record Date** on **April 25, 2023.**

I, the undersigned stockholder of the Company, do hereby appoint, name and constitute either of the Company's **President**, **ROBERTO B. ORTIZ,** or ____, as my attorney-in-fact and proxy, to represent me at the Annual Stockholders' Meeting of the Company to be held on May 15, 2023 and any adjournment(s) or postponement(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all actions taken on matters which may properly come before such meeting or adjournment(s) or postponement(s) thereof. In particular, I hereby direct my said proxy to vote on the agenda items below as I have expressly indicated by marking the same with an "**X**".

AGENDA ITEMS	ACTION		
Item 1. Call to Order	No action necessary.		
Item 2. Proof of notice and certification of quorum	No action necessary.		
	FOR	AGAINST	ABSTAIN
Item 3. Approval of the minutes of the Annual Stockholders' Meeting held on December 17, 2021			
Item 4. Approval of the Management Report and Audited Financial Statements for the years ended December 31, 2021 and December 31, 2022			
Item 5. Approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company			
Item 6. Election of directors			
For Regular Director:			
Augusto M. Cosio, Jr.			
Raul Ma. F. Anonas			
Eugenio T. Tan			
Brandon P. Leong			
Roberto B. Ortiz			
Geronimo B. Halili			
Esteban G. Peña Sy			
For Independent Director:			
Emmanuel G. Herbosa			
Gloria Victoria Y. Taruc			
Item 7. Approval of the appointment of Reyes Tacandong & Co. as the external auditor of the Company for 2022-2023			
Item 8. Other Matters *According to Proxy's Discretion*			
Item 9. Adjournment	No action necessary.		

IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

FOR the approval of the minutes of the Annual Stockholders' Meeting held on December 17, 2021;

FOR the approval of the Management Report and Audited Financial Statements for years ended December 31, 2021 and December 31, 2022;

FOR the approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;

FOR the election of the following directors: August M. Cosio, Jr., Raul Ma. F. Anonas, Eugenio T. Tan, Brandon P. Leong, Roberto B. Ortiz, Geronimo B. Halili, Esteban G. Peña Sy, Emmanuel G. Herbosa (Independent Director), and Gloria Victoria Y. Taruc (Independent Director);

FOR the approval of the appointment of Reyes Tacandong & Co. as the external auditor of the Company for 2022-2023;

and to authorize the Proxy to vote according to the discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

A Proxy Form that is returned without a signature shall not be valid.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No member of the Board of Directors or executive officer since the beginning of the last fiscal year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

VALIDATION OF PROXIES

The proxy forms and supporting documents shall be submitted to PHA on or before close of business day at 5:00 p.m. of May 5, 2023 (i) by email to investors@premierehorizon.com or (ii) by delivery or mail to the principal office of the Corporation at Unit 1705 East Tower, Philippine Stock Exchange Building, Exchange Road, Ortigas Center, Pasig City. In case a proxy form is emailed to the Corporation not later than the close of business day at 5:00 p.m. of May 5, 2023, the original signed copies of the proxy form should also be received by the Corporation by delivery or mail not later than the meeting date. Proxy forms shall be validated on or before May 10, 2023.

REVOCATION OF PROXIES

A stockholder giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

Signed this ____________________ 2023 at ____________________.
(DATE) (PLACE)

____________________________ ____

Printed Name of Stockholder **Signature of Stockholder or Authorized Signatory**

[*N.B.: Partnerships, corporations and associations must attach certified resolutions or extracts thereof designating the Proxy/Representative and authorized signatories]

PLEASE DATE AND SIGN YOUR PROXY

PLEASE MARK, SIGN AND RETURN YOUR PROXY BY HAND OR MAIL (IN TIME FOR IT TO REACH THE COMPANY) **ON OR BEFORE 5:00 P.M. of MAY 5, 2023.**

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the Annual Meeting of the Stockholders of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "Company" or "PHA") will be held on May 15, 2023 at 10:00 a.m. at Pasig City via remote communication or *in absentia*.

Due to the COVID-19 situation and for the health and safety of the stockholders, the meeting will be conducted virtually and may be accessed through the following link https://us02web.zoom.us/j/89442506658?pwd=dmt4WjU4SVdMUUsyNTd3WUtDYkt6QT09. The password to attend the meeting shall be provided by the Company to all stockholders of record as of April 25, 2023 or their proxies who have successfully registered to attend the meeting (Please refer to the registration procedure below).

The following is the agenda of the meeting:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of the minutes of the Annual Meeting of Stockholders held on December 17, 2021
4. Approval of the Management Report and Audited Financial Statements for years ended December 31, 2021 and December 31, 2022
5. Approval and ratification of acts of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company
6. Election of directors
7. Approval of the appointment of Reyes Tacandong & Co. as external auditor of the Company for 2022-2023
8. Other matters
9. Adjournment

Only stockholders of record as of April 25, 2023 or their proxies shall be entitled to attend and vote at the virtual meeting. Stockholders who wish to attend the virtual meeting by remote communication or in absentia must email to investors@premierehorizon.com their request to attend, not later than the close of business on May 5, 2023.

For individual stockholders who wish to be represented at the virtual meeting by proxy, the proxy forms and supporting documents shall be submitted to PHA on or before close of business day at 5:00 p.m. of May 5, 2023 (i) by email to investors@premierehorizon.com or (ii) by delivery or mail to the principal office of the Corporation at Unit 1705 East Tower, Philippine Stock Exchange Building, Exchange Road, Ortigas Center, Pasig City. In case a proxy form is emailed to the Corporation not later than the close of business day at 5:00 p.m. of May 5, 2023, the original signed copies of the proxy form should also be received by the Corporation by delivery or mail not later than the meeting date. Proxy forms shall be validated on or before May 10, 2023 by the Company's stock and transfer agent, Stock Transfer

Services Inc. The Company shall email to the stockholders and/or proxy holders the instructions and password on how to access the virtual stockholders' meeting.

If a stockholder owns shares through its broker or its shares are lodged with the Philippine Depositary Trust Corporation, the stockholder must secure from its broker, bank or other fiduciary allowed by law, a duly signed and accomplished proxy form, which the stockholder or its broker, bank or other fiduciary must submit to the Company in the above manner and not later than May 5, 2023. In accordance with Rule 20.11.2.18 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code, proxies executed by brokers shall be accompanied by a certification under oath stating that before the proxy was given to the broker, he/she had duly obtained the written consent of the persons in whose account the shares are held.

Corporate shareholders shall likewise be required to submit a notarized secretary's certificate attesting to the authority of the representative or proxy holder to attend and vote at the virtual stockholders' meeting. The same must be submitted to the Company in the above manner not later than May 5, 2023; otherwise, the Company may likewise not recognize you as a stockholder of record.

A copy of this Notice of meeting and a brief statement of the rationale and explanation of each item in the agenda, Definitive Information Statement, Management Report, Proxy Form and other documents related to the meeting are available at the Company's website at https://www.premierehorizon.com.

By registering to participate in the virtual meeting, a stockholder or a proxy or representative of the stockholder agrees for the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual ASM.

For any questions about the meeting, you may email investors@premierehorizon.com.

Copies of the Notice, Proxy Form, Definitive Information Statement, Management Report, Audited Financial Statements of the Corporation for years ended December 31, 2021 and December 31, 2022, and other related materials for the Annual Stockholders' Meeting can be accessed through the following options:

1. Scan the QR code using your smart phone's QR code reader.
2. Visit the Company's website at https://www.premierehorizon.com.
3. Visit the PSE Edge portal.
4. Request for the copy by sending an email to investors@premierehorizon.com.

EXPLANATION OF THE
2022 ANNUAL STOCKHOLDERS' MEETING
AGENDA

Details and Rationale

1. Call to order

The Chairman of the Board of Directors, Mr. Augusto M. Cosio, Jr., will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Atty. Jess Raymund M. Lopez, will certify that copies of the Notice and Definitive Information Statement have been sent to all stockholders of record as of April 25, 2023 and whether the attendees present and represented at the meeting hold a sufficient number of shares for quorum to exist for the valid transaction of business.

3. Approval of the minutes of the Annual Meeting of Stockholders held on December 17, 2021

Copies of the draft minutes will be distributed before the meeting and are available for examination at the Company website https://www.premierehorizon.com.

The stockholders will be requested to approve the draft minutes. The following is the proposed resolution:

> *"RESOLVED, that the minutes of the Annual Stockholders' Meeting of Premiere Horizon Alliance Corporation held on December 17, 2021 be, as it is hereby, approved."*

4. Approval of the Management Report and Audited Financial Statements for years ended December 31, 2021 and December 31, 2022

The President and CEO, Mr. Roberto B. Ortiz, will present the Management Report, the Company's operational highlights and financial results and the audited financial statements for the years ended December 31, 2021 and December 31, 2022. The audited financial statements were prepared by the Company's independent auditors, Reyes Tacandong & Co., and approved by the Company's Audit and Governance Committee and the Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Philippine Stock Exchange, Securities and Exchange Commission and Bureau of Internal Revenue.

Questions will be entertained from the stockholders after the presentation.

The stockholders will be requested to approve the annual report of management as presented by the President, and the audited financial statements for the years ended December 31, 2021 and December 31, 2022. The following is the proposed resolution:

> *"RESOLVED, that the Annual Report of Management as presented by the President, and the Company's audited financial statements for the years ended December 31, 2021 and December 31, 2022 be, as it is hereby, approved."*

5. Approval and ratification of acts of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company

The stockholders will be requested to ratify the acts, contracts, resolutions and deeds of the Board of Directors and management of the Company that were significant towards achieving the Company's performance and results. The following is the proposed resolution:

> *"RESOLVED, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."*

6. Election of directors

It is proposed to elect the following members of the Board of Directors. The biographical profiles of the Director-Nominees were provided in the Information Statement that has been posted in the Company's website at https://www.premierehorizon.com. The Director-Nominees are the following;

For Regular Directors

1. Augusto M. Cosio, Jr.
2. Raul Ma. F. Anonas
3. Eugenio T. Tan
4. Brandon P. Leong
5. Roberto B. Ortiz
6. Geronimo B. Halili
7. Esteban G. Peña Sy

For Independent Directors

8. Emmanuel G. Herbosa
9. Gloria Victoria Y. Taruc

7. Approval of the appointment of Reyes Tacandong & Co. as external auditor of the Company for 2022-2023

Upon the favorable recommendation of the Company's Audit and Governance Committee, Management proposes to appoint Reyes Tacandong & Co. as the Company's external auditor for the current year 2022-2023. The following is the proposed resolution:

> *"RESOLVED, that the accounting firm Reyes Tacandong & Co. be, as it is hereby, reappointed as the Company's external auditor for the current year 2022-2023."*

8. Other matters

Management may address questions sent in by the stockholders.

9. Adjournment

After all matters in the agenda have been taken up, the Chairman shall entertain a motion to adjourn the meeting.

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

   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter **Premiere Horizon Alliance Corporation**

3. **Philippines**

   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **147584**

5. BIR Tax Identification Code **002-727-376-000**

6. **Unit 1705 East Tower, Philippine Stock Exchange Bldg.,**
   Exchange Rd., Ortigas Center, Pasig City **1605**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(02) – 8632-7715**

8. **May 15, 2023 at 10:00 a.m. to be held via remote communication or *in absentia* at Unit 1705 East Tower, Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City 1605**
   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 **April 20, 2023**.

10. In case of Proxy Solicitations:

   Name of Person Filing the Statement/Solicitor : Premiere Horizon Alliance Corporation
   Address and Telephone No.: Unit 1705 East Tower Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City 1605; Tel. no. (02)-8632-7715

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
Common	**5,708,359,504 Shares**

12. Are any or all of registrant's securities listed in a Stock Exchange?

   Yes X______ No _______

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

   There are 2,254,117,253 common shares listed with the Philippine Stock Exchange (PSE).

   There are 1,202,271,236 common shares which are subject of pending applications for listing with the PSE as of March 31, 2023.

   There are 2,251,971,015 common shares which are not listed and are not subject of pending applications for listing with the PSE as of March 31, 2023.

INFORMATION STATEMENT
(SEC FORM 20-IS)

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

Premiere Horizon Alliance Corporation (the "Company" or "PHA") will be holding its Annual Stockholders' Meeting on May 15, 2023 at 10:00 a.m. at Pasig City via remote communication or *in absentia* ("ASM").

Due to the COVID-19 situation and for the health and safety of the stockholders, the meeting will be conducted virtually and may be accessed through the following link https://us02web.zoom.us/j/89442506658?pwd=dmt4WjU4SVdMUUsyNTd3WUtDYkt6QT09. The password to attend the meeting shall be provided by the Company to all stockholders of record as of April 25, 2023 or their proxies who have successfully registered to attend the meeting (Please refer to the registration procedure in the Notice of Annual Stockholders' Meeting).

The complete mailing address of the principal office is Unit 1705 East Tower, Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City.

The approximate date when the information statement will be first sent to security holders is on April 20, 2023.

Item 2. Dissenters' Right of Appraisal

There are no matters to be taken up during the annual stockholders' meeting with respect to which the law allows the exercise of the appraisal right by any dissenting stockholder. The Revised Corporation Code limits the exercise of the appraisal right only in the following instances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);

b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);

c. In case of merger or consolidation (Section 81);

d. In case of investments in another corporation, business or purpose (Section 42).

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who votes against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting other than their re-election to their respective positions.

The Company has not been informed in writing by any person of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

The complete mailing address of the principal office of is Unit 1705 East Tower, Philippine Stock Exchange Bldg., Exchange Rd., Ortigas Center, Pasig City.

The approximate date when the information statement will be first sent to security holders will be on April 20, 2023.

Item 4. Voting Securities and Principal Holders Thereof

The record date to determine the stockholders entitled to notice and to vote at the ASM is on April 25, 2023.

Proxy is being solicited on behalf of the Board of Directors and Management of the Company for voting at the ASM with record date on April 25, 2023. Please refer to Part II. Information Required in Proxy Form.

As of March 31, 2023, there are 5,708,359,504 unclassified common shares entitled to notice and to vote at the meeting, of which 5,437,353,271 shares are registered under Filipinos and 271,006,233 shares are registered under foreign ownership. Each common share is entitled to one vote. The Company has 2,254,117,253 common shares listed and traded in the Philippine Stock Exchange ("PSE").

The election of the board of directors for the current fiscal year will be taken up and all stockholders entitled to vote may vote by proxy. The stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Revised Corporation Code. A stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one 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. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5% of voting securities as of the record date

The following are the registered and beneficial owners of more than 5% of the voting securities as of March 31, 2023:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial owner and relationship with record owner (direct)	Citizenship	No. of Shares	Percentage
Common	PCD Nominee Corporation G/F Makati Stock Exchange 6767 Ayala Avenue Makati City Stockholder	PCD Nominee Corp. is the record owner* *The Corporation has no information of any beneficial owner holding more than 5% interest in shares lodged under PCD Nominee Corp. The Corporation has not been informed of the identities of the designated proxies authorized to vote the shares.	Filipino	2,010,979,307	35.23%
Common	Stockholder	Marvin C. Dela Cruz*	Filipino	1,389,802,253	24.35%
Common	Stockholder	Marian Peña*	Filipino	864,214,876	15.14%

While there have been no legal proceedings to date regarding the ownership of shares of stock of PHA, there are two (2) cases which may cause material changes in the ownership of shares of stock:

a) PHA received an Order of Garnishment pertaining to the shares of stock of Marvin dela Cruz, relative to the NGCT case; and
b) Criminal case for "syndicated estafa," "qualified theft," and "falsification of public documents" filed by Raissa Queri against PHA Management, Marian Pena, Stock Transfer Services Inc. docketed as NPS Docket No. XV-15-INV-23D-00425-00427 with the Office of the City Prosecutor of San Juan.

Please see Part I(B) Item 5(A) for a discussion on the said cases.

(2) Security Ownership of Management

The following are the security ownership of the directors and executive officers of the Company as of March 31, 2023:

Title of Class	Name of Beneficial Owner; Relationship with Issuer	Amount and Nature of Beneficial Ownership (direct & indirect)	Citizenship	Percentage held
Common	Augusto M. Cosio, Jr. Chairman	33,976,943 (D)	Filipino	0.60%

Common	Roberto B. Ortiz Director	33,976,943 (D)	Filipino	0.60%
Common	Raul Ma. Anonas, Director	109,631,319 (D)	Filipino	1.92%
Common	Brandon Benito P. Leong, Director	2 (D)	Filipino	0.00%
Common	Eugenio T. Tan, Director	2 (D)	Filipino	0.00%
Common	Geronimo B. Halili, Director	10,000 (D)	Filipino	0.00%
Common	Esteban G. Pena Sy, Director	10,000 (D)	Filipino	0.00%
Common	Emmanuel G. Herbosa, Director	10,000 (I)	Filipino	0.00%
Common	Gloria Victoria Yap Taruc, Director	10,000 (I)	Filipino	0.00%
Common	Andres A. Del Rosario, SVP/CFO	25,303,030 (D)	Filipino	0.44%
TOTAL				**3.56%**

(3) Voting Trust Holders of 5% or More

There are no persons holding five percent (5%) or more of a class under a voting trust or similar arrangement.

(4) Changes in Control

There has been no change in control since the beginning of the last fiscal year.

Item 5. <u>Directors and Executive Officers</u>

A. Directors and Key Corporate Officers

For the information required of Directors and Corporate Officers and the nominees for directors, including their respective business experience in the last five years, please refer to **Annex "A."**

Also attached as **Annex "B"** is a certification that no directors or officers are connected with any government agencies or its instrumentalities.

The nominees for the Board of Directors of the Corporation for the current year pre-screened by the Nominations and Compensation Committee, now known as the Corporate Governance Committee, are the following:

Augusto M. Cosio, Jr.	Chairman
Roberto B. Ortiz	Regular
Raul Ma. F. Anonas	Regular
Eugenio T. Tan	Regular
Brandon Benito P. Leong	Regular
Geronimo B. Halili	Regular
Esteban G. Pena Sy	Regular
Emmanuel G. Herbosa	Independent
Gloria Victoria Y. Taruc	Independent

All nominees are Filipino citizens. The aforementioned nominees are expected to attend the annual stockholders' meeting.

Nomination and Election of Independent Directors

The incumbent Independent Directors are Mr. Emmanuel Herbosa and Atty. Gloria Victoria Y. Taruc and have been the Independent Directors since February 2023. The incumbent directors have certified that they possess all the qualifications and none of the disqualifications provided under the Securities and Regulation Code ("SRC"). Attached as **Annexes "C" and "D"** are the Certifications of Qualification of Independent Directors.

The following are the details of the nominations for Independent Director received and approved by the Nominations Committee:

Nominee for Independent Director	Person Submitting the Nomination	Relation of Nominee to the Nominator
Emmanuel G. Herbosa	Esteban G. Peña Sy	None
Gloria Victoria Y. Taruc	Roberto B. Ortiz	None

Please see Annex "A" for the biographical information on the foregoing nominees for Independent Directors, including their respective business information in the last five years.

The Corporate Governance Committee was created to accept and pre-screen nominees for the election of the Board Directors as well as Independent Directors conformably with the criteria prescribed under existing SEC rules and the Corporation's Revised Manual of Corporate Governance; to prepare and make available to the SEC and the stockholders before the stockholders' meeting a final list of candidates; to establish a formal and transparent procedure for developing a policy on executive remuneration, and for fixing the remuneration packages of corporate officers and directors. The Corporation complies with the requirements of Rule 38 of the SRC on the nomination and election of Independent Directors.

The Corporate Governance Committee has determined certain criteria for nomination to the Board including the following guidelines: the nature of the businesses of the corporations which the nominee is a director; the age of the director; the number of directorship/active memberships and officerships in other organizations; and possible conflicts of interest.

The Corporate Governance Committee's current members are the following: Gloria Victoria Y. Taruc, as Chairman, Emmanuel Herbosa and Augusto M. Cosio, Jr. as members.

Family Relationship

No single person is expected to make an indispensable contribution to the business since the Corporation considers the collective efforts of all its employees as instrumental to the overall success of the Corporation's business. The Corporation is not aware of any family relationship between or among the aforementioned Directors, Executive Officers or nominees for election to the Board of Directors up to the fourth civil degree by consanguinity or affinity.

Involvement in Certain Legal Proceedings

Premiere Horizon Alliance Corporation (PHA)

(a) In a Petition dated 09 December 2022, and docketed as SEC Case No. 12-22-549, Mr. Marvin Dela Cruz, a shareholder of PHA, filed a complaint with the SEC to compel PHA to conduct a stockholders' meeting and to sanction the Corporation for failure to hold the meeting. In the said Petition, dela Cruz alleges that as a subscriber to 27.7% of the Corporation's shares, he was entitled to call a special stockholders' meeting. PHA filed its verified answer on 10 January 2023. The SEC case is in progress.

(b) On 20 January 2023, the Corporation received a letter dated 19 January 2023 from the Markets and Securities Regulation Department (MSRD) of the SEC directing it to show cause why it should not be held liable for violation of Rule 20.11.1.1 of the SRC and Section 49 of the RCC for its "failure to conduct the ASM for year 2022." On 25 January 2023, the Corporation filed its reply to the said letter. The SEC case is in progress.

(c) In October 2022, plaintiffs Spouses Carlos and Belina Cruz filed with the RTC Br. 92 Quezon City a complaint docketed as Civil Case No. R-QZN-22-11507-CV against Premiere Georesources & Development Inc., Premiere Horizon Alliance Corp., Robeto B. Ortiz, Raul Ma. F. Anonas, and Andres A. Del Rosario. Spouses Cruz claim actual or compensatory damages, moral damages, and exemplary damages on account of allegedly "deliberate, unreasonable, irresponsible, false, and malicious accusations and demands" as embodied in several letters sent by PHA management to Carlos Cruz in his capacity as former president of Premiere Georesources and Development Inc., majority stock of which is held by PHA.

(d) On 06 December 2022, the Corporation filed a complaint for Estafa against Augusto Antonio Serafica and Marvin dela Cruz, both shareholders of record, for alleged misappropriation of around PHP 32M corporate funds at the Office of the City Prosecutor of Pasig City. The Prosecutor's office found probable cause against Mr. Serafica and Mr. Dela Cruz. The case was docketed as Criminal Case No. R-PSG-23-00208-CR and was raffled to RTC Br. 155, Pasig City last 19 January 2023. The criminal case is in progress.

(e) Orlino Enrique E. Hosaka in his capacity as authorized representative of Marvin dela Cruz, Raissa Abainza Queri and Harrison Yap v. Premiere Horizon Alliance Corporation and Roberto B. Ortiz in this capacity as President and CEO, docketed as SEC Case No. 23-2335 (INS). The complainants filed a complaint with the SEC alleging that PHA did not heed their demand to inspect corporate records.

(f) Notice of Receipt of Writ of Preliminary Attachment (WPA) PHA received notice from Nuovo Gran CT Inc. (NGCTI), through its counsel, the Divina Law Office, alleging that NGCTI's application for a Writ of Preliminary Attachment (WPA) against the properties of SquidPay Technology Inc. (SPTI) and Marvin C. Dela Cruz (MDC) has been granted by the Regional Trial Court, Manila, Branch 45 on September 28, 2022. However, NGCTI's counsel did not say if a WPA has been issued by the court.

NGCTI's WPA application allegedly includes SPTI and MDC's shares of stock in PHA, as security for NGCTI's claim of Php100.0 Million against SPTI and MDC. Based on the copy of the Order, NGCTI entered into a Convertible Loan Agreement on December 14, 2020 with Marvin C. Dela Cruz/SquidPay Technology, Inc. for Php100.0 Million, with a maturity date of June 14, 2022, 18 months from the execution of the contract. The loan may be paid through PHA shares should NGCTI exercise said Conversion Right. NGCTI served a Conversion Notice to exercise the right pursuant to the Conversion Agreement. These were not heeded, and SPTI failed to pay the loan on its maturity date of June 14, 2022.

NGCTI is notifying PHA and requesting assistance for the implementation of the corresponding WPA through the levy of the PHA shares in favor of NGCTI.

It also appears from the letter of the Divina Law office that PHA is a defendant in the case. While PHA has not received any summons or other documents regarding the case from the Court at this time, the PHA Board at its meeting decided to make a disclosure of the matter in view of its possible implications on PHA.

As previously disclosed, on October 29, 2020, PHA entered into a Memorandum of Agreement (MOA) with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the “Subscription Shares”) or up to 55% ownership in PHA. Subscription to these shares will be at Php0.33per share for a total consideration of Php925.0 Million, of which Php300 Million will be in cash and the balance of Php625 Million will be via a combination of cash and/or infusion of Squidpay Technology Inc (SPTI) shares over a period of 2 years.

On November 17, 2021, the PHA Board approved the acquisition of thirty-three percent (33%) of SquidPay Technology Inc. (SPT) for Php561 Million equivalent to two hundred sixty-four million (264 million) existing and outstanding shares of SPT owned by the group led by Mr. Marvin Dela Cruz and will be subject to final PHA Board approval. The funding will come from the Php625 million subscription payable by the group in accordance with the abovementioned MOA, with the deadline of October 29, 2022 for the subscription.

This Order has no impact on the operations and financial condition of PHA as it is merely implementing a court order on the freezing of PHA shares held under the name of MDC. Brandon Benito P. Leong is a shareholder, director and Vice President of NGCTI. Mr. Leong concurrently also a shareholder, director and Treasurer of PHA.

(g) On 03 April 2023, Raissa Queri filed a complaint against Richard Regala-Stock and Transfer Services Inc., as well as Board of Directors and Management of PHA (Raul Anonas, Roberto Ortiz, Augusto Cosio Jr, Maria Pena) docketed as NPS Docket No. XV-15-INV-23D-00425-00427 with the City Prosecutor of San Juan City. Ms. Queri alleges "Syndicated estafa", "qualified theft" and "falsification of public documents" on account of the transfer of Ms. Queri's shares to Ms. Pena on account a duly-executed Deed of Assignment of Subscription Rights. Complaint further reserves the right to file a separate claim for the civil aspect of the alleged offense. Case is set for preliminary investigation.

Digiwave Solutions Inc. (DSI)

Digiwave Solutions Inc. (DSI), a wholly-owned subsidiary of the Company, is currently involved in the following:

(a) In 2011, a Complaint for specific performance and damages docketed as Civil Case No. Q-10-68354 before the RTC Br. 224 of Quezon City was filed by E-MPA Fires Company against Blue Skies Philko, Inc.and DSI for Specific Performance and Damages. After trial, a Writ of Execution was issued last 29 January 2021 ordering the sheriff to execute the decision of the court, the dispositive portion of which orders the transfer of the PEGS Don Antonio Branch to plaintiff; pay PHP 3,042,701 as actual damages, PHP 500,000.00 as attorney's fees, and the costs of the suit.

Goshen Land Capital, Inc. (GLCI)

A 55% owned subsidiary of the Company, is currently involved in the following cases:

(a) Petition for Cancellation of Entry No. 328630-36-211, RTC Br. 8, La Trinidad, Benguet. The Case is a petition for cancellation of annotation in a land title, filed by a private person against National Grid Corporation of the Philippines (NGCP), the Registry of Deeds, the Land Registration Authority (LRA), Solicitor General, and GLCI.

(b) Goshen Land Capital, Inc. (GLCI), a 55% owned subsidiary of the Company, is currently involved in the following pending matters:
    (1) On 28 May 2012, a Petition docketed as Admin. Case No. 11-AD-1380 was filed with the Regional Trial Court Branch 8, La Trinidad, Benguet by Rosaline Abance against the Register of Deeds of Benguet, the Solicitor General, the LRA, the National Grid Corp. of the Philippines, and Goshen Land Capital Inc. Case involves a Petition for Cancellation of Entry No. 328630-36-211 in Transfer Certificate of Title (“TCT”) No. T-66332. Petitioner alleges that GLCI caused the annotation of a road ROW easement in her lot by having petitioner unknowingly sign a waiver of easement in favor of NGCP. GLCI asserts that it was willingly signed by Petitioner after explanation. Case is in trial.
    (2) On 30 September 2010, the following cases were filed for the judicial registration and confirmation of title under Act No. 496 as amended by PD 1529. GLCI's interest in this case is as buyer/successor-in-interest of the petitioners. The subject lot is included in the Blue Ridge Mountain project of GLCI:
    i. LRC Case No. 10-LRC-0033, with the RTC La Trinidad Benguet, Br. 10, by Remedios Sucdad et al;

ii. LRC Case No. 10-LRC-0036, with the RTC La Trinidad Benguet, Br. 8 by Remedios Sucdad et al;
iii. LRC Case No. 10-LRC-0034, with the RTC La Trinidad Benguet Br. 10, by Antonio P. Sucdad, et al;
iv. LRC Case No. 10-LRC-0035, with the RTC La Trinidad Benguet Br. 62, by Romeo Abenes;
v. LRC Case No. 10-LRC-0037, with the RTC La Trinidad Benguet Br. 8 by Gloria Abenes.

Other than the above mentioned cases, the Corporation is neither aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph (C) of Annex C, SRC Rule 12 nor is it aware of the occurrence of any of the following events, which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer or control person of the Corporation during the past five (5) years and up to the date of this Information Statement:

1. any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Corporation was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior that time;

2. any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other offenses of any director, person nominated to become a director, executive officer, promoter, or control person;

3. any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities a director, person nominated to become a director, executive officer, promoter or control person of the Corporation; and

4. judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Corporation found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission (SEC) or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions.

The Corporation, in the regular and ordinary course of business, has entered into transactions with associates, affiliates, subsidiaries and other related parties principally consisting of cash advances and reimbursement of expenses, guarantees and inter-company charges.

Related Party Transactions

1. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of 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 enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties.

The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including the amount of outstanding balances and its terms and conditions including whether they are secure, and the nature of the consideration to be provided in settlement. The Company recognized impairment losses for the years ended December 31, 2021 and 2022 amounting to Nil.

2. In 2008, the Company has entered into a Joint Venture Agreement (JVA) with various landowners for the development of certain lots. Pursuant to such JVAs, the landowners shall contribute the title and the interest to the lots and the Company shall provide the necessary funding and expertise to undertake and complete the implementation of the residential project development as development manager, and as exclusive marketing agent of the project. The Company shall pay the landowners their share in net proceeds after deducting a marketing fee equivalent to 15% of the selling price. The Company recognizes the share of the landowners as liability upon sale of the related real estate inventories. These amounts are payable on demand.

3. Compensation of the Company's key management personnel consists of short-term employee benefits amounting to Php 38.83 million, Php 39.76 million, Php33.05 million in 2022, 2021, 2020, respectively. There are no post-employment benefits in 2022, 2021, and 2020. There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Company's retirement plan.

Resignation of Directors

No director has declined to stand for re-election to the Board of Directors since the date of the last annual meeting because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices, and the required disclosures relevant to the existence thereof.

Significant Employees

The Corporation has no significant employees who are not executive officers but expected to make a significant contribution to the business.

Item 6. Compensation of Directors and Executive Officers

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer ("CEO"), the four (4) most highly compensated executive officers other than the CEO who served as executive officers as of December 31, 2022 and their estimated compensation as of March 31, 2023:

NAME	POSITION	YEAR	SALARIES/ BONUSES/FEES
Augusto M. Cosio, Jr.	Chairman	2023 Est.	375,000.00
	Chairman	2022	1,625,000.00
	Chairman	2021	1,500,000.00
	N/A	2020	N/A
Roberto B. Ortiz	President/CEO	2023 Est.	1,110,000.00
	President/CEO	2022	4,810,000.00
	President/CEO	2021	1,500,000.00
	Group CFO	2020	N/A
Augusto Antonio C. Serafica, Jr.	N/A	2022	N/A
	President/CEO	2021	4,810,000.00

Resigned Dec 17 2021	President/CEO	2020	4,810,000.00
Raul Ma. F. Anonas	EVP & COO	2023 Est.	450,000.00
	EVP & COO	2022	1,860,000.00
	EVP & COO	2021	2,210,000.00
	EVP & COO	2020	2,210,000.00
Manolo B. Tuason	SVP & COO	2022	350,000.00
Retired on Feb 23 2022	SVP & COO	2021	3,200,000.00
	SVP & COO	2020	2,600,000.00
Brandon Benito P. Leong	Treasurer	2023 Est.	875,000.00
	Treasurer	2022	1,500,000.00
	Treasurer	2021	1,125,000.00
	Treasurer	2020	N/A
Andres Del Rosario	SVP & Asst Treasurer	2023 Est.	600,000.00
	SVP & Asst. Treasurer	2022	2,600,000.00
	SVP & Asst Treasurer	2021	3,200,000.00
	SVP & Asst Treasurer	2020	2,600,000.00
Adrian Luzuriaga	Chief Financial Adviser	2023 Est.	600,000.00
		2022	2,600,000.00
		2021	N/A

Compensation of Directors

Under Section 30 of the Revised Corporation Code, in the absence of any provision in the By-Laws of the Corporation, the directors shall not receive any compensation as such directors, except for reasonable *per diem* allowance (an average of Php27,777.78 per meeting for each director) for their attendance at each board meeting. Any such compensation, other than per diems, may be granted to directors by the vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. Provided, further, that the total yearly compensation shall not be more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

Since the date of their elections, the directors have served without compensation. The directors did not receive any amount or form of compensation for committee participation or special assignments. As of this date, no standard or other arrangements have been made in respect of director's compensation aside from the compensation received as herein stated.

There are no other arrangements pursuant to which any director of the Corporation was compensated, or is to be compensated, directly or indirectly, during the Corporation's last completed fiscal year and the ensuing year, for any service provided as a director.

For years 2020, 2021 and 2022, the directors received the following compensation consisting of a per diem allowance (an average of Php 27,777.78 per meeting for each director) for their attendance at each board meeting:

NAME	POSITION	YEAR	PER DIEM
George Y Sycip *Resigned Jan 12 2023*	Director	2022	166,666.67
		2021	222,222.23

NAME	POSITION	YEAR	PER DIEM
		2020	102,614.38
Augusto Antonio Serafica, Jr. *Resigned Jan 16 2023*	Director	2022 2021 2020	138,888.89 N/A N/A
Eugenio Tan	Director	2022 2021 2020	166,666.67 N/A N/A
Elizabeth Timbol *Resigned Jan 16 2023*	Independent Director	2022 2021 2020	138,888.89 N/A N/A
Felipe Judan *Resigned Dec 31 2022*	Independent Director	2022 2021 2020	180,555.56 111,111.12 102,614.38
Elisa May A. Cuevas *Resigned Nov 17 2021*	Independent Director	2022 2021 2020	55,555.56 138,888.89 N/A

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The executive officers of the Corporation are covered by employment contracts corresponding to their respective job descriptions. There are no arrangements for compensation or payment from the Corporation in the event of a resignation, retirement or termination of the executive officer's employment or change in control of the Corporation.

Warrants and Options

There are no options and/or warrants held by the Corporation's directors and key executives.

Item 7. Independent Public Accountants

The Corporation's current independent public accountant recommended for re-election for the current year is Reyes Tacandong & Co. ("RT & Co."). Mr. Emmanuel V. Clarino is the engagement partner assigned by RT & Co. to lead the audit of the Corporation's financial statements. RT & Co. was the auditor for the previous fiscal year ended 2021.

The General Requirements of SRC Rule 68, as amended, under Part 3(b)(iv)(ix), requires that Independent Auditors or in the case of an audit firm, the signing partner of the regulated entities, shall be rotated after every five (5) years of the engagement and a two (2) year cooling off period shall be observed in the reassignment of the same signing partner or individual auditor. The Corporation has engaged RT & Co. as its external auditor for the past two (2) years, with Ms. Grace Albunian as the Partner In-Charge beginning audit year 2021. Prior to 2021, the company's independent public accountant was SGV & Co.

Duly authorized representatives of RT & Co. will be present at this year's Annual Meeting of Stockholders and are expected to respond to appropriate questions. RT & Co. auditors will also be given the opportunity to make a presentation or statement in case they decide to do so.

The 2022 and 2021 audits of the Corporation by RT & Co. were in compliance with the requirement that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.

There was no event in the past years where RT & Co. and the Corporation had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The following are members of the Audit Committee, now renamed as the Audit and Risk Oversight Committee:

Chairman	:	Emmanuel Herbosa (Independent Director)
Members :		Gloria Victoria Y. Taruc (Independent Director)
		Eugenio T. Tan

Management is requesting the stockholders to approve appointment of RT & Co. as the external auditor of the Company for the current year 2023.

Item 8. <u>Financial and Other Information</u>

The Audited Financial Statement (prepared in accordance with SRC Rule 68, as amended, and Rule 68.1), Statement of Management's Responsibility as of December 31, 2022, Management's Discussion and Analysis of Financial Condition and the Results of Operation for the last three years (required under Part IV (c) of Rule 48), and Market Price of Shares and Dividends are part of the attached **Management Report.**

Status of Operations and Management Plans

2022

The group continued incurring liquidity gap in 2021 and 2022 amounting to Php1.26 billion and Php1.20 billion in 2021, respectively. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. The financial performance of the Group was significantly impacted by the effect of COVID-19 pandemic in 2021.

In 2022, the company has taken the following initiatives:

- PHA raised funds through issuance of 70,835,000 common shares to LDA Capital at a par value of Php.25 per share. The new investor subscribed at Php1.01 per share, for a total consideration of Php71.54 million paid in cash.

- In addition to the issuance of shares, PHA was also able to reduce part of its short-term liabilities through conversion of short-term loans to capital from shareholders but at the same time

2021

The Group reported liquidity gap on currently maturing liabilities amounting to Php1.8 billion in 2020. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. The financial performance of the Group was significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the 2019 financial year, as disclosed in the consolidated financial statements. This condition may cast a significant doubt on the Group's ability to continue as a going concern.

In 2021, the company has taken the following initiatives:

- PHA increased its authorized capital stock from P563.6 million divided into 2,254,224,000 common shares at P0.25 par value a share to Pl.5 billion divided into 6,000,000,000 common shares at P0.25 par value share. This was approved by the SEC on May 28, 2021.

A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at P0.33 a share for a total consideration of P925.0 million, of which, P300.0 million was paid for in cash and the balance for a period of two years in either a combination of cash and/or infusion of SquidPay Technology, Inc (SPTI) shares, with the intent of making SPTI a subsidiary. Of the amount to be paid for in cash, P300.0 million was received in 2021.

- PHA entered into a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of P2.5 billion over the next 36 months. Under the Put Option Agreement, PHA may, in its sole discretion issue a "Put Option Notice" (PON) under certain terms and conditions. LDA agrees to honor the Put Option Notices from PHA based on the agreed per share subscription price. On October 15, 2021, LOA subscribed to 70,835,000 new primary shares of PHA at a subscription price of Pl.01 per share. The subscription price of P71.5 million was fully paid and recognized as "Deposit for future stock subscription" and in February 2022, it was recognized in the books as “Capital Stock”.

- Convertible note holders exercised their rights to convert the principal of P354.0 million and accrued interest aggregating P24.7 million to equity of PHA at a conversion price of P0.70 per share which is equivalent to 540,938,008 shares. These converted notes were recorded in the books as “Capital Stock” in March 2022.

Other initiatives are:

- Negotiate principal payment extensions and deferrals with creditors;
- Secure loans with the Group assets; and
- Reduction and efficient management of operating expenses.

With these initiatives, the Group has been able to improve its financial position and expects that it will be able to improve its financial performance as well. Accordingly, the Group has prepared its financial statements on a going concern basis.

2020

The financial position and financial performance of the Group are significantly impacted by the effect of COVID-19 pandemic. The Group reported liquidity gap on currently maturing liabilities amounting to P1.09 billion and P1.64 billion as of December 31, 2020 and 2019, respectively. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. In addition, the Group’s current liabilities exceeded its current assets by P465.54 million as of December 31, 2020. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

Management is currently undertaking a combination of initiatives to address the abovementioned going concern issue to wit:

a. Actively seek out partnerships and new investors as a way of generating funds;
b. Negotiate principal payment extensions and deferrals with creditors;
c. Secure all loans with the assets of the Group;
d. Reduction and efficient management of operating expenses; and
e. Obtain financial support from shareholders and/or officers for gap funding of operations.

D. OTHER MATTERS

Item 9. <u>Action with Respect to Reports</u>

The following items will be submitted to the shareholders for their approval or ratification:

1. Approval of the minutes of the Annual Meeting of Stockholders held on December 17, 2021
2. Management Report & Audited Financial Statements for years ended December 31, 2021 and December 31, 2022
3. Ratification of acts of the Board of Directors and Management

Copies of the Corporation's Management Report, Audited Financial Statements for years ended December 31, 2021 and December 31, 2022 are available in the website of the Corporation. Approval of the foregoing constitutes a ratification by the stockholders of the Corporation's performance for the years 2021 and 2022.

Approval of the Minutes of the Annual Stockholders' Meeting held on December 17, 2021 constitutes a ratification of the accuracy and faithfulness of the Minutes to the events which transpired during the meeting. A copy of the Minutes of the Annual Stockholders' Meeting held on December 17, 2021 is available on the Company's website.

Please refer to **Annex "E1"** for the disclosures in compliance with Section 49 of the Revised Corporation Code and **Annex "E2"** for the Minutes of the Annual Stockholders' Meeting held on December 17, 2021.

Item 10. Matters Not Required to Be Submitted

All corporate actions to be taken up at the annual stockholders' meeting will be submitted to the stockholders of the Corporation for their approval in accordance with the requirements of the Corporation Code.

Matters not required to be submitted are the Call to Order and Certification of Notice and Quorum.

Item 11. Voting Procedures

i. Method of voting

In all items for approval except for the election of directors, the favorable vote by stockholders representing at least a majority of the outstanding capital stock shall be sufficient.

For the election of directors, the nine (9) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

During the election of directors, every stockholder entitled to vote shall have the right to vote the number of shares of stock registered in his own name in the stock and transfer book of the Corporation; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of 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 whole number of directors to be elected.

At least two seats or at least 20% of the number of directors to be elected, whichever is lesser, shall be allotted for the election of independent directors as required by the SRC and Corporation's Code of Corporate Governance.

ii. Since the virtual meeting will be held by remote communication or *in absentia*, the votes of the stockholders shall be taken and counted based only on the proxy forms (in case a shareholder intends to be represented and vote by proxy) (a) received by PHA on or before close of business day at 5:00 p.m. of May 5, 2023 (i) by email to investors@premierehorizon.com with the original signed copies also received by the

Corporation by delivery or mail not later than the meeting date or (ii) by delivery or mail to the principal office of the Corporation at Unit 1705 East Tower, Philippine Stock Exchange Building, Exchange Road, Ortigas Center, Pasig City and (b) validated by the Company's stock and transfer agent, Stock Transfer Services, Inc. on May 10, 2023.

PART II. INFORMATION REQUIRED IN PROXY FORM

Item 1. Identification

This proxy is solicited by the Board of Directors and Management of Premiere Horizon Alliance Corporation. The solicited proxy shall be exercised by Mr. Robert B. Ortiz, President of the Corporation, or the stockholder's authorized representative.

Item 2. Instruction

a. For agenda items other than election of directors, the proxy form shall be accomplished by marking in the appropriate box either "FOR", "AGAINST" or "ABSTAIN" according to the stockholder's/proxy's preference.

For election of directors, the stockholder/proxy shall mark with an "X" the space across the name of his chosen nominee for regular and independent director.

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

FOR the approval of the minutes of the Annual Stockholders' Meeting held on December 17, 2021;

FOR the approval of the Management Report and Audited Financial Statements for years ended December 31, 2021 and December 31, 2022;

FOR the approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;

FOR the election of the following directors: August M. Cosio, Jr., Roberto B. Ortiz, Raul Ma. F. Anonas, Eugenio T. Tan, Brandon P. Leong, Geronimo B. Halili, Esteban G. Pena Sy, Emmanuel G. Herbosa (Independent Director) and Gloria Victoria Y. Taruc (Independent Director);

FOR the approval of the appointment of Reyes Tacandong & Co. as the external auditor of the Company for 2022-2023;

and to authorize the Proxy to vote according to the discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

A Proxy Form that is returned without a signature shall not be valid.

b. The matters to be taken up in the meeting are enumerated opposite the boxes on the form. The names of the nominee directors are likewise enumerated opposite an appropriate space.

c. The proxy forms and supporting documents shall be submitted to PHA on or before close of business day at 5:00 p.m. of May 5, 2023 (i) by email to investors@premierehorizon.com or (ii) by delivery or mail to the principal office of the Corporation at Unit 1705 East Tower, Philippine Stock Exchange Building, Exchange Road, Ortigas Center, Pasig City. In case a proxy form is emailed to the Corporation not later than the close of business day at 5:00 p.m. of May 5, 2023, the original signed copies of the proxy form should also be received by the Corporation by delivery or mail not later than the meeting date. Proxy forms shall be validated on or before May 10, 2023.

PLEASE USE THE ATTACHED PROXY FORM

Item 3. Revocability of Proxy

A stockholder may revoke his proxy on or before the date of the Annual Meeting. The proxy may be revoked by the shareholder's written notice to the Corporate Secretary advising the latter of the revocation of the proxy, or by a shareholder's personal attendance during the meeting.

Item 4. Persons Making the Solicitation

This solicitation is made by the Corporation. No director has informed the Corporation in writing or otherwise of his intention to oppose any action intended to be taken up at the meeting. Solicitation of proxies will be done mainly by mail. Certain employees of the Corporations will also solicit proxies in person or by telephone. The estimated amount to be spent by the Corporation to solicit proxies for the Board of Directors is Php 30,000.00. The cost of solicitation will be borne by the Corporation.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No member of the Board of Directors or executive officer since the beginning of the last calendar year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

The Corporation does not intend to bring any matter before the meeting other than those set forth in the Notice of the Annual Meeting of Stockholders and does not know of any matter to be brought before the meeting by others. If any other matter does come before the meeting, the proxy shall vote in the manner indicated by the stockholder, or if no such indication is made, in accordance with proxy's discretion.

The Company will provide without charge to each person solicited, upon his written request, a copy of the Company's annual report on SEC Form 17-A for calendar years ended 2021 and 2022 duly filed with the Securities and Exchange Commission. At the discretion of Management, a reasonable fee may be charged for the expense incurred in providing a copy of the exhibits. All requests may be sent to the Company's head office and addressed to:

Attention: Maricel Marinay
Premiere Horizon Alliance Corporation
Unit 1705 East Tower, Philippine Stock
Exchange Bldg., Exchange Rd., Ortigas Center,
Pasig City
Telephone No.: (02) 8632-7715

III. SIGNATURE PAGE

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. This report is signed in Cainta City on April 20, 2023.

PREMIERE HORIZON ALLIANCE CORPORATION

By:

ROBERTO B. ORTIZ
President and Chief Executive Officer

ANNEX “A”

PREMIERE HORIZON ALLIANCE CORPORATION
BOARD OF DIRECTORS & MANAGEMENT TEAM

As of March 31, 2023

The following are the information required of Directors and Corporate Officers and directors-nominees, including their respective business experience in the last five years,

PHA BOARD OF DIRECTORS

#	Name	Position
1	Augusto M. Cosio, Jr.	Chairman
2	Roberto B. Ortiz	Director
3	Raul Ma. F. Anonas	Director
4	Eugenio T. Tan	Director
5	Brandon P. Leong	Director
6	Geronimo B. Halili	Director
7	Esteban G. Pena Sy	Director
8	Emmanuel Herbosa	Independent Director
9	Gloria Victoria Y. Taruc	Independent Director
10	Jess Raymund M. Lopez	Corporate Secretary
11	Andrea E. Katipunan	Assistant Corporate Secretary

Augusto M. Cosio, Jr.
Chairman

Mr. Cosio (age 70), “Gus” among friends and social media followers, was elected as a Regular Director and Chairman of PHA in December 2020.

His career as an international capital markets practitioner started in 1977 with Banque Nationale de Paris, and then with Banque Paribas in 1984. Until 1994, he operated for the global bank in major financial centers all over the world, including Hong Kong, Singapore, Paris, Tokyo, London, and New York.

Having worn many hats in his decades-long career, Gus has held senior management roles in reputable institutions such as Senior Vice President of SB Capital and Security Bank, Vice President of Bank Austria Private Banking – Hong Kong, and President of PNB Securities and First Metro Asset Management Inc.

He was also a member of the board of the Philippine Stock Exchange, as well as an active member of First Metro Investment Corp.’s investing committee. Additionally, he served as consultant to the Mutual Fund Company of the Philippines (Kabuhayan Fund) and the GSIS Mutual Fund (Kinabukasan Fund).

At present, he is the President and CEO of the listed company MRC Allied, Inc.

Outside of his commitments in the financial and investment industries, Gus runs his own BPO start-up, Trec Global, and is an advocate for road safety and responsible driving, being a Board of Trustees member of the Automotive Association of the Philippines.

Roberto B. Ortiz
Director

Mr. Ortiz (age 71) was elected as the President and CEO of PHA in December 2021. He was a director and the previous Group CFO of the company prior to his most recent appointment. An accomplished financial and management consultant, Bob boasts 28 years of experience as a valued CFO and Board Member of various local and multinational corporations in the manufacturing, retail, and commodities trading industries. His previous work brought him to Joaquin Cunanan and PricewaterhouseCoopers, while his current advisory engagements are with the Energy Regulatory Commission and Eastern Securities Development Corporation. At present, he is the Chairman of the Board of the Philippine Telegraph & Telephone Co. (PT&T).

Raul Ma. F. Anonas
Director

Mr. Anonas (age 60) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas was the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He was also the Vice Chairman of First Ardent Property Development Corporation and used to be President & CEO of Rajawali Resources and Holdings Inc. Mr. Anonas is a corporate finance veteran with expertise in investment banking, mergers & acquisitions and project financing. He also has extensive experience as an entrepreneur and has successfully managed start-up companies. Mr. Anonas holds a B.S. Management Degree from the Ateneo de Manila University and an MBA in Finance from Fordham University.

Brandon P. Leong
Director

Mr. Leong (age 38) was elected as a Regular Director of PHA on December 2020. He is also a Director and Operations Head for Eastern Securities Development Corporation (ESDC), a proud member of the Philippine Stock Exchange, multi-generation, stalwart securities brokerage in continuous operation since 1977. ESDC is a full service, online brokerage with over 5 billion pesos in assets under management. Mr. Leong assists the Company in navigating its industry's increasingly complex regulatory landscape while maintaining a high level of business efficiency. He ensures financial innovation provides optimal shareholder value while never compromising core principles of the Company, investor protections and values of the Philippine capital markets. Mr. Leong provides market education, financial literacy and fintech consultation for teams and organizations seeking to create their digital footprint in Philippines' financial landscape. Mr. Leong brings to bear his unique background in both finance and technology to provide insights and solutions to the challenging interface between customers and the organizations aspiring to deliver innovative financial services. Mr. Leong is a graduate of the University of California Irvine with a degree in Sociology and Business.

Eugenio T. Tan
Director

Mr. Tan (age 60) was elected as a Regular Director of PHA last October 7, 2021 and is currently the Co-CEO of the Oriental Patron Asia Limited where he manages the corporate finance, capital markets, M&A, sales and distribution businesses and private investment business lines of 28-year-old Greater China firm. He was previously the Co-CEO of Shanxi Securities International, where he was responsible for building the ECM/DCM/M&A and primary distribution for Shanxi Securities internationally. Mr. Tan was also held senior management roles in the following companies: Managing Director and Head, Investment Banking and Equity Capital Markets – Asia of the Oppenheimer Investments Asia Limited (2013 –2016), Managing Director, Greater China of Rothschild (Hong Kong) Limited (2010 – 2012). Managing Director of Argyle Street Management (2007- 2010), Managing Director and Head, Financial Institutions Group – Asia, ex-Japan of HSBC Investment Bank (2003 – 2007), Managing Director and Head, Financial Institutions Group – Asia, ex-Japan of HSBC Investment Bank (2003 – 2007), Director and Head, Financial Institutions Group – Asia, ex-Japan of Salomon Smith Barney (1999 – 2002), Director and Head, Equity Capital

Markets of ING Barings (1995 – 1998), Associate/Vice President, Global Finance/Corporate Finance. (New York) of Goldman, Sachs & Co. (1990 – 1994), Management Associate/Manager, Institutional Bank of Citibank, N.A. (1985 – 1988). Mr. Tan is also currently the Industrial Zone Task Force Director of Hong Kong Trade and Development Council which advises the Hong Kong government on SME businesses.

He was also the Independent Director of KGI Securities (Taiwan) Co. Ltd (2010 – 2013) and KGI Securities (Thailand) Pcl (2008 – 2010), Independent Advisor of Power Sector Asset and Liabilities Management Corporation (2008-2010). Mr. Tan holds a Business Administration and Accountancy degree, Summa Cum Laude, from the University of the Philippines. Mr. Tan obtained his Master of Business Administration degree in Stanford Graduate School of Business, Palo Alto, CA (1988 – 1990) and graduated with distinction and was an Arjay Miller Scholar and Deloitte and Touche Accounting Awardee.

Atty. Geronimo B. Halili
Director

Atty. Halili (age 54) was elected as a Regular Director of PHA in January 2023. An established lawyer, he is currently the Proprietor at G. B. Halili Law Office since 2015. Atty. Halili began his career as a law intern in the Office of Supreme Court Justice Jose A. R. Melo in 1993. Three years later, he passed the Philippine Bar Examinations in the Top 16. He went on to become a Senior Associate at Y. F. Busmente & Associates Law Offices, and then a Partner at Halili Certeza Matibag Law Offices. Atty. Halili graduated from the Philippine School of Business Administration with a degree in Accountancy and from San Beda College with a degree in Commerce – Major in Business Management. He proceeded to obtain his Law Degree from the Ateneo de Manila School of Law.

Esteban G. Pena Sy
Director

Mr. Peña Sy (age 75) was elected as a Regular Director of PHA in January 2023.

He is currently a Director and the President of Philippine Plaza Holdings Inc., the company behind Sofitel Philippine Plaza, and Mabuhay Holdings Corp., a publicly-listed company.

Throughout his storied career, Esteban has held key positions in various companies, including the Ayala Group of Companies. There, he was Assistant Vice President for the Bank of the Philippine Islands; Head of the Business Development Group for the Island Development Bank of Brunei; and Assistant Director for Ayala International Finance Ltd. (Hong Kong) and Ayala International (Hong Kong) Ltd.

He was also the Assistant Secretary General of the Federation of Filipino-Chinese Chambers of Commerce and Industry from 1972-79, before becoming its Executive Director from 1980-86. Shortly after, Esteban co-founded the Pan Asian Management Group (Hong Kong). Over the next few decades, he served as Managing Director for its various subsidiaries, such as AI Financial Services Ltd., Pan Asian Management Ltd., and Pan Asian Oasis Telecom Ltd; as well as Director for Jiangsu Pan Asian Cable Co. Ltd. Owing to his work with the group, he was accredited by the Hong Kong Securities and Futures Commission as an Investment Adviser. Prior to his work with PHA, he was the Director and Chairman of Philippine InfraDev Holdings, Inc. (formerly IRC Properties, Inc.)

Esteban graduated from the University of the Philippines with a degree in Economics and completed the 43rd Program for Management Development at Harvard Business School

Emmanuel Herbosa
Independent Director

Mr. Emmanual Herbosa (age 70) was elected as an Independent Director of PHA in February 2023.

Prior to his commitment to PHA, he served as the President and CEO of the Development Bank of the Philippines from 2019 to 2023. During his tenure there, he was awarded Best CEO for 2021 by the prestigious Association of Developmental Financial Institutions in Asia Pacific. Emmanuel has held leadership roles in corporate, consumer, branch, and overseas banking in reputable financial institutions, including the Bank of the Philippine Islands and the Bank of Commerce, where he served as Senior Vice President and Executive Vice President, respectively. He was also the Chief Operating Officer of Ayala Insurance, a bancassurance subsidiary of the Ayala Group. Additionally, he was the President and CEO of the Philippine Guarantee Corporation (PGC), the country's principal agency for state guarantee finance. PGC provides guarantees to facilitate the entry of foreign loans into the country for development purposes. Mr. Herbosa graduated from De La Salle University with a degree in Industrial Management Engineering. He then obtained his Master in Business Administration from the Wharton School of the University of Pennsylvania, USA.

Gloria Victoria Yap Taruc
Independent Director

Atty. Gloria Victoria Yap Taruc (age 61) was elected as an Independent Director of Premiere Horizon Alliance Corporation (PHA) in February 2023. Currently a professor at the College of Law – New Era University, she was previously a Commissioner of the Energy Regulatory Commission (ERC) from 2011 to 2018, where she had oversight over the Consumer Affairs Service Division, WESM-related Filings, and Market Monitoring and Investigations, among others.

Prior to joining the ERC, Atty. Gloria also served as a Senior State Solicitor and eventually became an Assistant Solicitor General in the Office of the Solicitor General (OSG) from 2008-11. Among the government posts she has occupied, she was a Government Corporate Attorney in the Office of the Government Corporate Counsel; a Public Prosecutor at the Office of the City Prosecutor – Quezon City; and a Branch Clerk of Court in the Office of the Executive Judge of the Regional Trial Court of Quezon City.

Outside of public service, she has also rendered private practice in her own law firm and as a partner at the Ungco Law Office. Atty. Gloria graduated from the Ateneo de Manila University with a degree in Economics. She obtained her Law Degree from the Ateneo de Manila School of Law.

Jess Raymund M. Lopez
Corporate Secretary

Atty. Jess Raymund M. Lopez (age 40) obtained his Juris Doctor Degree from the Ateneo de Manila College of Law in 2009, where he ranked fourth in his class, and obtained a silver medal for academic excellence. He joined C&G Law in October 2009, and was promoted as one of the firm's senior associates effective January 1, 2013. He was then admitted as a Partner effective January 1, 2017.

Atty. Lopez is also a part-time lecturer at the Ateneo de Manila School of Law, where he teaches Obligations and Contracts, Succession, and Torts and Damages. He also previously taught Transportation and Public Utilities Law and Credit Transactions at the Far Eastern University – De La Salle University J.D., MBA Consortium.

During his undergraduate years, Atty. Lopez was ranked and recognized as among the top speakers in various intercollegiate debate competitions held in the Philippines, Singapore, Thailand, Malaysia, and the United Kingdom, which were attended by students from the University of Oxford, the University of Cambridge, the National University of Singapore, the University of Harvard, the University of Toronto, and the University of Sydney, among others. He was twice recognized as Asia's top speaker in debate competitions held in the region in 2004 and 2005.

Andrea E. Katipunan
Assistant Corporate Secretary

Atty. Andrea E. Katipunan (age 37) obtained her Juris Doctor degree from the Ateneo de Manila Law School in 2012, where she ranked thirteenth in her class. She thereafter obtained her master's degree in business administration from Instituto de Empresa in 2019.

Atty. Katipunan became a partner of C&G Law in October 2020. She is a key member of the firm's General Corporate Practice Group, Energy, Construction & Infrastructure Sector Group, and TMT & Fintech Sector Group. Her practice areas include competition and antitrust, construction, corporate services, energy, fintech, foreign investments, infrastructure, and mergers & acquisitions.

Atty. Katipunan also has experience working abroad. In 2017, she was seconded to the Competition and Trade department of Rajah & Tann Singapore LLP. In 2019, as part of a team of post-graduate students from the Master of Business Administration program of Instituto de Empresa, Andrea worked in South Africa for a socially oriented enterprise.

PHA MANAGEMENT TEAM

Name	Position
Augusto M. Cosio, Jr.	Chairman
Roberto B. Ortiz	President & CEO
Raul Ma. F. Anonas	EVP/COO/CIO
Adrian Luzuriaga	Group CFA
Brandon P. Leong	Treasurer
Andres A. Del Rosario	SVP/Asst. Treasurer
Ana Liza G. Aquino	FVP/Investor Relations
Andres A. Del Rosario	SVP/Asst. Treasurer
Joseph Jeeben R. Segui	FVP/Corp Finance Head
Cyrine Jerah V. Nambong	Controller/Deputy CIO/DPO

Augusto M. Cosio, Jr.
Chairman

Mr. Cosio (age 70), "Gus" among friends and social media followers, was elected as a Regular Director and Chairman of PHA in December 2020.

His career as an international capital markets practitioner started in 1977 with Banque Nationale de Paris, and then with Banque Paribas in 1984. Until 1994, he operated for the global bank in major financial centers all over the world, including Hong Kong, Singapore, Paris, Tokyo, London, and New York.

Having worn many hats in his decades-long career, Gus has held senior management roles in reputable institutions such as Senior Vice President of SB Capital and Security Bank, Vice President of Bank Austria Private Banking – Hong Kong, and President of PNB Securities and First Metro Asset Management Inc.

He was also a member of the board of the Philippine Stock Exchange, as well as an active member of First Metro Investment Corp.'s investing committee. Additionally, he served as consultant to the Mutual Fund Company of the Philippines (Kabuhayan Fund) and the GSIS Mutual Fund (Kinabukasan Fund).

At present, he is the President and CEO of the listed company MRC Allied, Inc.

Outside of his commitments in the financial and investment industries, Gus runs his own BPO start-up, Trec Global, and is an advocate for road safety and responsible driving, being a Board of Trustees member of the Automotive Association of the Philippines.

Roberto B. Ortiz
President & CEO

Mr. Ortiz (age 71) was elected as the President and CEO of PHA in December 2021. He was a director and the previous Group CFO of the company prior to his most recent appointment. An accomplished financial and management consultant, Bob boasts 28 years of experience as a valued CFO and Board Member of various local and multinational corporations in the manufacturing, retail, and commodities trading industries. His previous work brought him to Joaquin Cunanan and PricewaterhouseCoopers, while his current advisory engagements are with the Energy Regulatory Commission and Eastern Securities Development Corporation. At present, he is the Chairman of the Board of the Philippine Telegraph & Telephone Co. (PT&T).

Raul Ma. F. Anonas
Executive Vice President & COO

Mr. Anonas (age 60) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas was the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He was also the Vice Chairman of First Ardent Property Development Corporation and used to be President & CEO of Rajawali Resources and Holdings Inc. Mr. Anonas is a corporate finance veteran with expertise in investment banking, mergers & acquisitions and project financing. He also has extensive experience as an entrepreneur and has successfully managed start-up companies. Mr. Anonas holds a B.S. Management Degree from the Ateneo de Manila University and an MBA in Finance from Fordham University.

Adrian Luzuriaga
Group Chief Finance Adviser

Adrian Luzuriaga (Age 59) was elected as Group CFO of PHA in December 2020. Mr. Luzuriaga earned his BS BAA degree in UP Diliman and his master's degree at JL Kellogg Graduate School of Management in Evanston, Illinois. Previously, he worked for Nissan Motor Company in Yokohama as GM of Internal Audits for Nissan's Africa, Middle East and India Division in 2016-2019 and in Bangkok as VP of Internal and Dealer Audits for Nissan's Asia and Oceania Division in 2019-2020.

Prior to Nissan, Mr. Luzuriaga worked for Delphi (now Aptiv) in Singapore as Regional Audit Director in 2007-2015, Regional Audit Manager in 2000-2007 and Regional Internal Controls Manager in 1998-1999. Before Delphi, he worked for General Motors Corporation in Singapore, Tokyo and Detroit in 1990-1998 and climbed the ranks up to Regional Audit Manager. Mr. Luzuriaga started his career in May 1985 with SyCip, Gorres, Velayo-Arthur Andersen. He left Manila in August 1989 for his post-graduate degree.

Mr. Luzuriaga was awarded a company-sponsored scholarship for graduate management studies in the U.S. He placed 18th in the May 1985 Philippine CPA board examinations. In college, he was a National Science Development Board scholar. He finished his six-quarter master's degree in five quarters, and his five-year double bachelors program in four and a half years. He received a GM Spontaneous Award for his audit work in purchasing in 1992 and won another GM award for professional excellence in 1997. He was promoted to executive regional director at Delphi in 2007. He won the Glen D. Hall Memorial Mentoring Award out of over 110 nominees from Delphi's global operations.

Andres A. Del Rosario
Senior Vice President & Asst. Treasurer

Mr. Andres A. del Rosario (age 59) was elected as a Regular Director of PGDI in 2017. Mr. Del Rosario has extensive experience in corporate finance, investment banking, treasury, and business development. The exposure to different projects throughout his investment banking career as well as banking proper, has given him ample experience to a range of financial products and services, corporate restructuring and due diligence reviews. In looking at new projects or investments, all of these experiences come in to play to ensure that these are beneficial to the company. Mr. Del Rosario is also the SVP and Treasurer of Premiere Horizon Alliance Corporation, a publicly listed company. He is also the Treasurer of Goshen Land Capital, Inc. and West Palawan Premiere Development Corporation. He used to be the Treasurer of Marventures Holdings, Inc., and a Director of Asian Alliance Investment Corporation. He is a graduate of AB Economics at the Ateneo de Manila University.

Ana Liza G. Aquino
First Vice President / Investor Relations Officer / CFO, GLCI

Ms. Aquino has over 15 years experience in operations management in the IT Outsourcing industry. She has in-depth knowledge of the software development life cycle with over 10 years experience in managing software development projects for US clients. She is currently the First Vice President of PHA and the Investor Relations Officer with over 5 years experience in Corporate Finance, Mergers & Acquisition and Corporate Affairs. Since late 2019, she has also been designated as the CFO of Goshen Land Capital, Inc., the real estate subsidiary of PHA. Ms. Aquino has an Executive MBA degree from the Asian Institute of Management and earned her AB Management Economics degree from the Ateneo de Manila University.

Joseph Jeeben R. Segui
First Vice President /Corporate Finance Head/ CFO, PGDI

Mr. Segui has over 8 years experience in corporate finance, mergers and acquisition, corporate valuation, financial modeling and financial analysis. Mr. Segui is the First Vice President and the head of Corporate Finance of Premiere Horizon Alliance Corporation. He is also the CFO of Premiere Georesources and Development Inc. Mr. Segui also worked as a Consultant at Mitchell Madison Group at their Los Angeles, USA office. Mr. Segui has a Bachelor of Science in Mathematics degree from the University of the Philippines, Diliman, where he graduated a Summa Cum Laude. He also passed the CFA Level 1 examinations.

Cyrine Jerah V. Nambong
Controller/Deputy CIO/Data Protection Officer

Ms. Nambong was appointed as Controller/Deputy Information Officer/Data Protection Officer last September 16, 2022.She has a total of 21 years of experience in accounting and finance specializing in financial management, treasury management, and budget management prior to her appointment in PHA. She graduated with a degree in B.S Accountancy in 2000 and currently finishing a masters degree program specializing in strategic finance and policy making at the University of the Philippines Los Banos. She started her early career as a bookkeeper in 2001 then worked with Winrock International, a US-based NGO as a Project Accounting Assistant. In 2005 she joined Sweet Crystals Integrated Sugar Mill Corporation as a Finance Analyst and moved up to a Finance Manager position in 2007. From 2010 to 2018 she held a Treasury and Budget Manager position and Finance Manager position at Total Nutrition Corporation and Oni Distribution Corporation, trading companies engaged in the importation, distribution, and retail of food supplements from the US and Singapore. Prior to her appointment in PHA, she worked as a Budget Officer in the Procurement Service - Department of Budget and Management.

SUBSIDIARY HEADS

West Palawan Premiere Development Corporation (WPP)

Eugenio T. Tan
President

Mr. Tan (age 60) was elected as a Regular Director of PHA in October 2021.

As a corporate financier and capital markets practitioner, Eugene has held various senior management roles in reputable institutions. He was an Independent Director of KGI Securities (Taiwan) Co. Ltd and KGI Securities (Thailand) Pcl, as well as an Independent Advisor of Power Sector Asset and Liabilities Management Corp.

He was previously a Management Associate/Manager of the Institutional Bank of Citibank, N.A.; Managing Director and Head of Investment Banking and Equity Capital Markets – Asia for Oppenheimer Investments Asia Ltd.; Managing Director and Head of the Financial Institutions Group – Asia, ex-Japan of HSBC Investment Bank; Managing Director for Greater China of Rothschild (Hong Kong) Ltd. and for Argyle Street Management; Director and Head of the Financial Institutions Group – Asia, ex-Japan for Salomon Smith Barney; Director and Head of the Equity Capital Markets for ING Barings; Associate/Vice President of the Global Finance/Corporate Finance (New York) for Goldman, Sachs & Co.; and the Co-CEO of Shanxi Securities International, where he was responsible for building the ECM/DCM/M&A and primary international distribution.

At present, Eugene is the Co-CEO of the Oriental Patron Asia Ltd., where he manages its corporate finance, capital markets, M&A, sales and distribution businesses, and private investment business lines. He is also the Industrial Zone Task Force Director of the Hong Kong Trade and Development Council, which advises the Hong Kong government on SME businesses.

Eugene graduated Summa Cum Laude from the University of the Philippines with a degree in Business Administration and Accountancy. He went on to become an Arjay Miller Scholar and Deloitte and Touche Accounting Awardee at the Stanford Graduate School of Business, where he obtained his Master of Business Administration, With Distinction.

Premiere Georesources and Development Inc. (PGDI)

Roberto B. Ortiz
President

Mr. Ortiz (age 71) was elected as the President and CEO of PHA in December 2021. He was a director and the previous Group CFO of the company prior to his most recent appointment. An accomplished financial and management consultant, Bob boasts 28 years of experience as a valued CFO and Board Member of various local and multinational corporations in the manufacturing, retail, and commodities trading industries. His previous work brought him to Joaquin Cunanan and PricewaterhouseCoopers, while his current advisory engagements are with the Energy Regulatory Commission and Eastern Securities Development Corporation. At present, he is the Chairman of the Board of the Philippine Telegraph & Telephone Co.

Goshen Land Capital, Inc.

Alexander L. Bangsoy
President & CEO

Atty. Alexander Bangsoy is the President and CEO of Goshen Land Capital, Inc., one of the biggest real estate companies in Northern Luzon in the Philippines. In 2014, he was appointed by President Noynoy Aquino a board seat at the John Hay Management Corporation (JHMC), a subsidiary of the Bases Conversion Development Authority (BCDA). He was nominated as an Ernst & Young 2013 Entrepreneur of the Year by the Philippine Stock Exchange and was one of the top 12 finalists for the award. Locally, Atty. Bangsoy was nominated as an Outstanding Citizen of Baguio in 2013. Atty. Bangsoy graduated with a Bachelor of Science degree major in Accounting from Saint Louis University. He holds a degree of Doctor in Jurisprudence (JD) from the Ateneo College of Law and a Masters in Entrepreneurship from the Asian Institute of Management. He took up the Owner/President Management Program Batch 45 at the Harvard Business School, Boston, U.S.A and he continued his study at the Kellogg School of Management, Chicago and took the Accelerating Sales Force Performance. He is currently the administrator of the Manahan Bldg. in Session Road in Baguio City, former Legal Consultant to the National Power Corp. of the Office of the President, a leader of Tuloy Pinoy and an active Member of Gawad Kalinga and Legal Aid.

Republic of the Philippines)
Mandaluyong City)S.S.

ANNEX "B"

CERTIFICATION

I, **Roberto B. Ortiz,** Filipino, of legal age, and with office address at Unit E-1705 East Tower, Tektite Towers, Ortigas Center, Pasig City, Philippines, after having duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly-elected and qualified President and Chief Executive Officer of **PREMIERE HORIZON ALLIANCE INC.,** a corporation duly organized and existing under Philippine law and duly registered with the Securities and Exchange Commission;

2. Based on personal knowledge and authentic records available there are NO INCUMBENT GOVERNMENT OFFICIALS, whether in appointive or elective positions, among the members of the Board of Directors, nor among the members of the Management Team;

3. I hereby execute this Certification as part of the disclosure requirements of the Securities and Exchange Commission, as well as the Philippine Stock Exchange.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 05 2023 at Mandaluyong City, Philippines.

Roberto B. Ortiz
Affiant

SUBSCRIBED AND SWORN TO before me this APR 05 2023 at Mandaluyong City, affiant exhibiting to me his government-issued identification: DL 16-83-009138 valid until January 18, 2032 as competent evidence of identity.

Doc. No. 365;
Page No. 74;
Book No. 33;
Series of 2023.

ATTY. JAMES K. ABUGAN
Notary Public
APPT. NO. 0442-23 Until 12-31, 2024
IBP No. 180324 Nov. 29, 2022 Rizal Chapter
Roll No. 25591 Lifetime
MCLE No. VII-0020124 Until 4/14/2025
TIN No. 110-[illegible]-56
PTR No. 5105623 01.09/2023
Rm. 314 J&B Bldg., 251 EDSA,
Mandaluyong City Tel. No. (02)854-523-21

ANNEX "C"

COVER SHEET

1	4	7	5	8	4				

SEC Registration Number

PREMIERE HORIZON ALLIANCE
CORPORATION

(Company's Full Name)

UNIT 1705 17TH FLOOR, EAST TO
WER PHILIPPINE STOCK EXCHANGE
CENTRE, EXCHANGE ROAD ORTIGAS
CENTER, PASIG CITY

RAUL MA. F. ANONAS

Contact Person

Tel No. 8632-7715

Company Telephone Number

SEC FORM 17-C

1	2		3	1

Month Day
Fiscal Year

FORM TYPE

0	5			

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GLORIA VICTORIA Y. TARUC,** Filipino, of legal age and a resident of 76 Esteban Abada St., Loyola Heights, Quezon City, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am a nominee for independent director of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") and have been its independent director since February 3, 2023.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Energy Regulatory Commission	Commissioner	2011-2018
Office of the Solicitor General (OSG)	Assistant Solicitor General	2008-2011
Philippine Electricity Market Corporation Audit Committee	Member	2008-2011
Office of Government Corporate Counsel	Government Corporate Attorney	2002-2008
Ungco Law Office	Associate Attorney,	Jan 1999-Dec1999
Office of the City Prosecutor, Quezon City	Public Prosecutor	1993-1998
Office of the Executive Judge of the Regional Trial Court of Quezon City	Branch Clerk of Court	August 1987-May 1993

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. A complaint was filed against me before the Office of the Ombudsman stating that the Special Fact-Finding Panel investigated TWO (2) specific procurement contracts entered into by the ERC: a) individual "consultancy contracts", and b) the contract with Luis Morelos for the audio-visual presentation (AVP). A reading of the Complaint tacks criminal liability for Sec. 3(e) of R.A. No. 3019 for purportedly entering into "consultancy contracts". Relative to this, an Order from the office of the Ombudsman

was received December 15, 2022 and a counter-affidavit has been filed in accordance with the said Order.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this ____________ day of MAR 2 7 2023, at Mandaluyong City.

GLORIA VICTORIA Y. TARUC
Affiant

SUBSCRIBED AND SWORN to before me this MAR 2 7 2023 day of ____________ at Mandaluyong City, affiant personally appeared before me and exhibited to me his TIN No.137-289-338.

Doc. No. 46;
Page No. 11;
Book No. 31;
Series of 2023.

ATTY. JAMES F. LABUGAN
Notary Public
APPT. NO. 0442-23 Until 12-31, 2024
IBP No. 180334 Nov. 23, 2022 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VII-0020184 until 4/14/2025
TIN No. 116-239-956
PTR No. 5105663 01/09/2023
Rm. 314 J&B Bldg., 251 EDSA,
Mandaluyong City Tel. No. (02)854-523-21

ANNEX "D"

COVER SHEET

1 4 7 5 8 4

SEC Registration Number

PREMIERE HORIZON ALLIANCE
CORPORATION

(Company's Full Name)

UNIT 1705 17TH FLOOR, EAST TO
WER PHILIPPINE STOCK EXCHANGE
CENTRE, EXCHANGE ROAD ORTIGAS
CENTER, PASIG CITY

RAUL MA. F. ANONAS	Tel No. 8632-7715
Contact Person	Company Telephone Number

SEC FORM 17-C

1 2	3 1		0 5	
Month	Day	FORM TYPE	Month	Day

Fiscal Year

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **EMMANUEL G. HERBOSA,** Filipino, of legal age and a resident of 101 Banaue St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am a nominee for independent director of PREMIERE HORIZON ALLIANCE CORPORATION (the "Company") and have been its independent director since February 3, 2023.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Development Bank of the Philippines	President & CEO	2019-2023
Bank of the Philippine Island	Senior Vice President	1979-2013
Bank of Commerce	Executive Vice President	2014-2017
Ayala Insurance	Chief Operating Officer	2000-2003
Philippine Guaranty Corporation	President & CEO	2018-2019
De La Salle School Boards, De La Salle Brothers Fund, Inc.	Director	
P & Gers Fund, Inc.	Director	2004 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

MAR 2 7 2023 Mandaluyong City

Done, this ____________ day of __________, at ________________________.

EMMANUEL G. HERBOSA
Affiant
MAR 2 7 2023

SUBSCRIBED AND SWORN to before me this ____________ day of ____________ at Mandaluyong City, affiant personally appeared before me and exhibited to me his TIN No.135-552-553.

Doc. No. 47;
Page No. 11;
Book No. 31;
Series of 2023.

ATTY. JAMES K. ABUGAN
Notary Public
APPT. NO. 0442-23 Until 12-31, 2024
IBP No. 180334 Nov. 23, 2022 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VII-0020194 until 4/14/2025
TIN No. 116-[illegible]
PTR No. 5105683 01/[illegible]/2023
Rm. 314 J&B Bldg., 251 EDSA,
Mandaluyong City Tel. No. (02)854-523-21

ANNEX "E1"

Disclosure Requirements under
Section 49 of the Revised Corporation Code

a. **A description of the voting and vote tabulation procedures used in the previous annual stockholders' meeting held on December 17, 2021:**

Under the Company's By-Laws, every stockholder shall be entitled to one vote for each share of stock standing in his/her name in the books of the Company. For the election of directors, each stockholder may cumulate his/her votes.

Stockholders who successfully registered for the meeting were given the opportunity to cast their votes through the submission of proxy forms. There were ten (10) items for approval excluding the adjournment, as indicated in the agenda set out in the Notice.

The proposed resolutions for each of those items were read out and flashed on the screen during the meeting when the proposal to approve the resolution was presented.

For all items in the agenda to be approved in the meeting other than the election of directors, the stockholders had the option to either vote in favor of or against a matter for approval, or to abstain.

For the election of directors, the stockholders had the option to vote their shares for each of the nominees, not vote for any nominee, or vote for one or some nominees only, in such number of shares as the stockholders prefer; provided that the total number of votes cast did not exceed the number of shares owned by them multiplied by the number of directors to be elected.

Votes received through proxy forms were validated by Stock Transfer and Services, Inc., the Company's Stock and Transfer Agent. The results of the voting, with full details of the affirmative and negative votes, as well as abstentions, are reflected in the minutes of the meeting.

For all items in the agenda approved at the meeting other than the election of directors and the proposed increase in authorized capital stock and amendment to the Articles of Incorporation, the affirmative vote of the stockholders representing at least a majority of the outstanding capital stock was sufficient to approve the matter.

For the election of directors, the nine (9) nominees who received the highest number of votes were declared the duly elected members of the Board of Directors for the current term.

For the proposed increase in authorized capital stock and corresponding amendment of the Articles of Incorporation, the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock was sufficient to approve the matter.

b**. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given:**

Stockholders, once successfully registered, were given an opportunity to raise questions or express comments limited to the agenda items by submitting the same through email prior to the meeting, or through the Zoom portal or by email during the meeting. Stockholders were advised that questions and comments received prior to the meeting would be addressed at the end of the meeting, while those received during the meeting will be replied to via email.

A question was received by the Assistant Secretary on whether there any other regulatory approvals needed for PHA to complete the acquisition of Squidpay, and Mr. Cosio replied to the question accordingly. No other questions were received nor comments made on the agenda. Questions raised through email or through Zoom portal during the meeting were responded to via email.

c. The matters discussed and resolutions reached; and

d. A record of the voting results for each agenda item

After proof of notice and certification of quorum, the following matters were taken up at the Annual Stockholders' Meeting held on December 17, 2021 together with the approved resolutions and voting results:

1. **Approval of minutes of previous stockholders' meeting**

   *"**RESOLVED**, that the minutes of the Annual Stockholders' Meeting of Premiere Horizon Alliance Corporation held on December 17, 2020 be, as it is hereby, approved"*

   Number of Shares Voting:
   In Favor - 3,583,279,236
   Against - 0
   Abstain - 0

2. **Management report and audited financial statements**

   *"**RESOLVED**, that the Annual Report of Management as presented by the President, and the Company's audited financial statements for the year ended December 31, 2020 be, as it is hereby, approved."*

   Number of Shares Voting:
   In Favor - 3,583,279,236
   Against - 0
   Abstain - 0

3. **Ratification of previous corporate acts**

   *"**RESOLVED**, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."*

   Number of Shares Voting:
   In Favor - 3,583,279,236
   Against - 0
   Abstain - 0

4. **Election of directors**

   The following were elected as members of the Board of Directors for 2021-2022:

   For Regular Directors
   1. Augusto M. Cosio, Jr.
   2. Augusto Antonio C. Serafica, Jr.
   3. George Edwin Y. Sycip
   4. Raul Ma. F. Anonas
   5. Eugenio T. Tan
   6. Roberto B. Ortiz
   7. Brandon P. Leong

   For Independent Directors
   8. Felipe A. Judan
   9. Elizabeth C. Timbol

   Each director received 3,583,279,236 votes.

5. **Approval of Acquisition of 33% of Squidpay Technology Inc.**

*"**RESOLVED,** that the stockholders of PREMIERE HORIZON ALLIANCE CORPORATION (the "Corporation") hereby approve the acquisition of Two Hundred Sixty Four Million (264,000,000) shares representing Thirty Three Percent (33)% of Squidpay Technology, Inc. and further authorize the Board of Directors to finalize the terms and conditions of the acquisition."*

<u>Number of Shares Voting:</u>
In Favor - 3,583,279,236
Against - 0
Abstain - 0

6. **Approval of Increase in Authorized Capital Stock and Amendment of Articles of Incorporation**

*"**RESOLVED**, that the increase of the Corporation's authorized capital stock from One Billion Five Hundred Million Pesos (Php1,500,000,000) divided into Six Billion (6,000,000,000) common shares with par value of Twenty Five Centavos (Php0.25) each share, to up to Two Billion Five Hundred Million Pesos (Php2,500,000,000) divided into Ten Billion (10,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors, thereby amending the SEVENTH Article of the Articles of Incorporation be, as it is hereby, approved;*

***RESOLVED FINALLY**, that the directors and officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all documents which may be required to implement the foregoing resolutions and secure the approval by the Securities and Exchange Commission of the amendment to the Corporation's Articles of Incorporation."*

<u>Number of Shares Voting:</u>
In Favor - 3,583,279,236
Against - 0
Abstain - 0

7. **Amendment of 2020 Resolution to Approve and Ratify and confirm the subscriptions by existing creditors to 303,030,304 common shares**

*"**RESOLVED**, amending the 2020 stockholders' resolution on the matter, that the following subscriptions by the Existing Creditors to the increase in the authorized capital stock of the Corporation be, as it is hereby approved:*

Name	*Number of Shares to be subscribed shall not be more than the following:*	*Price per share (Php)*	*Amount subscribed (Php) shall not be more than the following:*
Creditors	*303,030,304*	*0.33*	*100,000,000.32*

***RESOLVED FURTHER**, that all agreement and acts of the Board of Directors and officers relating to the foregoing be approved, ratified and confirmed."*

<u>Number of Shares Voting:</u>
In Favor - 3,583,279,236
Against - 0

Abstain - 0

8. **Approval of subscriptions to the increase by way of private placement, conversion of debt to equity, asset-for-share swap, stock rights offer, follow-on offer, and/or combination thereof, under terms and conditions to be approved by the Board of Directors**

*"**RESOLVED**, that the Board of Directors be authorized to approve and accept subscriptions to the increase in authorized capital stock by way of private placement, conversion of debt to equity, asset-for-share swap, stock rights offer, follow-on offer, and/or combination thereof, under terms and conditions to be approved by the Board of Directors;*

***RESOLVED FURTHER**, that the officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all forms, applications, certifications and documents to comply with the regulatory requirements of the Securities and Exchange Commission (or "SEC") and Philippine Stock Exchange (or "PSE") for the issuance of the shares, SEC registration or notices of exempt transactions, and listing of the shares on the PSE."*

Number of Shares Voting:
In Favor - 3,583,279,236
Against - 0
Abstain - 0

9. **Approval and confirmation and Ratification of options issued to LDA Capital Limited to subscribe to up to 133,000,000 common shares**

*"**RESOLVED**, that the stockholders of PREMIERE HORIZON ALIANCE CORPORATION (the "Corporation") hereby approve, ratify and confirm the issuance of options to subscribe to 133,000,000 common shares of the Corporation at a subscription price of Two Pesos and Twenty-Six Centavos (Php2.26) per share payable in cash. Provided that the options shall be exercised on or before the Expiration Date as defined in the Put Option Agreement dated July 20, 2021;*

***RESOLVED FURTHER,** that the execution and delivery of the Put Option Agreement dated July 20, 2021 and performance of obligations thereunder, be approved, ratified, and confirmed."*

Number of Shares Voting:
In Favor - 3,583,279,236
Against - 0
Abstain - 0

10. **Appointment of External Auditor**

*"**RESOLVED**, that Reyes Tacandong & Co. be, as it is hereby, appointed as the Company's external auditor for the current year 2021-2022."*

Number of Shares Voting:
In Favor - 3,583,279,236
Against - 0
Abstain - 0

e. A list of the directors or trustees, officers and stockholders or members who attended the meeting:

Name	Position
Augusto Antonio C. Serafica, Jr.	Director, President/CEO
Raul Ma. F. Anonas	Director, Executive Vice President, Chief Operating Officer & Corporate Information Officer
Brandon P. Leong	Director, Treasurer, and Chairman of the Executive Committee
Roberto B. Ortiz	Director and Group CFO
Eugenio T. Tan	Director
George Edwin Y. SyCip	Director
Felipe A. Judan	Independent Director and Chairman of Audit and Risk Oversight Committee/Chairman of Related Party Transaction Committee/Chairman of Corporate Governance Committee
Manolo B. Tuason	Senior Vice President & Chief Finance Officer
Alexander T. Lichauco	First Vice President & General Manager, West Palawan Premiere
Andres A. Del Rosario	Senior Vice President & Assistant Treasurer
Roberto V. San Jose	Corporate Secretary
Ana Maria A. Katigbak	Assistant Corporate Secretary

f. Material information on the current stockholders and their voting rights

As of March 31, 2023, there are 5,708,359,504 unclassified common shares entitled to notice and to vote at the meeting, of which 5,437,353,271 shares are registered under Filipinos and 271,006,233 shares are registered under foreign ownership. The Company has 2,254,117,253 common shares listed and traded in PSE. Each common share is entitled to one vote, subject to the right to cumulate votes with respect to the election of directors.

g. Director attendance report indicating the attendance of each director at each of the meetings of the Board and its committees and in regular or special meetings

See attached Board Attendance Report for the years 2022 and 2023

Meetings of the Board of Directors for the Year 2022

Name of Directors	SM Feb. 23	RM May 16	SM July 29	SM Oct. 3	SM Oct. 13	SM Nov. 2	SM Nov. 16	SM Dec. 20
Augusto Antonio C. Serafica, Jr.	X	√	√	√	√	√	√	X

Name of Directors	SM Feb. 23	RM May 16	SM July 29	SM Oct. 3	SM Oct. 13	SM Nov. 2	SM Nov. 16	SM Dec. 20
Augusto M. Cosio, Jr.	√	√	√	√	√	√	√	√
Eugenio T. Tan	√	√	√	√	√	√	√	√
George Edwin Y. Sycip	**X**	√	√	√	√	√	√	√
Brandon P. Leong	√	√	√	√	√	√	√	√
Roberto B. Ortiz	√	√	√	√	√	√	√	√
Raul Ma. F. Anonas	√	√	√	√	√	√	√	√
Felipe A. Judan (Independent Director)	**X**	√	√	√	√	**X**	**X**	**X**
Elizabeth C. Timbol (Independent Director)	**X**	√	**X**	√	**X**	√	√	**X**

Meetings of the Board of Directors for the Year 2023

Name of Directors	SM Jan. 26	SM Feb. 3	SM Feb. 27	SM Mar. 27	SM Apr. 3	SM Apr. 11
Augusto M. Cosio, Jr.	√	√	√	√	√	√
Eugenio T. Tan	√	√	√	√	√	√
Brandon P. Leong	√	√	√	√	√	√
Roberto B. Ortiz	√	√	√	√	√	√
Raul Ma. F. Anonas	√	√	√	√	√	√
Geronimo Halili (Incoming Director)	**N/A**	√	√	√	√	√

Name of Directors	SM Jan. 26	SM Feb. 3	SM Feb. 27	SM Mar. 27	SM Apr. 3	SM Apr. 11
Esteban Peña Sy (Incoming Director)	**N/A**	√	√	√	√	√
Gloria Victoria M. Taruc (Incoming Independent Director)	**N/A**	**N/A**	√	√	**X**	√
Emmanuel G. Herbosa (Incoming Independent Director)	**N/A**	**N/A**	**X**	√	√	√

h. Appraisals and performance report for the Board and the criteria and procedure for assessment:

The Revised Manual of Corporate Governance of the Company states that the Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders. Currently, the assessment of the Company is being undertaken by the Board during the annual corporate governance seminar. During the annual corporate governance seminar for the year 2022 and 2021, the Board of Directors reflected on and assessed its general performance.

i. Director disclosures on self-dealing and related party transactions:

Directors' acquisitions and dispositions of PHA shares are disclosed to the SEC by submission of SEC Form 23-A (Initial Statement of Beneficial Ownership of Securities) and SEC Form 23-B (Statement of Changes in Beneficial Ownership of Securities). The beneficial ownership of directors was included in the security ownership of management section of the Definitive Information Statement. Related party transactions can be found in the 'Certain Relationships and Related Transactions" section of the Preliminary Information Statement.

ANNEX "E2"

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF PRMIERE HORIZON ALLIANCE CORPORATION

Held on December 17, 2021 at 3:00 P.M. at Makati City
By remote communication

The 2021 Annual Stockholders' Meeting of Premiere Horizon Alliance Corporation ("**PHA**" or the "**Company**") was conducted by remote communication or *in absentia* via Zoom at:

https://us02web.zoom.us/webinar/register/WN_OVmJZ-P-SeGQxSRBv5H9pw

Prior to the start of the meeting proper, a video of the Philippine National Anthem was shown and the invocation was led by the host, Ms. Ana Liza G. Aquino. Ms. Aquino then announced that the meeting would be recorded in accordance with Securities and Exchange Commission ("SEC") Memorandum Circular No. 6, Series of 2020.

CALL TO ORDER

The Chairman Augusto M. Cosio, Jr., presiding from Makati City, called the meeting to order. He announced that in order to ensure everyone's safety during the COVID-19 pandemic, the Annual Stockholders' Meeting was being conducted via remote communication and thanked all those joining the live webcast and participated in the meeting by remote communication, or by voting or attending through their proxies.

The Chairman acknowledged the presence of the following members of the Board of Directors and Management at the meeting:

Director, President/CEO	-	Augusto Antonio C. Serafica, Jr.
Director, Executive Vice President/COO & Corporate Information Officer	-	Raul Ma. F. Anonas

Director and Treasurer, Chairman of the Executive Committee	-	Brandon P. Leong
Director and Group CFO	-	Roberto B. Ortiz
Director	-	Eugene T. Tan
Director	-	George Edwin Y. SyCip
Independent Director and Chairman of Audit and Risk Oversight Committee / Chairman of Related Party Transaction Committee / Chairman of Corporate Governance Committee	-	Felipe A. Judan
Corporate Secretary	-	Roberto V. San Jose
Assistant Corporate Secretary	-	Ana Maria A. Katigbak
Senior Vice President & Assistant Treasurer	-	Andres A. Del Rosario
Senior Vice President & CFO	-	Manolo B. Tuason
First Vice President & General Manager, West Palawan Premiere	-	Alexander T. Lichauco

He also acknowledged the presence at the meeting of the external auditor, Sycip Gorres Velayo & Co.

PROOF OF NOTICE AND CERTIFICATION OF QUORUM

With the permission of the Corporate Secretary, Atty. Roberto V. San Jose, the Assistant Corporate Secretary, Ana Maria A. Katigbak, reported that in accordance with the By-laws, copies of the notice (or "**Notice**") of meeting were delivered to each stockholder of record at his address registered with the Company at least 2 weeks prior to the meeting. A copy of the Notice, together with the Definitive Information Statement, minutes of the previous meeting, and other documents related to this meeting were also made accessible through the Company's website.

Qualified stockholders who successfully registered within the prescribed period were included in the determination of quorum. By voting through proxies or by participating remotely in the meeting, a stockholder was deemed present for purposes of determining quorum.

Based on this, the Corporate Secretary certified that there were present at the meeting stockholders owning at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock of thee Company. Therefore, a quorum existed for the transaction of business.

The Chairman stated that although the Company was holding the meeting virtually, it had taken steps to ensure that the stockholders would have an opportunity to participate in the meeting to the same extent as possible as they would have had the meeting been done in person. The Assistant Corporate Secretary explained the participation and voting procedures adopted for the meeting. She stated that under the Company's By-Laws, every stockholder was entitled to one vote for each share of stock standing in his/her name in the books of the Company. For the election of directors, each stockholder was able to cumulate his/her votes.

Stockholders who successfully registered for the meeting were given the opportunity to cast their votes by voting through proxies. There were ten (10) items for approval excluding the adjournment, as indicated in the agenda set out in the Notice. The proposed resolutions for each of these items were to be read out and flashed on the screen during the meeting when the proposal to approve the resolution was presented.

For all items in the agenda to be approved in the meeting other than the election of directors, the stockholders had the option to either vote in favor of or against a matter for approval, or to abstain. For the election of directors, the stockholders had the option to vote their shares for each of the nominees, not vote for any nominee, or vote for one or some nominees only, in such number of shares as the stockholders prefer; provided that the total number of votes cast did not exceed the number of shares owned by them multiplied by the number of directors to be elected.

Votes received through proxy forms were validated by Stock Transfer and Services, Inc., the Company's Stock and Transfer Agent. The results of the voting, with full details of the affirmative and negative votes, as well as abstentions, were set out in Annex "A" of these Minutes.

For all items in the agenda approved at the meeting other than the election of directors, increase in authorized capital stock and corresponding amendment to the Articles of Incorporation, and the issuance of options to LDA Capital Limited, the affirmative vote of the stockholders representing at least a majority of the outstanding capital stock was sufficient to approve the matter. For the election of directors, the nine (9) nominees receiving the highest number of votes were declared the duly elected members of the Board of Directors for the current term. For the increase in authorized capital stock, the affirmative vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock was sufficient to approve the matter.

Finally, the Assistant Corporate Secretary explained that stockholders, once successfully registered, were also given an opportunity to raise questions or express comments limited to the agenda items by submitting the same through email or the Zoom meeting portal. Questions and comments received prior to the meeting would be addressed at the end of the meeting, while those received during the meeting will be replied to via email.

These participation and voting procedures were also contained in the Definitive Information Statement, accessible to all stockholders through the Company's website and on PSE Edge.

APPROVAL OF MINUTES OF PREVIOUS ANNUAL STOCKHOLDERS' MEETING

The next item of business was the approval of the minutes of the annual meeting of the stockholders held on December 17, 2020, an electronic copy of which was made available at the Company's website.

The Assistant Corporate Secretary presented Management's proposal to adopt the following resolution approving the minutes of the annual stockholders' meeting held on December 17, 2020:

> "**RESOLVED,** that the minutes of the Annual Stockholders' Meeting of Premiere Horizon Alliance Corporation held on December 17, 2020 be, as it is hereby, approved."

Thereafter, the Assistant Corporate Secretary announced that stockholders owning at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock voted to approve the resolution while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

MANAGEMENT REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The next matter on the agenda was the approval of the management report and audited financial statements. The President/Chief Executive Officer, Mr. Augusto Antonio C. Serafica, Jr. reported on the Company's operational highlights and financial results, and the consolidated audited financial statements for the year ended December 31, 2020.

After the report, the Assistant Corporate Secretary presented Management's proposal to adopt the following resolution, approving the annual report of Management as presented by the Chairman and President/Chief Executive Officer and the consolidated audited financial statements for the year ended December 31, 2020:

> "**RESOLVED,** that the Annual Report of Management as presented by the President and the Company's audited financial

statements for the year ended December 31, 2020 be, as it is hereby, approved."

Thereafter, the Assistant Corporate Secretary announced that stockholders owning at least 3,583,279,236 shares representing at least **70.31%** of the outstanding capital stock voted to approve the resolution while zero shares voted against and and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

RATIFICATION OF PREVIOUS CORPORATE ACTS

The next item was the ratification and approval of corporate acts. The Chairman stated that a summary of the acts of the Board of Directors and Management for ratification was included in the Definitive Information Statement and were flashed on the screen. The Assistant Corporate Secretary read out the acts for ratification from the date of the last stockholders' meeting which included the following:

- Resignation of directors and election of replacement directors
- Election of officers
- Reorganization of Board committees
- Compliance with SEC Memorandum Circular No. 28, Series of 2020
- Appointment of Independent Director Elisa May Arboleda-Cuevas as additional member of the Audit and Risk Oversight Committee;
- Ratification of Executive Committee approval of revised budget;
- Approval of subscriptions to the increase in authorized capital stock;
- Approval of conversion to equity of principal debt and interest of up to Php 380 million at a price of Php0.70 per share;
- Approval of additional bank signatories and opening of bank accounts;
- Compliance with SEC Memorandum Circular No. 3, Series of 2021;
- Approval and release of 2020 Audited Financial Statements
- Issuance of 540,983,008 Convertible Loan Shares and recognition of additional paid-in capital
- Approval of LDA Put Option Agreement, Option Agreement, and related agreements
- Approval of participation in PHINMA dormitory project
- Transformation of West Palawan Premiere to a national developer
- Postponement of annual stockholders' meeting and authority to hold virtual stockholders' meeting
- Approval of investment in digital banking business

- Approval of corporate guaranty for loan by subsidiary Goshen Land
- Reorganization of Related Party Transactions Committee membership
- Approval of change in external auditor to Reyes Tacandong & Co.
- Appointment of replacement director Eugene T. Tan
- Approval of the 2021 Annual Stockholders' Meeting date and record date
- Appointment of Independent Director Felipe Judan as Corporate Governance Committee chairman;
- Approval of the increase in authorized capital stock to up Php 2.5 Billion divided into 6.0 Billion common shares with a par value of Php0.25 per share
- Approval of the acquisition of 264 million outstanding shares representing 33% of SquidPay Technology Inc.

The Assistant Corporate Secretary presented Management's proposal to adopt the following resolution, ratifying all acts, contracts, resolutions, and deeds authorized and entered into by Management and the Board of Directors from the last annual stockholders' meeting up to the present:

> "**RESOLVED**, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."

Thereafter, the Assistant Corporate Secretary announced that stockholders owning at least at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock voted to approve the resolution, while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

ELECTION OF DIRECTORS

The next matter on the agenda was the election of the members of the Board of Directors of the Company.

The Assistant Corporate Secretary stated that under the SIXTH Article of the Amended Articles of Incorporation, there were nine (9) seats in the Board of Directors and the Company was required to have at least two (2) independent directors. She explained that under the SEC rules, all nominations for director shall be submitted to and evaluated by the Nominations and Compensation Committee, nominations for Independent Directors shall appear in the Final List of Candidates set forth in the Definitive Information Statement or other reports submitted to the Securities and Exchange Commission, and no other nominations shall be entertained from the floor.

The Assistant Corporate Secretary informed the stockholders that the Company received a total of seven (7) nominations for Regular Directors, and two (2) for Independent Directors. She explained that nominees receiving the highest number of votes for the 7 available seats for Regular Director, and for the 2 available seats for Independent Director, would be declared as the duly elected members of the Board of Directors for 2021-2022.

The names of the following nominees for regular and independent directors were announced and it was noted that full details of the background and qualifications of the nominees were disclosed in the Company's Definitive Information Statement:

For Regular Directors:
1. AUGUSTO M. COSIO, JR.
2. AUGUSTO ANTONIO C. SERAFICA, JR.
3. GEORGE EDWIN Y. SYCIP
4. RAUL MA. F. ANONAS
5. EUGENE T. TAN
6. ROBERTO B. ORTIZ
7. BRANDON P. LEONG

For Independent Directors:
1. FELIPE A. JUDAN
2. ELIZABETH C. TIMBOL

At the Chairman's request, the Assistant Corporate Secretary announced that based on the tabulation and validation by the Company's stock and transfer agent, stockholders owning at least at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock, voted to elect all the nine (9) candidates to the Board of Directors. The above nine (9) candidates were therefore declared as the duly elected members of the Board of Directors of the Company for the term 2021-2022 to act as such until their successors were duly elected and qualified.

APPROVAL OF ACQUISITION OF 33% OF SQUIDPAY TECHNOLOGY INC.

The next item on the agenda was the approval of the acquisition of 33% of Squidpay Technology Inc. (or "SPT") and to authorize the Board of Directors to determine the terms and condition of the acquisition.

Mr. Raul F. Anonas, Executive Vice President and Chief Operating Officer explained the proposed transaction. As disclosed to the SEC and PSE and in the Company's Definitive Information Statement made available to all stockholders on the Company's website and on PSE Edge prior to the meeting, PHA, on October 29, 2020, entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "**Subscription Shares**") or up to 55% ownership in PHA. Subscription to these shares will be at Php0.33per share for a total consideration of Php925.0 Million, of which Php300 Million will be in cash and the balance of Php625 Million will be via a combination of cash and/or infusion of SPT shares over a period of 2 years, with the intent of making SPT a subsidiary of PHA.

He explained that SPT is a rising payment solutions company that aims to provide a convenient electronic payment and collection system through the use of stored value cards and mobile applications.

He explained further that Company has conducted the necessary due diligence and Management is requesting the stockholders to approve the acquisition and to authorize the Board of Directors to approve the final terms and conditions of the acquisition.

The Assistant Corporate Secretary presented Management's proposal to adopt the following resolution for the approval of the acquisition of 33% of Squidpay Technology Inc. and to authorize the Board of Directors to approve the final terms and conditions of the acquisition:

> "**RESOLVED,** that the stockholders of PREMIERE HORIZON ALLIANCE CORPORATION (the "Corporation") hereby approve the acquisition of Two Hundred Sixty Four Million (264,000,000) shares representing Thirty Three Percent (33)% of Squidpay Technology, Inc. and further authorize the Board of Directors to finalize the terms and conditions of the acquisition."

Thereafter, the Assistant Corporate Secretary announced that stockholders owning at least at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock voted to approve the resolution, while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

APPROVAL OF INCREASE IN AUTHORIZED CAPITAL STOCK AND AMENDMENT OF ARTICLES OF INCORPORATION OF PHA

The next item in the agenda was the approval of the increase in authorized capital stock and amendment of the Articles of Incorporation of PHA.

The Assistant Corporate Secretary presented Management's proposal to adopt the following resolution for the approval of increase in authorized capital stock and amendment of the Articles of Incorporation of PHA:

> "**RESOLVED,** that the increase of the Corporation's authorized capital stock from One Billion Five Hundred Million Pesos (Php1,500,000,000) divided into Six Billion (6,000,000,000) common shares with par value of Twenty Five Centavos (Php0.25) each share, to up to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00) divided into Ten Billion (10,000,000,000) common shares with a par value of Twenty Five Centavos (Php0.25) per share, as may be fixed by the Board of Directors, thereby amending the SEVENTH Article of the Articles of Incorporation be, as it is hereby, approved;
>
> **RESOLVED FINALLY,** that the directors and officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all documents which may be required to implement the foregoing resolutions and secure the

approval by the Securities and Exchange Commission of the amendment to the Corporation's Articles of Incorporation."

Thereafter, she announced that that stockholders owning at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock, voted to approve the resolution, while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

AMENDMENT OF 2020 RESOLUTION TO APPROVE, RATIFY AND CONFIRM THE SUBSCRIPTIONS BY EXISTING CREDITORS TO 303,030,304 COMMON SHARES

The next item on the agenda was the amendment of the 2020 resolution to approve, ratify, and confirm the subscriptions by existing creditors to 303,030,304 common shares.

The Assistant Corporate Secretary explained the proposed resolution. She explained that during the 2020 Annual Stockholders' Meeting, the stockholders approved a resolution authorizing the subscriptions by the Existing Creditors to 303,030,303 common shares out of the increase in authorized capital stock approved in the same meeting. The number "303,030,303" was a typographical error which needs to be corrected and that the correct number of shares subscribed by the Existing Creditors was 303,030,304 common shares.

The Assistant Corporate Secretary presented Management's proposal to adopt the following resolution for the approval of the amendment of the 2020 stockholder's resolution and ratification of subscriptions by Existing Creditors to 303,030,304 and issuance of thereof:

"**RESOLVED,** amending the 2020 stockholders' resolution on the matter, that the following subscriptions by the Existing Creditors to the increase in authorized capital stock of the Corporation be, as it is hereby, approved:

Name	Number of Shares to be subscribed shall not be more than the	Price per share (Php)	Amount subscribed (Php) shall not be more than the following:

ksh
LM

	following:		
Creditors	303,030,304	0.33	100,000,000.32

RESOLVED FURTHER, that all agreement and acts of the Board of Directors and officers relating to the foregoing be approved, ratified and confirmed."

Thereafter, she announced that that stockholders owning at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock, voted to approve the amendment of the 2020 stockholders' resolution, while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

APPROVAL OF SUBSCRIPTIONS TO THE INCREASE BY WAY OF PRIVATE PLACEMENT, CONVERSION OF DEBT TO EQUITY, ASSET-FOR-SHARE SWAP, STOCK RIGHTS OFFER, FOLLOW-ON OFFER, AND/OR COMBINATION THEREOF, UNDER TERMS AND CONDITIONS TO BE APPROVED BY THE BOARD OF DIRECTORS

The next item on the agenda was the approval and ratification of subscriptions to the proposed increase in authorized capital stock by way of private placement, conversion of debt to equity, asset-for-share swap, stock rights offer, follow-on offer, and /or combination thereof, under terms and conditions to be approved by the Board of Directors.

The Assistant Corporate Secretary presented Management's proposal to adopt the following resolution authorizing the Board of Directors to approve and accept subscriptions to the proposed increase in authorized capital stock:

> "**RESOLVED**, that the Board of Directors be authorized to approve and accept subscriptions to the increase in authorized capital stock by way of private placement, conversion of debt to equity, asset-for-share swap, stock rights offer, follow-on offer, and/or combination thereof, under terms and conditions to be approved by the Board of Directors;
>
> **RESOLVED, FURTHER**, that the officers of the Corporation be, as they are hereby, authorized to sign, execute and deliver any and all forms, applications, certifications and documents to comply with the regulatory requirements of the

ade

> Securities and Exchange Commission (or "SEC") and Philippine Stock Exchange (or "PSE") for the issuance of the shares, SEC registration or notices of exempt transactions, and listing of the shares on the PSE."

Thereafter, she announced that that stockholders owning at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock, voted in favor of approval of subscriptions to the increase in authorized capital stock by way of private placement, conversion of debt to equity, asset-for-share swap, stock rights offer, follow-on offer, and/or combination thereof, under terms and conditions to be approved by the Board of Directors, while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

APPROVAL, CONFIRMATION AND RATIFICATION OF OPTIONS ISSUED TO LDA CAPITAL LIMITED TO SUBSCRIBE TO UP TO 133,000,000 COMMON SHARES

The next item in the agenda was the approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to up to 133,000,000 common shares, in accordance with the terms of the Put Option Agreement dated July 20, 2021.

The Assistant Corporate Secretary explained, that as disclosed in the Definitive Information Statement made available to the stockholders on the Company website and on PSE Edge prior to this meeting, the Put Option Agreement provides for the issuance of options to subscribe to 133,000,000 common shares of the Corporation at a subscription price of Two Pesos and Twenty-Six Centavos (Php2.26) per share payable in cash, provided that the options shall be exercised on or before the Expiration Date as defined in the Put Option Agreement dated July 20, 2021.

The following proposed resolution was presented:

> "**RESOLVED**, that the stockholders of PREMIERE HORIZON ALLIANCE CORPORATION (the "Corporation") hereby approve, ratify and confirm the issuance of options to subscribe to 133,000,000 common shares of the Corporation at a subscription price of Two Pesos and Twenty-Six Centavos (Php2.26) per share payable in cash. Provided that the options

shall be exercised on or before the Expiration Date as defined in the Put Option Agreement dated July 20, 2021;

RESOLVED FURTHER, that the execution and delivery of the Put Option Agreement dated July 20, 2021 and performance of obligations thereunder, be approved, ratified and confirmed."

Thereafter, she announced that that stockholders owning at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock, voted in favor of approval, confirmation and ratification of options issued to LDA Capital Limited, while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

APPOINTMENT OF EXTERNAL AUDITOR

The next item was the appointment of the Company's external auditor. The Chairman of the Audit Committee, Independent Director Felipe A. Judan, informed the stockholders that the Audit and Governance Committee reviewed the qualifications of Reyes Tacandong & Co. and endorsed its appointment for the current year.

The Assistant Corporate Secretary presented Management's proposal to adopt the following resolution for the appointment of Reyes Tacandong & Co. as the Company's external auditor for the current year:

"**RESOLVED**, that Reyes Tacandong & Co. be, as it is hereby, appointed as the Company's external auditor for the current year 2021-2022."

Thereafter, she announced that that stockholders owning at least **3,583,279,236** shares representing at least **70.31%** of the outstanding capital stock, voted in favor of the appointment of Reyes Tacandong & Co., while zero shares voted against, and zero shares abstained on the motion. It was noted that the affirmative votes were sufficient to approve the resolution.

The Chairman then acknowledged the presence of Reyes Tacandong & Co. during the meeting.

OTHER MATTERS

The Chairman inquired whether there were questions raised or comments made on the agenda submitted by email or through the Zoom portal. The Assistant Secretary responded that the Company reeived the following question from a stockholder –

"Are there any other regulatory approvals needed for PHA to complete the acquisition of SquidPay?"

The President/Chief Executive Officer, Mr. Augusto Antonio C. Serafica, Jr. replied to the question.

The Assistant Secretary then stated that there were no other questions or comments made on the agenda. She then advised that questions that may have been raised through email or through the Zoom portal will be responded to via email.

ADJOURNMENT

There being no other matters on the agenda, the Chairman adjourned the meeting. He advised the stockholders that a copy of the recorded proceedings would be made available to them upon request while the minutes of this meeting would be made available at the Company's website. He then conveyed his wishes for the safety and good health of the stockholders and their families.

ANA MARIA A. KATIGBAK
Assistant Corporate Secretary

ATTESTED BY:

AUGUSTO M. COSIO, JR.
Chairman/Director

ANNEX “F1”

MANAGEMENT REPORT

See attached Audited Financial Statements for years ended December 31, 2022 and December 31, 2021

DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRATION AND ITS SUBSIDIARIES

Premiere Horizon Alliance Corporation (PHA or the Parent Company), was registered in the Philippines Securities and Exchange Commission (SEC) on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company’s primary purpose is to engage in business activities relating to entertainment, gaming, hotel and leisure. In 2011, the SEC approved the change in the Parent Company’s secondary purpose and authorized the Parent Company to expand to mining and real estate industries.

On April 7, 2016 and May 26, 2016, the Board of Directors (BOD) and Stockholders, respectively, approved the amendments to the Articles of the Incorporation of the Parent Company to change its primary purpose to that of an investment holding company, and to relegate the primary purpose to the secondary purposes and the renumbering thereof. The amendments to the Articles of Incorporation were approved by the SEC on August 10, 2016.

The parent Company’s registered address and principal place of business is at Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

Below are the Parent Company’s subsidiaries with its respective percentage ownership in 2020.

	Percentage of Ownership	
	Direct	Indirect
West Palawan Premiere Development Corp. (WPP)	100	
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)		100
Premiere Georesource and Development Inc. (PGDI)	69	
Pyramid Hill Mining & Industrial Corp. (PHMIC)		68
Palawan Star Mining Ventures, Inc. (PSMVI)		68
Goshen Land Capital, Inc. (GLCI)	55	
Concepts Unplugged Business Environment Solutions (CUBES), Inc.*	51	
Premiere Horizon Business Services, Inc. (PHBSI)*	100	
PH Mining and Development Corporation (PHMDC)*	100	
PH Agriforest Corporation (PHAC)*	100	
PH Big Bounty Entertainment, Inc. (PBBEI)*	100	
Digiwave Solutions Incorporated (DSI)*	100	

**Non-operating subsidiaries*

WPP

WPP is incorporated for the purpose of acquiring by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise real estate of all kinds.

PGDI

PGDI is primarily engaged into mining related services, e.g. hauling and excavation for mining companies.

GLCI

GLCI is a real estate developer based in Baguio City and develops innovate master planned communities of low to mid rise residential and commercial condominiums including student dormitories.

(A) Management's Discussion and Analysis and Plan of Operation

Our discussions in the foregoing sections of this report may contain forward-looking statements that reflect our current views with respect to the Group's future plans, events, operational performance, and desired results. These statements, by their very nature, contain substantial elements of risks and uncertainties. Actual results may be different from our forecasts.

Furthermore, the information contained herein should be read in conjunction with the accompanying audited consolidated financial statements and related notes. Our financial statements, and the financial discussions below, have been prepared in accordance with Philippine Financial Reporting.

In 2022, the group has undertaken the following initiatives:

- PHA has raised an additional capital by issuing 70,835,000 million shares to LDA Capital Limited with a par value of Php.25 per share and share price of Php1.01 per share. The share issuance was paid in cash for a total consideration of Php71.54 million.

- PHA has also reduced its current liabilities by converting part of the convertible notes payable to equity effectively reducing the accrued interest liability and the notes payable.

- PHA raised additional funding through borrowings from its shareholder.

- In 2022, WPP has also sold part of its land held in inventory.

- In 2022, GLCI has started generating cash from operations due to the cash flow generated from its Stanford project.

- In a Special Meeting of the Board of Directors on 13 October 2022, Premiere Horizon Alliance Corporation ("PHA") decided that it will no longer pursue its planned acquisition of 33% of SquidPay Technology, Inc. ("SPTI"), valued at Php561 million. The decision from the Board of Directors has been made following the determination that purchasing SPTI is no longer in the best interest of PHA and its shareholders given SPTI's inability to operate a viable business. The planned acquisition of 33% of SPTI was announced on 18 November 2021, at a time when the demand for ewallets was rapidly rising. SPTI was earlier granted its Operator of Payment System ("OPS") license, followed by its Electronic Money Issuer ("EMI") license.

In 2021, the Group has undertaken the following initiatives:

- PHA increased its authorized capital stock from P563.6 million divided into 2,254,224,000 common shares at P0.25 par value a share to P1.5 billion divided into 6,000,000,000 common shares at P0.25 par value share. This was approved by the SEC on May 28, 2021. A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at P0.33 a share for a total consideration of P925.0 million, of which, P371.0 million was to be paid for in cash and the balance for a period of two years in either a combination of cash and/or infusion of SquidPay Technology, Inc (SPTI) shares, with the intent of making SPTI a subsidiary. Of the amount to be paid for in cash, P371.0 million was received as at December 31, 2021.

- PHA entered into a Put Option Agreement with LOA Capital Limited (LOA) for an equity financing of P2.5 billion over the next 36 months. Under the Put Option Agreement, PHA may, in its sole discretion issue a "Put Option Notice" (PON) under certain terms and conditions. LDA agrees to honor Put Option Notices from PHA based on the agreed per share subscription price. On October 15, 2021, LOA subscribed to 70,835,000 new primary shares of PHA at a subscription price of Pl.01 per share. The subscription price of P71.5 million was fully paid and recognized as "Deposit for Future Subscription" as at December 31, 2021 (see notes 23).

- Convertible notes holder exercised their rights to convert the principal of P354.0 million and accrued interest aggregating P24.7 million to equity of PHA at a conversion price of P0.70 per share which is equivalent to 540,938,008 shares. These converted notes were reclassified to deposit for future stock subscriptions, pending approval of the SEC of the valuation (see Note 18).

Other initiatives are:

- Negotiate principal payment extensions and deferrals with creditors;

- Secure loans with the Group assets; and

With these initiatives, the Group has been able to improve its financial position and expects that it will be able to improve its financial performance as well. Accordingly, the Group has prepared its financial statements on a going concern basis. Standards (PFRS).

Status of Operations and Management Plans

In 2022 and 2021, the Group has undertaken the following activities:

- In 2021, PHA increased its authorized capital stock from Php563.6 million divided into 2,254,224,000 common shares at Php0.25 par value a share to Pho1.5 billion divided into 6,000,000,000 common shares at ₱0.25 par value share. This was approved by the SEC on May 28, 2021. A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at Php0.33 a share for a total consideration of Php925.0 million, of which, Php300.0 million has been received as at December 31, 2021 (see Note 19).

- Convertible notes holder exercised their rights to convert the principal of Php354.0 million and accrued interest aggregating Php24.7 million to equity of PHA at a conversion price of Php0.70 per share which is equivalent to 540,938,008 shares. These converted notes were reclassified capital stock upon approval of the SEC in 2022 (see Note 19).

- In February 2023, the BOD approved the call for payment on all unpaid subscriptions. Due date for the payment of the unpaid subscriptions was set on or before March 6, 2023. Failure to pay the shares 30 days after the set date will render the shares delinquent.

- Other initiatives are:
  - Negotiate principal payment extensions and deferrals with creditors;
  - Secure loans with the Group assets; and
  - Reduction and efficient management of operating expenses. With these initiatives, the Group has been able to improve its financial position and expects that it will be able to improve its financial performance as well. Accordingly, the Group has prepared its financial statements on a going concern basis.

Plan of Operations for Year 2023

West Palawan Premiere Development Corp. (WPPDC)

On the tourism and infrastructure side, WPPDC shall embark on the development of its 512.7-has beachfront property and tourism estate. A portion of this land will be converted from agricultural land use to a residential/commercial land use. Of the total land area, 4,297 shall be developed into 10-storey hotel and commercial building. The mobilization and construction period shall be within the period 2023 to 2027.

Premiere Georesources and Development Inc. (PGDI) (formerly Redstone Construction and Development Corporation (RCDC)).

For 2023, PGDI will continue to provide contract mining services to CMC while in parallel, continue to explore other potential mining services clients.

PGDI is also continuously studying possibilities on how to utilize and monetize the Mineral Production Sharing Agreements in Southern Palawan of its two subsidiaries.

Goshen Land Capital Inc.

The year 2023 will be a continuation of the projects that Goshen Land Capital (GLCI) started in 2021 and 2022. The construction of the Stanford Residences project will be substantially completed during this year. The new residential horizontal projects launched in 2022 are also projected to be fully sold out in 2023. The Company is also looking at new horizontal and vertical projects as it continues to expand its operations outside of Baguio City.

Other Developmental Business Activities/ Subsequent Events.

The Group continues to identify other businesses that will generate more revenues. It is now looking at various business opportunities in energy and other tourism-related industries.

Discussion and analysis of the Group and its majority-owned subsidiaries' top five (5) key performance indicators, including the manner by which the Group calculates or identify the indicators on a comparative basis.

The Group, with its subsidiaries, uses the following key performance indicators:

1) Revenues
2) Net Income (Loss) From Continuing Operation
3) Debt- to- Equity Ratio
4) Current Ratio
5) Return on Assets

Using the Debt-to-Equity Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Debt-to-Equity} = \frac{\text{Total Liabilities}}{\text{Total Stockholders' Equity}}$$

Using Current Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Current Ratio} = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$$

Using Return on Investments as indicator, the Group computes the following in the manner presented below:

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Book Value of Assets}}$$

Presented below is the comparative table of the Group's performance for the years 2022 and 2021, 2020, respectively.

		Dec-31		YoY Change
		Audited 2022	Audited 2021	
1	Revenues	445,536,982	349,117,555	96,419,427
2	Net Income (Loss)	48,834,284	-42,187,132	91,021,416
3	Debt -to- Equity Ratio	1.03:1	1.53:1	-0.50
4	Current Ratio	1.16:1	1.06:1	0.10
5	Return on Assets	0.012:1	-0.011:1	0.02

		Dec-31		YoY Change
		Audited 2021	Audited 2020	
1	Revenues	349,117,555	722,537,606	-373,420,051
2	Net Income (Loss)	-42,187,132	110,040,747	-152,227,879
3	Debt -to- Equity Ratio	1.53:1	2.21:1	-0.68
4	Current Ratio	1.06:1	.81:1	0.25
5	Return on Assets	-0.011:1	0.28:1	-0.29

I. Revenues

In 2022, the Group generated gross revenues of Php445.54 million which is Php92.46 million or 27.62% higher than the 2021 Group revenue of Php349.12 million. The increase is attributable to Goshen's revenue growth.

In 2021, the Group generated gross revenues of Php423.66 million which is Php373.42 million or 51.68% lower than the 2020 Group revenue of Php722.54 million. The decrease is attributable to Goshen's decline in real estate sales.

II. Net Income

In 2022, the Group generated a net income of Php 8.67 million which is Php50.86 million or 120.85 % improvement from the 2021 Group net loss of (Php42.19 million).

The Group net loss in 2021 amounted to (Php42.19 million) which is Php 152.23 million or 138.34% lower than the 2020 Group net income of 110.04 million.

III. Debt to Equity Ratio

The Group debt to equity ratio in 2022, 2021, and 2020 amounted to 2.99:1, 3.84:1, and 3.09:1, respectively.

IV. Current Ratio

The Group current ratio in 2022, 2021, and 2020 amounted to, 1.14:1, 1.03:1, and .81:1, respectively.

Results of Operations for the last three (3) years

During the years 2022, 2021, and 2020, the Group recorded a net income (loss) of Php48.83 million, (Php42.19) million, and Php110.04 million, respectively. The following are the details of the Company's income statement accounts:

2022

- The real estate sales in 2022 and 2021 amounted to Php332.95 million and Php173.93 million, respectively, posting an increase of Php159.02 million or 91.43%. The increase arose from the higher percentages of completion met for construction projects in 2022 relative to 2021.

- The revenue from mining related services in 2022 and 2021 amounted to Php112.14 million and Php174.16 million, respectively, which shows a decrease of Php62.02 million or

35.60%. The decrease is primarily due to lower tonnages hauled due to mine facility and equipment destruction by typhoon Odet and inclement weather at the mine site.

- The Group cost of real estate sales in 2022 and 2021 amounted to Php147.18 million and Php74.08, respectively, which shows an increase of Php73.10 or 98.68%. The increase in cost of real estate sales was due to higher percentages of completion met for construction projects in 2022 relative to 2021.

- The Group costs of services in 2022 and 2021 amounted to Php149.47 million and Php193.09 million, respectively, which shows a decrease of Php43.62 million or 22.59%. The decrease is due to lower operating cost resulting from production volume.

- The Group professional and legal fees in 2022 and 2021 amounted to Php61.18 million and Php71.37 million, respectively, which shows a decrease of Php10.19 million or 14.28%. The decrease is due to higher fees paid for professionals in 2022 relative to 2021.

- The Group taxes and licenses in 2022 and 2021 amounted to Php27.69 million and Php12.41 million, respectively, which shows an increase of Php15.28 million or 123.13%. The increase primarily arose from higher taxable transactions in 2022 relative to 2021.

- The Group Rentals and Utilities in 2022 and 2021 amounted to Php4.69 million and Php8.42 million, respectively, which shows a decrease of Php3.73 million or 44.30%. The decrease is due to reclassification from expense account to right of use account. This account is presented in the 2022 financial statements as follows: Cost of Services – Php0.061 million, and General and Administrative Expense – Php4.63 million.

- The Group supplies and materials in 2021 and 2020 amounted to Php0.81 million and Php0.58 million, respectively, which shows a decrease of Php0.24 million or 41.38%. The increase came from additional office supplies requirements of the group in 2022 relative to 2021.

- The Group transportation and travel in 2022 and 2021 amounted to Php7.67 million and Php5.95 million, respectively, which shows a decrease of Php1.72 million or 28.82%. This account increased due to additional travel expenses during the year 2022.

- The Group Entertainment, amusement and recreation in 2022 and 2021 amounted to Php17.74 million and Php9.52 million, respectively, which shows an increase of Php8.22 million or 86.34%. This arose from higher expenses of the group in 2022 relative to 2021.

- The Group repairs and maintenance in 2022 and 2021 amounted to Php3.12 million and Php4.20 million, respectively, which shows a decrease of Php1.07million or 25.52%. The decrease primarily arose from the lower maintenance costs of the machinery and equipment of PGDI.

- The Group's other expenses in 2022 and 2021 amounted to Php49.84 million and Php23.96 million, respectively, which shows an increase of Php25.88 million or 108.03%. The increase primarily came from service fees paid to LDA in 2022 relative to 2021.

- The Group unrealized gain on revaluation of land in 2022 and 2021 amounted to Php323.02 million and Php25.64, respectively, which shows an increase of Php297.38 million or 1,160%. The changes in this account pertain to yearly changes in the fair valuation of the group’s investment properties in Palawan and are presented under Other Income (Charges).

- The Group interest income in 2022 and 2021 amounted to Php1.71 million and Php2.68 million, respectively, which shows an increase of Php0.97 million or 36.19%. The decrease primarily came from the lower cash in bank balances in 2022 relative to 2021.

- The Group other income (charges) in 2022 and 2021 amounted to Php6.14 million and Php72.36 million, respectively, which shows a decrease of Php66.22 million or 91.51%. The increase primarily came from the revaluation of investment property in 2022 relative to 2021.

2021

- The Group real estate sales in 2022 and 2021 amounted to Php479.3 million and Php79.10 million, respectively, which shows an increase of Php400.20 million or 505.93%. The increase came from the significant number of new sales generated in 2020.

- The Group mining service revenue in 2020 and 2019 amounted to Php241.74 million and Php340.17 million, respectively, which shows a decrease of Php98.43 million or 28.94%. Tonnages from mining, barging, and ore transferring significantly decreased in 2020 due to the restrictions imposed to combat COVID-19.

- The Group service income in 2020 and 2019 amounted to Php1.50 million and Php4.39 million, respectively, which shows a decrease of Php2.89 million or 65.82%. The decrease came from the lower revenues generated by the resort operations of TCNBI, a wholly-owned subsidiary of WPP, which was significantly affected by the COVID-19 pandemic.

- The Group cost of real estate sales in 2020 and 2019 amounted to Php301.26 million and Php99.49, respectively, which shows an increase of Php201.77 or 202.80%. This came from the significant number of new sales generated in 2020.

- The Group costs of services in 2020 and 2019 amounted to Php210.59 million and Php252.11 million, respectively, which shows a decrease of Php41.51 million or 16.47%. The net decrease primarily came from lower personnel costs, repairs and maintenance, transportation & travel, and fuel & oil because of the restrictions in operations due to the COVID-19 pandemic.

- The Group depreciation and amortization in 2020 and 2019 amounted to Php92.71 million and Php115.08 million, respectively, which shows a decrease of Php22.37 million or 19.44%. The decrease primarily came from the sale of equipment and increase in fully depreciated assets. This account is presented in the 2020 financial statements as follows: Cost of Services - Php83.44 million, and General and Administrative - Php9.28 million.

- The Group personnel costs in 2020 and 2019 amounted to Php119.74 million and Php 122.94 million, respectively, which shows a decrease of Php 3.20 million or 2.61%. There was no material change in the balance of this account. This account is presented in the 2020 financial statements as follows: Cost of Services – Php73.58 million, and General and Administrative Expense – Php46.16 million.

- The Group repairs and maintenance in 2020 and 2019 amounted to Php 37.23 million and Php 45.64 million, respectively, which shows a decrease of Php 8.41 million or 18.42%. This account decreased due to lower usage of heavy equipment due to COVID-19 restrictions in operations. This account is presented in the 2020 financial statements as follows: Cost of Services – Php32.82 million, and General and Administrative Expense – Php4.41 million.

- The Group fuel and oil in 2020 and 2019 amounted to Php3.41 million and Php9.61 million, respectively, which shows a decrease of Php6.2 million or 64.52%. This account decreased due to the lower usage of heavy equipment due to COVID-19 restrictions in operations. This account is presented in the 2020 financial statements under Cost of Services.

- The Group transportation and travel in 2020 and 2019 amounted to Php12.10 million and Php17.59 million, respectively, which shows a decrease of Php5.49 million or 31.23%. This account decreased due to fewer transportation and travel incurred due to COVID-19 restrictions in operations. This account is presented in the 2020 financial statements as follows: Cost of Services – Php5.12 million, and General and Administrative Expense – Php6.97 million.

- The Group taxes and licenses in 2020 and 2019 amounted to Php9.22 million and Php20.68 million, respectively, which shows a decrease of Php11.46 million or 55.42%. The decrease primarily came from the lower tax base and taxable transactions. This account is presented in the 2020 financial statements as follows: Cost of Services –Php4.63 million, and General and Administrative Expense – Php4.59 million.

- The Group professional and legal fees in 2020 and 2019 amounted to Php 47.42 million and Php 62.73 million, respectively, which shows a decrease of Php 15.31 million or 24.40%. The decrease primarily came from the lower services availed from professionals. This account is presented in the 2020 financial statements as follows: Cost of Services – Php6.14 million, and General and Administrative Expense – Php41.29 million.

- The Group Rentals and Utilities in 2020 and 2019 amounted to Php8.21 million and Php8.89 million, respectively, which shows a decrease of Php 0.69 million or 7.71%. The decrease primarily came from the lower rentals and utilities operating requirements. This account is presented in the 2020 financial statements as follows: Cost of Services – Php0.19 million, and General and Administrative Expense – Php8.02 million.

- The Group Entertainment, amusement and recreation in 2020 and 2019 amounted to Php9.30 million and Php9.05 million, respectively, which shows an increase of Php0.25 million or 2.77%. There was no material change in the balance of this account. This account is presented in the 2020 financial statements as follows: Cost of Services – Php0.12 million, and General and Administrative Expense – Php9.18 million.

- The Group Commissions in 2020 and 2019 amounted to Php13.45 million and Php19.00 million, respectively, which shows an increase of Php5.55 million or 29.20%. The decrease primarily came from the lower incurred commissions. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group filing and listing fees in 2020 and 2019 amounted to Php9.96 million and Php14.05 million, respectively, which shows a decrease of Php4.10 million or 29.15%. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group outside services in 2020 and 2019 amounted to Php5.43 million and Php9.18 million, respectively, which shows a decrease of Php 3.75 million or 40.82%. The decrease primarily came from the lower outside services availed from in 2020. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group freight and handling in 2020 and 2019 amounted to Php1.78 million and Php1.57 million, respectively, which shows an increase of Php 0.22 million or 13.80%. There was no material change in the balance of this account. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group supplies and materials in 2020 and 2019 amounted to Php 0.77 million and Php 1.19 million, respectively, which shows a decrease of Php 0.43 million or 35.77%. The decrease came from the lower supplies and materials requirement of the Group. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group advertising and promotions in 2020 and 2019 amounted to Php 0.14 million and Php 0.41 million, respectively, which shows a decrease of Php 0.27 million or 65.63%. The decrease primarily came from the lower advertising and promotion costs of GLCI. This account is presented in the 2020 financial statements under General and Administrative Expenses.

- The Group other expenses in 2020 and 2019 amounted to Php18.43 million and Php 3.39 million, respectively, which shows an increase of Php 15.04 million or 443.95%. The increase primarily came from the higher other expense requirement of the Group. This account is presented in the 2020 financial statements as follows: Cost of Services – Php1.15 million, and General and Administrative Expense – Php17.28 million.

- The Group unrealized gain on revaluation of land in 2020 and 2019 amounted to Php367.92 million and Php816.49, respectively, which shows a decrease of Php448.57 million or 54.94%. This account represents the additional increase in land value and is presented under Other Income (Charges).

- The Group interest income in 2020 and 2019 amounted to Php3.33 million and Php6.29 million, respectively, which shows a decrease of Php2.96 million or 47.02%. The decrease primarily came from the lower average cash in bank balances. This account is presented under Other Income (Charges).

- The Group impairment losses in 2020 and 2019 amounted to Php 11.73 million and Php58.53 million, respectively, which shows a decrease of Php46.80 million or 79.95%. This account represents the impartment losses incurred and is presented under Other Income (Charges).

- The Group other income (charges) in 2020 and 2019 amounted to Php4.51 million and Php13.76 million, respectively, which shows a decrease of Php9.25million or 67.25%. This account represents other income and is presented under Other Income (Charges).

- The Group interest expense in 2020 and 2019 amounted to Php172.46 million and Php317.96 million, respectively, which shows a decrease of Php145.50 million or 45.76%. The decrease primarily came from the lower interest charges due to loan balance payments and debt restructuring. This account is presented under Other Income (Charges).

2020

- The Group real estate sales in 2019 and 2018 amounted to Php 79.10 million and Php 182.71 million, respectively, which shows a decrease of Php 103.61 million or 56.71%. Majority of the projects were completed in 2019; and no new projects were launched. These resulted to a decrease in realizable sales via percentage of completion.

- The Group mining service revenue in 2019 and 2018 amounted to Php 340.17 million and Php 294.93 million, respectively, which shows an increase of Php 45.23 million or 15.34%. Tonnages from mining, barging, and ore transferring increased in 2019 which resulted to the increase in mining service revenue.

- The Group service income in 2019 and 2018 amounted to Php 4.39 million and Php 2.51 million, respectively, which shows an increase of Php 1.87 million or 74.57%. The increase came from the higher revenues generated by the resort operations of TCNBI, a wholly-owned subsidiary of WPP.

- The Group cost of real estate sales in 2019 and 2018 amounted to Php 99.49 million and Php 172.51 million, respectively, which shows a decrease of Php 73.02 million or 42.33%. As previously stated, no new projects were started, and majority of the projects were completed during 2019 which resulted to lower realizable costs via percentage of completion.

- The Group costs of services in 2019 and 2018 amounted Php 252.11 million and Php 203.30 million, respectively, which shows an increase of Php 48.81 million or 24.01%. The net increase primarily came from the personnel costs and depreciation.

- The Group depreciation and amortization in 2019 and 2018 amounted to Php 115.08 million and Php 90.19 million, respectively, which shows an increase of Php 24.90 million or 27.60%. The increase primarily came from the additional depreciation and amortization charges from the acquisition of equipment in 2019. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 97.28 million, and General and Administrative – Php 17.81 million.

- The Group personnel costs in 2019 and 2018 amounted to Php 122.94 million and Php 110.53 million, respectively, which shows an increase of Php 12.42 million or 11.23%. The increase primarily came from higher salary costs. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 83.17 million, and General and Administrative Expense – Php 39.77 million.

- The Group repairs and maintenance in 2019 and 2018 amounted to Php 45.64 million and Php 47.89 million, respectively, which shows a decrease of Php 2.25 million or 4.70%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 41.50 million, and General and Administrative Expense – Php 4.14 million.

- The Group fuel and oil in 2019 and 2018 amounted to Php 9.61 million and Php 15.48 million, respectively, which shows a decrease of Php 5.87 million or 37.89%. The decrease primarily came from the lesser fuel and oil requirements. The said account is presented in the financial statements for 2019 under Cost of Services.

- The Group transportation and travel in 2019 and 2018 amounted to Php 17.59 million and Php 10.13 million, respectively, which shows an increase of Php 7.45 million or 73.56%. The increase primarily came from the higher transportation and travel operating requirements. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 7.34 million, and General and Administrative Expense – Php 10.24 million.

- The Group taxes and licenses in 2019 and 2018 amounted to Php 20.68 million and Php 17.28 million, respectively, which shows an increase of Php 3.40 million or 19.67%. The increase primarily came from the higher tax base and taxable transactions. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 5.84 million, and General and Administrative Expense – Php 14.84 million.

- The Group professional and legal fees in 2019 and 2018 amounted to Php 62.73 million and Php 48.69 million, respectively, which shows an increase of Php 14.04 million or 28.85%. The increase primarily came from the additional services availed from professionals and increases in fees for the year 2019. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 5.33 million, and General and Administrative Expense – Php 57.40 million.

- The Group entertainment, amusement, and recreation in 2019 and 2018 amounted to Php 9.05 million and Php 5.33 million, respectively, which shows an increase of Php 3.72 million or 69.68%. The increase primarily came from the higher entertainment, amusement, and recreation incurred by PGDI. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group rentals and utilities in 2019 and 2018 amounted to Php 8.89 million and Php 7.12 million, respectively, which shows an increase of Php 1.78 million or 24.94%. The increase primarily came from higher and utilities expenses incurred by the Group. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group Commissions in 2019 and 2018 amounted to Php 19.00 million and Php 27.27 million, respectively, which shows a decrease of Php 8.27 million or 30.33%. The decrease primarily came from the lower available units for sale. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group filing and listing fees in 2019 and 2018 amounted to Php 14.05 million and Php 6.63 million, respectively, which shows an increase of Php 7.42 million or 111.97%. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group outside services in 2019 and 2018 amounted to Php 9.18 million and Php 3.25 million, respectively, which shows an increase of Php 5.93 million or 182.75%. The increase primarily came from the additional services availed in 2019. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group freight and handling in 2019 and 2018 amounted to Php 1.57 million and Php 1.54 million, respectively, which shows an increase of Php 0.02 million or 1.57%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group supplies and materials in 2019 and 2018 amounted to Php 1.19 million and Php 1.61 million, respectively, which shows a decrease of Php 0.42 million or 26.10%. The decrease came from the lower supplies and materials requirement of the Group. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group advertising and promotions in 2019 and 2018 amounted to Php 0.41 million and Php 0.97 million, respectively, which shows a decrease of Php 0.56 million or 57.72%. The decrease primarily came from the lower advertising and promotion costs of GLCI. The said account is presented in the financial statements for 2019 under General and Administrative Expenses.

- The Group other expenses in 2019 and 2018 amounted to Php 3.39 million and Php 21.26 million, respectively, which shows a decrease of Php 17.87 million or 84.07%. The decrease primarily came from the lower other expense requirement of the Group. The said account is presented in the financial statements for 2019 as follows: Cost of Services – Php 2.03 million, and General and Administrative Expense – Php 1.36 million.

- The Group unrealized gain on revaluation of land in 2019 and 2018 amounted to Php 816.49 million and Nil, respectively, which shows an increase of Php 816.49 million. The increase came from the recognition of the unrealized gain from investment property. The said account under Other Income (Charges).

- The Group interest income in 2019 and 2018 amounted to Php 6.29 million and Php 4.67 million, respectively, which shows an increase of Php 1.62 million or 34.61%. The increase primarily came from the higher cash in bank balances. The said account under Other Income (Charges).

- The Group impairment losses in 2019 and 2018 amounted to Php 58.53 million and Php 158.41 million, respectively, which shows a decrease of Php 99.88 million or 63.05%. The decrease in impairment losses came from the fewer recognition of additional impairments. The said account is presented under Other Income (Charges).

- The Group interest expense in 2019 and 2018 amounted to Php 317.96 million and Php 187.83 million, respectively, which shows an increase of Php 130.13 million or 69.28%. The increase primarily came from the lower capitalized interest expenses. The said account is presented under Other Income (Charges).

FINANCIAL POSITION

2022

The Company's total assets as of December 31, 2022 and 2021 amounted to Php4,175.92 million and Php3,770.25 million, respectively, showing an increase of Php405.67 million or 10.76%, primarily due to the increase on the valuation of the investment property and real estate held for sale in 2022 relative to 2021. The Company's total liabilities as of December 31, 2022 and 2021 amounted to Php2,120.33 million and Php2,281.30 million, respectively, showing a decrease of Php160.96 million or 7.06% due to conversion of liabilities to capital stock. The Company's equity attributable to parent as of December 31, 2022 and 2021 amounted to Php1,681.98 million and Php1,133.76 million, respectively, showing an increase of Php538.43 million or 47.49%, the increase is primarily due to increase in capital stock and partly due to increase in retained earnings.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2022 and 2021 amounted to Php69.73 million and Php89.85 million, respectively, which shows a decrease of Php20.12 million or 22.39%. Cash flows used in operating activities amounted to Php324.43 million. Cash flows used in investing activities amounted to Php8.40 million. Cash flows generated by financing activities amounted to Php312.72 million. The net decrease in cash flow for the year amounted to Php20.12 million.

- Contract assets - net as of December 31, 2022 and 2021 amounted to Php34.84 million and Php207.17 million, respectively, which shows a decrease of Php172.32 million or 83.18%. The decrease is due to completion of development projects.

- Receivables - net as of December 31, 2022 and 2021 amounted to Php442.34 million and Php76.62 million, respectively, showing an increase of Php365.72 million or 477.33% due to the increase in sold real estate for sale properties in 2022 relative to 2021.

- The Group's unrealized gain on revaluation of land in 2022 and 2021 amounted to Php323.02 million and Php25.64, respectively, which shows an increase of Php297.38 million or 1,160%. The changes in this account pertain to yearly changes in the fair valuation of the group's investment properties in Palawan and are presented under Other Income (Charges).

- The Group reversed a prior year' impairment loss on receivables after determining as of the year ending 2022 that the said receivables are still collectible.

- Investment property as of December 31, 2022 and 2021 amounted to Php2,023.56 million and Php1,692.03 million, respectively, which shows an increase of Php331.53 million or 19%. The increase came from the increase in the valuation of investment property of WPP in 2022 relative to 2021.

- Property and equipment - net as of December 31, 2022 and 2021 amounted to Php71.90 million and Php135.11 million, respectively, which shows a decrease of Php63.21 million or 47%. The decrease primarily came from depreciation of equipment in 2022.

- Right of use asset- net as of December 31, 2022 and 2021 amounted to Php.95 million and Php.011 million, respectively, showing a decrease of Php.94 million or 8,830% primarily due to reclassification of rent expense to right of use asset.

- Other noncurrent assets as of December 31, 2022 and 2021 amounted to Php7.34 million and Php10.70 million, respectively, which shows a decrease of Php3.37 million or 31.46%. The decrease primarily came from the reclassification on non-current input VAT to current.

- Trade and other payables as of December 31, 2022 and 2021 amounted to Php549.74 million and Ph575.66 million, respectively, which shows a decrease of Php25.91million or 4.50%. The net decrease primarily came from the application of customer's deposit to realized sale of real property held for sale.

- Short term loans as of December 31, 2022 and 2021 amounted to Php306.75 million and Php254.55 million, respectively, which shows an increase of Php52.20 million or 20.51%. The increase primarily came from additional loans made in 2022.

- Loans payable-current as of December 31, 2022 and 2021 amounted to Php251.89 and Php231.25 million, respectively, which shows an increase of Php20.64 million or 8.93%. The increase came from the additional loans made to finance the GLCI development projects in 2022.

- Obligations under finance lease as of December 31, 2022 and 2021 amounted to Php0.19 million and Php0.71 million, respectively, which shows a decrease of Php0.53 million or 73.24%. The decrease is due to payments made in 2022.

- Lease liability as of December 31, 2022 and 2021 amounted to Php0.80 million and Phpp0.24 million, which shows an increase of Php0.55 or 228.33%. The increase primarily came from reclassification from rent expense and long-term portion of lease liability in 2022.

- Loans from officers and shareholders as of December 31, 2022 and 2021 amounted to -nil- and Php64.04 million respectively, which shows a decrease of Php64.04 or 100%. The decrease came from reclassification of account in 2022.

- Loans payable- Non-current as of December 31, 2022 and 2021 amounted to Php127.99 million and to -nil-, respectively, showing an increase of Php127.99 million or -100%. The increase came from additional loans made in 2022.

- Deposit for future stock subscription as of December 31, 2022 and 2021 amounted to –nil- and Php465.23 million, respectively showing a decrease of Php465.23. The decrease is due to conversion to capital stock in 2022.

- Deferred Tax Liability as of December 31, 2022 and 2021 amounted to Php518.20 million and Php429.62 million, respectively showing an increase of Php88.58 or 20.62% The increase primarily came from the deferred tax liability on increase in valuation of investment property in 2022.

- Capital stock as of December 31, 2022 and 2021 amounted to Php1,007.43 million and Php800.65 million, respectively, which shows an increase of Php206.78 million or 25.83%. The increase came from subscriptions to common shares in 2022.

- Additional paid-in capital as of December 31, 2022 and 2021 amounted to Php499.22 million and Php186.22 million, respectively, which shows an increase of Php312.99 million or 168.07%. The increase came from subscriptions to common shares in 2022.

- Cumulative remeasurement gain on pension liabilities as of December 31, 2022 and 2021 amounted to Php9.80 and Php10.92 million, respectively, which shows a decrease of Php1.12 million or 10.28%. The decrease primarily came from the additional pension liability during 2022.

2021

The Company's total assets as of December 31, 2021 and 2020 amounted to Php3,770.25 million and Php3,896.80 million, respectively, which shows a decrease of Php126.55 million or 3.25%. The Company's total liabilities as of December 31, 2021 and 2020 amounted to Php2,281.30 million and Php2,683.24 million, respectively, which shows a decrease of Php401.94 million or 14.98%. The Company's equity attributable to parent as of December 31, 2021 and 2020 amounted to Php1,133.76 million and Php867.91 million, respectively, which shows an increase of Php265.85 million or 30.63%. The Company's equity attributable to non-controlling interests as of December 31, 2021 and 2020 amounted to Php355.20 million and Php345.65 million, respectively, which shows an increase of Php 9.55 million or 2.69%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2021 and 2020 amounted to Php 89.85 million and Php 124.52 million, respectively, which shows a decrease of Php 34.68 million or 27.85%. Cash flows used in operating activities amounted to Php205.34 million. Cash flows provided by investing activities amounted to Php2.38 million. Cash flows provided by financing activities amounted to Php168.28 million. The net decrease in cash flow amounted to Php34.68 million.

- Receivables - net as of December 31, 2021 and 2020 amounted to Php76.62 million and Php66.62 million, respectively, which shows an increase of Php 10.00 million or 15.00%. The net increase came from additional contract receivables and advances, which was countered by lower trade receivables balance due to better collections.

- Contract assets as of December 31, 2021 and 2020 both amounted to Php316.49 million. The current portion of this account as of December 31, 2021 and 2020 amounted to Php207.17 million and Php250.55 million, respectively. The noncurrent portion of this account as of December 31, 2021 and 2020 amounted to Php108.21 million and Php65.95 million, respectively. The changes during 2021 are due to reclassifications from noncurrent to current.

- Real estate held for sale as of December 31, 2021 and 2020 amounted to Php765.39 million and Php831.73 million, respectively, which shows a decrease of Php66.35 million or 7.98%. The net decrease came from the new real estate sales in 2021 which countered the additional construction and development costs incurred due to GLCI's new project.

- Other current assets as of December 31, 2021 and 2020 amounted to Php226.50 million and Php186.58 million, respectively, which shows an increase of Php39.92 million or 21.40%. The increase primarily came from higher nontrade receivables and creditable withholding taxes.

- Investment property as of December 31, 2021 and 2020 amounted to Php1,692.03 million and Php1,666.39, respectively, which shows an increase of Php25.64 million or 1.54%. Investment property is carried at fair value, resulting in an increase representing the unrealized gain of Php 25.64 million in 2021.

- Property and equipment - net as of December 31, 2021 and 2020 amounted to Php135.11 million and Php231.18 million, respectively, which shows a decrease of Php96.07 million or 41.56%. The net decrease primarily came from depreciation and disposals of certain heavy equipment, transportation equipment, and office & other equipment in 2021.

- Right-of-use assets as of December 31, 2021 and 2020 amounted to Php0.01 million and Php0.68 million, respectively which shows a decrease of Php0.67 million or 98.44%, which represents the depreciation of the right-of-use assets.

- Deferred tax assets as of December 31, 2021 and 2020 amounted to Php25.92 million and Php35.68 million, respectively, which shows a decrease of Php9.76 million or 27.35%. The net decrease primarily came from the net reversal of temporary tax differences in 2021.

- Other noncurrent assets as of December 31, 2021 and 2020 amounted to Php10.70 million and Php13.81 million, respectively, which shows a decrease of Php3.11 million or 22.52%. The decrease primarily came from the deferred input VAT amortization.

- Trade and other payables as of December 31, 2021 and 2020 amounted to Php575.66 million and Php748.93 million, respectively, which shows a decrease of Php 173.27 million or 23.14%. The net decrease primarily came from converting customer's deposits and advances to real estate sales, reduction in advances from third parties, output vat payable, customer's refunds, deferred output VAT, retention payables, and voucher's payable. In contrast, trade payables, shareholder advances, and other payables increased.

- Contract liabilities as of December 31, 2021 and 2020 amounted to Php36.88 million and Php7.82 million, respectively, which shows an increase of Php29.06 million or 371.59%. The increase came from collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

- Short term loans as of December 31, 2021 and 2020 amounted to Php254.55 million and Php225.96 million, respectively, which shows an increase of Php28.59 million or 12.65%. The increase came from net additional loans made in 2021.

- Purchased land payable as of December 31, 2021 and 2020 amounted to Php5.68 million and Php18.10 million, respectively, which shows a decrease of Php12.43 million or 68.64%. The decrease came from payments made in 2021.

- Loans payable as of December 31, 2021 and 2020 amounted to Php295.29 million and Php351.37 million, respectively, which shows a decrease of Php56.07 million or 15.96%. The net decrease came from the payments made in 2021. Current portion of loans payable as of December 31, 2021 and 2020 amounted to Php77.66 million and Php311.37 million, respectively. Noncurrent portion of loans payable as of December 31, 2021 and 2020 amounted to Php217.63 million and Php40.00 million, respectively.

- Obligations under finance lease as of December 31, 2021 and 2020 amounted to Php0.71 million and Php0.53 million, respectively, which shows an increase of Php0.19 million or 35.32%. The increase came from the payments made in 2021. This account is presented under current liabilities.

- Convertible loans as of December 31, 2021 and 2020 amounted to Php100.00 million and Php495.01 million, respectively, which shows a decrease of Php395.01 million or 79.80%. The reduction pertains to convertible note holders that opted to convert their loans to equity in 2021. Current portion of Convertible loans as of December 31, 2021 and 2020 amounted to Php100.00 million and Php400.37 million, respectively. Noncurrent portion of Convertible loans as of December 31, 2021 and 2020 amounted to -nil- and Php94.64 million, respectively.

- Installment payable as of December 31, 2021 and 2020 amounted to -nil- and Php17.06 million, respectively, which shows a decrease of Php17.06 million or 100.00%. The decrease came from the full payment of installment payable in 2021. Current portion of installment payable as of December 31, 2021 and 2020 amounted to Php Nil million and Php17.06 million, respectively. Noncurrent portion of Installment payable as of December 31, 2021 and 2020 both amounted to -nil-.

- Lease liability as of December 31, 2021 and 2020 amounted to Php0.24 million and Php0.87 million, respectively. The decrease came from payments made in 2021. Current portion of lease liability as of December 31, 2021 and 2020 amounted to Php0.24 million and Php0.68 million, respectively. Noncurrent portion of lease liability as of December 31, 2021 and 2020 amounted to -nil- and Php0.19 million, respectively.

- Loans from officers and shareholders as of December 31, 2021 and 2020 amounted to -nil- and Php64.50, respectively, which shows a decrease of Php64.50 million or 100.00%. The decrease came from reclassifications and payments made in 2021.

- Pension liabilities as of December 31, 2021 and 2020 amounted to Php28.70 million and Php34.02 million, respectively, which shows a decrease of Php5.33 million or 15.66%. The net decrease primarily came from the remeasurement gain on defined benefit obligation incurred in 2021.

- Deposit for future stock subscription as of December 31, 2021 and 2020 amounted to Php465.23 million and Php113.00 million, respectively. The net increase primarily came from the convertible note holders who opted to convert their convertible loans to equity, pending approval from SEC.

- Deferred tax liabilities as of December 31, 2021 and 2020 amounted to Php429.62 million and Php509.35 million, respectively, which shows a decrease of Php79.73 million or 15.65%. The decrease primarily came from the change in tax rates due to the CREATE law.

- Capital stock as of December 31, 2021 and 2020 amounted to Php800.65 million and Php563.53 million, respectively, which shows an increase of Php237.12 million or 42.08%. The increase came from subscriptions to common shares which were issued in 2021.

- Additional paid-in capital as of December 31, 2021 and 2020 amounted to Php186.22 million and Php117.45 million, respectively, which shows an increase of Php68.77 million or 58.55%. The increase came from the additional subscriptions to outstanding common shares which were issued in 2021, net of stock issuance cost.

- Retained Earnings as of December 31, 2021 and 2020 amounted to Php135.97 million and Php186.92 million, respectively, which shows a decrease of Php50.95 million or 27.26%. The decrease primarily came from the 2021 net loss.

2020

The Company's total assets as of December 31, 2020 and 2019 amounted to Php3,896.80 million and Php4,069.26 million, respectively, which shows a decrease of Php 172.46 million or 4.24%. The Company's total liabilities as of December 31, 2020 and 2019 amounted to Php2,683.24 million and Php3,049.77 million, respectively, which shows a decrease of Php366.53 million or 12.02%. The Company's equity attributable to parent as of December 31, 2020 and 2019 amounted to Php867.91 million and Php686.02 million, respectively, which shows an increase of Php181.89 million or 26.51%. The Company's equity attributable to non-controlling interests as of December 31, 2020 and 2019 amounted to Php345.65 million and Php333.47 million, respectively, which shows an increase of Php 12.18 million or 3.65%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2020 and 2019 amounted to Php 124.52 million and Php 81.56 million, respectively, which shows an increase of Php 42.96 million or 52.67%. Cash flows provided by operating activities amounted to Php178.01 million. Cash flows used in investing activities amounted to Php77.06 million. Cash flows used in financing activities amounted to Php58.00 million. The net increase in cash flow amounted to Php42.96 million.

- Receivables - net as of December 31, 2020 and 2019 amounted to Php 66.62 million and Php 84.57 million, respectively, which shows a decrease of Php 17.95 million or 21.22%. The decrease came from better collections of receivables.

- Contract assets as of December 31, 2020 and 2019 amounted to Php316.49 million and Php673.43 million, respectively, which shows a decrease of Php356.93 million or 53.00%. The decrease came from the substantial full collections of real estate sales. Current portion of this account as of December 31, 2020 and 2019 amounted to Php Php250.55 million and Php618.36 million, respectively. Noncurrent portion of this account as of December 31, 2020 and 2019 amounted to Php65.95 million and Php55.07 million, respectively.

- Real estate held for sale as of December 31, 2020 and 2019 amounted to Php831.73 million and Php1,025.56 million, respectively, which shows a decrease of Php193.82 million or 18.90%. The decrease came from the new real estate sales generated in 2020.

- Other current assets as of December 31, 2020 and 2019 amounted to Php186.58 million and Php134.30 million, respectively, which shows an increase of Php 52.28 million or 38.93%. The increase primarily came from higher nontrade receivables and tax credits.

- Investment property as of December 31, 2020 and 2019 amounted to Php1,666.39 million and Php1,298.47, respectively, which shows an increase of Php367.92 million or 28.33%. Investment property is carried at fair value, resulting in an increase representing the unrealized gain of Php 367.92 million in 2020.

- Property and equipment - net as of December 31, 2020 and 2019 amounted to Php231.18 million and Php310.71 million, respectively, which shows a decrease of Php79.53 million or 25.60%. The net decrease primarily came from depreciation and disposals of certain heavy equipment, transportation equipment, and office & other equipment in 2020.

- Right-of-use assets as of December 31, 2020 and 2019 amounted to Php0.68 million and Php1.35 million, respectively which shows a decrease of Php 0.67 million or 49.61%., which represents the depreciation of the right-of-use assets.

- Deferred tax assets as of December 31, 2020 and 2019 amounted to Php35.68 million and Php31.60 million, respectively, which shows an increase of Php4.08 million or 12.92%. The net decrease primarily came from the reversal of temporary tax differences in 2020.

- Other noncurrent assets as of December 31, 2020 and 2019 amounted to Php13.81 million and Php17.75 million, respectively, which shows a decrease of Php3.94 million or 22.20%. The decrease primarily came from the input VAT availed and security deposits collected.

- Trade and other payables as of December 31, 2020 and 2019 amounted to Php 748.93 million and Php 582.66 million, respectively, which shows an increase of Php 166.27 million or 28.54%. The net increase primarily came from higher trade payables, customers deposits, advances, and other payables.

- Contract liabilities as of December 31, 2020 and 2019 amounted to Php7.82 million and 11.91, respectively, which shows a decrease of Php 4.09 million or 34.35%. The decrease came from payments made in 2020.

- Short term loans as of December 31, 2020 and 2019 amounted to Php225.96 million and Php 233.03 million, respectively, which shows a decrease of Php 7.06 million or 3.03%. The decrease came from payments made in 2020.

- Purchased land payable as of December 31, 2020 and 2019 amounted to Php18.10 million and Php49.36 million, respectively, which shows a decrease of Php31.26 million or 63.33%. The decrease came from payments made in 2020.

- Loans payable as of December 31, 2020 and 2019 amounted to Php 351.37 million and Php 992.10 million, respectively, which shows a decrease of Php 640.74 million or 64.58%. The decrease came from the payments made in 2020. Current portion of loans payable as of December 31, 2020 and 2019 amounted to Php311.37 million and Php748.30 million, respectively. Noncurrent portion of loans payable as of December 31, 2020 and 2019 amounted to Php40.00 million and Php243.81 million, respectively.

- Obligations under finance lease as of December 31, 2020 and 2019 amounted to Php0.53 million and Php2.36 million, respectively, which shows a decrease of Php1.83 million or 77.63%. The decrease came from the payments made in 2020. This account is presented under current liabilities.

- Convertible loans as of December 31, 2020 and 2019 amounted to Php495.01 million and Php494.53 million, respectively, which shows an increase of Php0.47 million or 0.10 %. The account balance did not materially change from last year. Current portion of Convertible loans as of December 31, 2020 and 2019 amounted to Php400.37 million and 131.32 million, respectively. Noncurrent portion of Convertible loans as of December 31, 2020 and 2019 amounted to Php94.64 million and Php363.21 million, respectively.

- Installment payable as of December 31, 2020 and 2019 amounted to Php17.06 million and Php75.46 million, respectively, which shows a decrease of Php 58.40 million or 77.40%. The decrease came from payments made in 2020. Current portion of installment payable as of December 31, 2020 and 2019 amounted to Php17.06 million and Php58.40 million, respectively. Noncurrent portion of Installment payable as of December 31, 2020 and 2019 amounted to -nil- and Php17.06 million, respectively.

- Lease liability as of December 31, 2020 and 2019 amounted to Php0.87 million and Php1.44 million, respectively. The decrease came from payments made in 2020. Current portion of lease liability as of December 31, 2020 and 2019 amounted to Php0.68 million and Php0.86 million, respectively. Noncurrent portion of lease liability as of December 31, 2020 and 2019 amounted to Php0.19 million and Php 0.58 million, respectively.

- Loans from officers and shareholders as of December 31, 2020 and 2019 amounted to Php64.50 million and Php78.30, respectively, which shows a decrease of Php13.80 million or 17.62%. The decrease came from payments made in 2020.

- Pension liabilities as of December 31, 2020 and 2019 amounted to Php34.02 million and Php26.00 million, respectively, which shows an increase of Php8.03 million or 30.87%. The increase primarily came from the remeasurement loss on defined benefit obligation incurred in 2020.

- Deposit for future stock subscription as of December 31, 2020 and 2019 amounted to Php113.00 million and nil, respectively. This represents the collection of funds for equity subscription.

- Deferred tax liabilities as of December 31, 2020 and 2019 amounted to Php509.35 million and Php405.88 million, respectively, which shows an increase of Php103.46 million or 25.49%. The increase primarily came from the additional deferred taxes of the unrealized gain on revaluation of land.

- Capital stock as of December 31, 2020 and 2019 amounted to Php563.53 million and Php 497.62 million, respectively, which shows an increase of Php 65.91 million or 13.24%. The increase came from the additional subscription to outstanding common shares.

- Additional paid-in capital as of December 31, 2020 and 2019 amounted to Php117.45 million and Php97.02 million, respectively, which shows an increase of Php20.43 million or 21.06%. The increase came from the additional subscription to outstanding common shares, net of stock issuance cost.

- Retained Earnings as of December 31, 2020 and 2019 amounted to Php186.92 million and Php91.38 million, respectively, which shows an increase of Php95.55 million or 104.56%. The increase came from the 2020 net income.

(B) Information on Independent Auditor and Other Related Matters

(1) External Auditor's Fees and Services

a) Audit Fees

The Company engaged Reyes Tacandong & Co. (RTC) for the year 2022 and 2021 and Sycip Gorres Velayo & Company (SGV) for the year 2020 as its group external auditors, conducting the financial audit of the group which includes the parent company and its operating and non-operating subsidiaries. The annual billing for the service of the auditors are Php2.11 million, Php2.96 million and Php3.42 million, VAT exclusive, for the years 2022, 2021 and 2020, respectively.

b) Tax Fees

Aside from the aforementioned activities, the Company or any of its subsidiaries has not engaged Reyes Tacandong & Co. nor the SGV & Co. for any tax-related service.

c) All Other Fees

Aside from the audit fees disclosed under letter (a) above, the Company has not engaged any other services or products of Reyes Tacandong & Co. and SGV & Co. for the last five (5) fiscal years.

d) Audit Committee's Approval Policies and Procedures
- Review the financial reporting and disclosures
- Ensure accounting policies and principles are adhered to
- Review the internal control process used
- Ensure regulatory requirements have been complied with

(2) Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

During the course of the audit, the Company and SGV & Co. did not have any material disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

(C) Market Information

(1) Market Price and Dividends

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol "PHA". The Company's closing price as of March 31, 2023 was Php 0.295.

The following table indicates the quarterly high and low sale price of the Company's common shares as reported on the PSE for the years 2020 to 2023 (1st Quarter).

	HIGH		LOW

	2023	2022	2021	2020		2023	2022	2021	2020
1st Quarter	.305	0.56	2.08	0.203	1st Quarter	.295	0.54	2.03	0.195
2nd Quarter	N/A	0.41	1.69	0.205	2nd Quarter	N/A	0.40	1.64	0.199
3rd Quarter	N/A	0.36	0.96	0.233	3rd Quarter	N/A	0.35	0.92	0.226
4th Quarter	N/A	0.29	0.60	1.13	4th Quarter	N/A	0.28	0.56	0.97

As of March 31, 2023 there were 145 shareholders of record of PHA's common shares and listed below are the top twenty (20) common shareholders, including their nationalities, number of shares held, and the approximate percentages of their respective shareholdings to PHA's total outstanding common stocks:

(2) Dividends

PHA did not declare dividends in the years 2020, 2021 and 2022.

PHA has declared a 22.1 % property dividend of its Redstone Construction and Development Corp. (RCDC) to stockholders of record as of May 15, 2018 equivalent of 268 million shares at the new par value of Php 0.10 per share and a cash dividend of Php 0.001482 per share or a total of Php 2.95 million to be applied to the payment of applicable taxes. The dividend will come from the unrestricted retained earnings as of December 31, 2017. The property dividend ratio will be at 1,346 shares of RCDC for every 10,000 PHA shares.

Under the By-Laws of the Company, dividends shall be declared only from surplus profits and shall be payable at such time and in such amounts as the Board of Directors shall determine as they deem proper; Provided, however, that no stock dividends shall be issued without the approval of the stockholders representing not less than two-thirds (2/3) of all stock then outstanding and entitled to vote at a general meeting of the Company or at a special meeting called for the purpose. No dividends shall be declared that impair the capital of the Company. Other than the aforesaid, there are no other restrictions that would limit or would likely to limit in the future the ability of the company to pay dividends on common equity.

Stock Transfer Service Inc.
PREMIERE HORIZON ALLIANCE CORPORATION, INC.
List of Top 20 Stockholders
As of 03/31/2023

Page No. 1

Rank	Name	Holdings	Percentage
1	PCD NOMINEE CORPORATION	2,010,979,307	35.23%
2	MARVIN DELA CRUZ	1,389,802,253	24.35%
3	MARIAN PENA	864,214,876	15.14%
4	PCD NOMINEE CORPORATION - (NON-FILIPINO)	200,061,233	03.50%
5	AUGUSTO ANTONIO C. SERAFICA, JR.	200,000,000	03.50%
6	UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION	142,857,142	02.50%
7	RAUL MA. F. ANONAS	109,631,319	01.92%
8	KENNETH SEE	101,930,830	01.79%
9	ASIAN ALLIANCE INVESTMENT CORPORATION	96,171,578	01.68%
10	PBB TRUST AND INVESTMENT CENTER	86,184,126	01.51%
11	S. J. ROXAS & CO. INC.	78,667,710	01.38%
12	LDA CAPITAL LIMITED	70,835,000	01.24%
13	CHRISTINA PENA LEONG	69,734,519	01.22%
14	S CAPITAL CORP.	36,000,000	00.63%
15	AUGUSTO M. COSIO, JR.	33,976,943	00.60%
16	ROBERTO B. ORTIZ	33,976,943	00.60%
17	CHARMAINE N. COBANKIAT	25,757,575	00.45%
18	KATHRYN YU CHENG SEE	25,303,030	00.44%
19	ANDRES A. DEL ROSARIO	25,303,030	00.44%
20	LESLIE SZE TAN	20,000,000	00.35%
	Total Top 20 Shareholders :	5,621,387,414	98.48%
	Total Issued Shares	5,708,359,504	

(3) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

On December 15, 2011 the majority of the board of directors authorized the subscription by three (3) of its regular directors to one hundred seventy five million (175,000,000) of the Company's unissued common shares at a subscription price of Php0.30 per share or at Php0.05 above par value. The three (3) subscribing directors are: Mr. Augusto Antonio C. Serafica, Jr., Mr. Siso M. Lao and Mr. Teofilo A. Henson. The subscribing directors did not vote during the meeting when their offer to subscribe to the unissued shares was approved.

On October 29, 2020, certain shareholders of Squidpay Technology, Inc. subscribed to 263,636,364 shares of PHA at a subscription price of Php 0.33 per share, payable in cash, thereby increasing the Company's outstanding capital stock from 1,990,480,889 to 2,254,117,253. There was no offer of shares or underwriting services.

On May 28, 2021, the SEC approved the Company's increase in authorized capital stock from Php563,556,000.00 divided into 2,254,224,000 common shares with par value of Php0.25 each share, to Php1,500,000,000.00 divided into 6,000,000,000 common shares with a par value of Php0.25 per share, and the corresponding amendment to the Seventh Article of the Company's Amended Articles of Incorporation. The SEC also approved the subscriptions out of the increase in authorized capital stock of a total of 2,842,424,243 new common shares with an aggregate par value of Php 710,606,060.75, at a subscription price of Php 0.33 per share or total subscription price of Php 939,000,000.19.

On February 2022, LDA Capital Limited subscribed to 70,835,000 common shares with par value of Php 0.25 per share, payable in cash at a subscription price of Php0.33 per share. Following this subscription, the outstanding shares of PHA was at 5,167,376,496 shares.

On March 2022 SEC approved the conversion of loans from certain creditors to subscribed shares of 540,983,008 with par value of Php0.25 per share and at a subscription price of Php0.70 per share. Following this subscription, the outstanding shares of PHA was at 5,708,359,504 shares.

D. CORPORATE GOVERNANCE

PHA recognizes the need to ensure that the Company is directed, supervised, and supported with accountability, impartiality and transparency.

The Board of Directors and the Management of PHA also recognizes good corporate governance as essential in performing its obligations to the company's stockholders. To this end, PHA aims to strengthen its corporate governance to accomplish the corporate goals along with its guarantee to increase stockholder value.

PHA Corporate Governance Manual

The original Manual of Corporate Governance was adopted on July 1, 2002. Pursuant to SEC Memorandum No. 6, the Company revised its Manual of Corporate Governance on September 16, 2009. The Company accomplished and submitted its Corporate Governance Scorecard Survey for Publicly Listed Companies. In compliance, the Board of Directors and Key Management officers of the Corporation have attended Corporate Governance seminars and will continue to do so on an annual basis.

To measure the extent of compliance with the Manual, the Company conducted self-assessment and submitted its first Governance Self Rating, which reported no significant deviation, to SEC and PSE on July 25, 2003. The Company conducted a self-assessment in 2011 when it participated in the Corporate Governance Scorecard for Publicly Listed Companies, which was administered by the Institute of Corporate Directors, SEC and PSE. The Scorecard was submitted on November 25, 2011. Additionally, the Company submitted its Corporate Governance Guidelines Disclosure Survey on March 28, 2012 to the PSE. It has continued to accomplish and submit the same disclosure template survey every year. The company filed its latest Integrated Annual Corporate Governance Report (“I-ACGR") on May 2022 for the year 2021.

On December 7, 2022, 4 Directors and 8 Key Officers of the Company attended a Corporate Governance Training conducted by ROAM Inc.

The Company has also established an evaluation system to measure or determine the level of compliance of the Board of Directors and top level management with its Revised Manual of Corporate Governance (“Manual”) that included the continuous monitoring of the Board members’ attendance in its board meetings and various committee meetings. The Certification on the Attendance of the individual members of the Board of Directors is submitted annually to the SEC and the PSE. Moreover, the attendance and participation of the members of the Board of Directors and the senior management of the Company in seminars and trainings on Corporate Governance are also monitored and submitted to the SEC and PSE.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of sound strategic business management and will therefore undertake every effort necessary to continuously create awareness within the organization.

Board Committees

To further comply with the leading practices on good Corporate Governance, the Company, through its Board of Directors, adopted and approved its Charters of the Audit Committee, Nominations Committee and Compensation Committee. During the special meeting of the board of directors on February 6, 2018, the Audit Committee was renamed as the Audit and Risk Oversight Committee, while the Nominations and Compensation Committees have been joined together and renamed as the Corporate Governance Committee. The establishment of the Related Party Transactions Committee was also approved on even date.

The Corporate Governance Committee was constituted to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed under existing SEC rules and the Company's Code of Corporate Governance; to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a final list of candidates; to establish a formal and transparent procedure for developing a policy on executive remuneration, and for fixing the remuneration packages of corporate officers and directors.

Executive Committee

Chairman	:	Eugenio T. Tan
Members	:	Roberto B. Ortiz
		Raul Ma. F. Anonas
		Brandon P. Leong
		Gloria Victoria Y. Taruc
		Esteban G. Pena Sy

Audit and Risk Oversight Committee

Chairman	:	Emmanuel G. Herbosa
Members	:	Eugenio T. Tan
		Gloria Victoria Y. Taruc

Corporate Governance Committee and Related Party Transactions Committee

Chairman	:	Gloria Victoria Y. Taruc
Members	:	Augusto M. Cosio, Jr.
		Esteban G. Pena Sy

Code of Business Conduct and Ethics

The Company has also adopted a Code of Ethics last September 16, 2009. Under this Code, the Board of Directors, officers, management and staff committed themselves to conduct business in accordance with the highest ethical standards and shall discharge their duties with utmost responsibility, integrity, transparency, competence, loyalty and will uphold corporate interest over personal gains.

Corporate Social Responsibility

Premiere Leadership and Countryside Engagement Series (PLACE)

PHA will be working with different partners in the fulfillment of its commitment to invigorate the countryside and improve the leadership potential of micro and small entrepreneurs to make them more competitive in the ASEAN Economic Community integration beginning 2015.

PHA will sponsor and hold leadership training modules to SME entrepreneurs thereby raising the capacity for leading and sustaining change in the countryside.

The scope of the PLACE Program is nationwide and will be done on a quarterly basis.

Film Legacy Project

PHA has ownership of thousands of original films, it will institute a Film Legacy Project in partnership with the National Library and different private museums. Film showing projects will also be done in schools.

ANNEX "F2"

Gmail

Premiere Horizon <premierehorizon@gmail.com>

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph> Tue, Apr 18, 2023 at 3:10 PM

Greetings!

SEC Registration No: 0000147584
Company Name: PREMIERE HORIZON ALLIANCE CORPORATION
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER: TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 4 7 5 8 4

COMPANY NAME

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
premierehorizon@gmail.com	(02) 8632-7714	0926-048-7191

No. of Stockholders	Annual Meeting	Calendar Year (Month / Day)
144	May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Mr. Raul Ma. F. Anonas	raul.anonas@gmail.com	(02) 8632-7715	0926-048-7191

CONTACT PERSON'S ADDRESS

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

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

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

Premiere Horizon
Invigorating the Countryside

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Premiere Horizon Alliance Corporation and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, have audited the consolidated financial statements for the years 2022 and 2021 and **SyCip Gorres Velayo & Co.** the independent auditor appointed by the stockholders, have audited the financial statement for the year 2020 of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AUGUSTO M. COSIO JR.
Chairman of the Board

ROBERTO B. ORTIZ
President & CEO

BRANDON BENITO P. LEONG
Treasurer

Signed this 12th day of April 2023

SUBSCRIBE AND SWORN TO BEFORE ME THIS AT PASIG CITY APR 14 2023 BY THE ABOVE AFFIANT/S
DOC. NO. 416
PAGE NO. 95
BOOK NO. 8
SERIES OF 2023

ATTY. LETICIA M. AMON
Notary Public
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04236
Official Receipt No. 574709. IBP Chapter
MCLE Compliance No. VII-0000050/6-18-2019
Ground Flr. Amal Centre, U. Velasco, Ave., Malinao, Pasig City

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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8741 Paseo de Roxas
Makati City 1226 Philippines
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Fax +632 8 982 9111
Website www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC).

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2020 were audited by another auditor whose report dated May 27, 2021, expressed an unmodified opinion on those consolidated financial statements.

Key Audit Matters

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

Valuation of Investment Properties Measured at Fair Value
Investment properties which consist of parcels of land are measured using the fair value model. The valuation of investment properties is significant to our audit because the carrying amount of investment properties as at December 31, 2022 of ₱2,023.6 million represents 48.5% of the total consolidated assets and the resulting unrealized gain on fair valuation of investment properties in 2022 of ₱323.0 million is significant to the Group's net income. Moreover, the determination of the fair values of these properties involves significant management judgment and estimations and requires the assistance of external appraisers whose calculations depend on assumptions such as sales and listings of comparable properties within the vicinity and value adjustments based on relevant internal and external factors.

Our audit procedures include, among others, the evaluation of the competence and capabilities of the external appraiser by considering their qualifications, experience and reporting responsibilities. We also reviewed the appropriateness and reasonableness of the methodology and key assumptions used in the valuation of the investment properties. We also checked the adequacy of the related disclosures in Note 3, *Significant Judgments, Accounting Estimates and Assumptions*, and Note 10, *Investment Properties*, to the consolidated financial statements.

Recoverability of Deferred Exploration Costs
At each reporting date, the Group is required to assess whether facts and circumstances indicate that the carrying amount of the deferred exploration costs exceeds its recoverable amount. The impairment review is significant to our audit because the carrying amount of the deferred exploration costs of ₱418.0 million represents 10.0% of the consolidated total assets and is material to the consolidated financial statements as at December 31, 2022. Moreover, the impairment assessment of the deferred explorations costs involves significant management judgment and estimates on the commercial viability of the reserves which are affected by future market and economic conditions.

Our audit procedures include, among others, obtaining and reviewing management's assessment on whether there is any indication that deferred exploration costs may be impaired. We reviewed the status of the exploration project as at December 31, 2022 to determine that the period for which the Group has the right to explore has not expired. We also checked the status of the application of the renewal of licenses and permits of the exploration project and inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued. Moreover, we reviewed the contracts and agreements, budget for exploration and development costs and the most recent financial projections of the Group. We also checked the adequacy of the related disclosures in Note 3 and Note 9, *Deferred Exploration Costs*, to the consolidated financial statements.

Revenue Recognition - Real Estate Sales
For the year ended December 31, 2022, the Group recognized revenue of ₱332.9 million from real estate sales. This is significant to our audit as the amount of revenue from the real estate sales is material to the consolidated financial statements and the revenue and recognition process involve the application of significant judgments and estimates pertaining to (a) the assessment of the probability that the entity will collect the consideration from the buyer, (b) the application of the input method as the measure of progress of the projects in determining real estate revenue; (c) the determination of the actual costs incurred as cost of real estate sales, among others.

Our audit procedures include, among others, obtaining an understanding of the Group's revenue recognition process and evaluation of the judgment and estimates applied by management in recognizing real estate sales. On sample basis, we conducted ocular inspections of selected project sites and traced accumulated costs incurred to the supporting documents and invoices. We also obtained the details of the percentage-of-completion and tested the calculation. We also checked the adequacy of the related disclosures in Note 3, Note 4, *Segment Information,* and *Note 7, Real Estate Held for Sale*, to the consolidated financial statements.

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Emmanuel V. Clarino.

REYES TACANDONG & CO.

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Partner
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SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash	5	**₱69,729,594**	₱89,845,913
Receivables	6	**442,327,680**	76,618,617
Current portion of contract assets	6	**34,842,065**	207,165,921
Real estate for sale	7	**811,694,228**	765,386,058
Creditable withholding taxes		**117,005,107**	103,262,851
Other current assets	8	**62,826,569**	123,228,437
Total Current Assets		**1,538,425,243**	1,365,507,797
Noncurrent Assets			
Investment properties	10	**2,023,560,400**	1,692,025,000
Deferred exploration costs	9	**418,042,647**	413,812,603
Property and equipment	11	**71,903,816**	135,109,701
Contract assets - net of current portion	6	**69,581,924**	108,212,116
Deferred tax assets	23	**27,580,919**	25,924,291
Intangible assets	12	**2,838,511**	3,244,012
Other noncurrent assets	13	**23,987,915**	26,414,457
Total Noncurrent Assets		**2,637,496,132**	2,404,742,180
		₱4,175,921,375	₱3,770,249,977
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	15	**₱583,342,905**	₱609,227,821
Short-term loans	14	**428,754,632**	376,554,632
Current portion of long-term loans	14	**251,892,401**	231,249,398
Contract liabilities	4	**25,107,618**	36,876,706
Dividend payable	19	**39,800,000**	39,800,000
Total Current Liabilities		**1,328,897,556**	1,293,708,557
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term loans	14	**127,986,999**	64,042,349
Lease liabilities	27	**192,720**	–
Deferred tax liabilities	23	**518,195,465**	429,617,606
Advances from third parties	16	**100,000,000**	–
Retirement liability	18	**45,059,876**	28,695,553
Deposit for future stock subscription	19	**–**	465,231,457
Total Noncurrent Liabilities		**791,435,060**	987,586,965
Total Liabilities		**2,120,332,616**	2,281,295,522

(Forward)

	Note	2022	2021
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	19	**₱1,007,496,826**	₱800,650,526
Additional paid-in capital	19	**499,217,638**	186,224,855
Retained earnings	19	**165,473,971**	135,971,303
Cumulative remeasurement gains on retirement liability	18	**9,792,086**	10,913,571
		1,681,980,521	1,133,760,255
Noncontrolling Interests	19	**373,608,238**	355,194,200
Total Equity		**2,055,588,759**	1,488,954,455
		₱4,175,921,375	₱3,770,249,977

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(With Comparative Figures for 2020)

	Note	2022	2021	2020
REVENUES	4			
Real estate sales		**₱332,947,784**	₱173,933,534	₱479,301,585
Mining-related services	30	**112,144,168**	174,681,141	241,736,071
Service income		**445,030**	502,880	1,499,950
		445,536,982	349,117,555	722,537,606
COSTS OF SALES AND SERVICES				
Cost of services	20	**149,473,632**	193,095,545	210,593,090
Cost of real estate sales	7	**147,183,575**	74,080,684	301,263,375
		296,657,207	267,176,229	511,856,465
GROSS PROFIT		**148,879,775**	81,941,326	210,681,141
GENERAL AND ADMINISTRATIVE EXPENSES	21	**219,283,140**	179,336,260	178,358,919
OTHER INCOME (CHARGES)				
Unrealized gain on fair valuation of investment properties	10	**323,022,000**	25,637,000	367,920,000
Interest expense	24	**(113,595,767)**	(114,156,340)	(172,464,352)
Impairment losses	22	**(29,587,319)**	(405,501)	(12,071,717)
Interest income	5, 6	**1,711,089**	2,680,377	3,332,103
Others - net	6, 30	**26,871,322**	72,359,093	(4,506,912)
		208,421,325	(13,885,371)	182,209,122
INCOME (LOSS) BEFORE INCOME TAX		**138,017,960**	(111,280,305)	214,531,344
PROVISION FOR (BENEFIT FROM) INCOME TAX	23	**89,183,676**	(69,093,173)	104,490,597
NET INCOME (LOSS)		**48,834,284**	(42,187,132)	110,040,747
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent years -				
Remeasurement gains (losses) on retirement liability - net of deferred tax	18	**(2,039,063)**	11,694,300	(2,313,070)
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱46,795,221**	(₱30,492,832)	₱107,727,677
Net income (loss) attributable to:				
Equity holders of the Parent Company		**₱29,502,668**	(₱47,826,957)	₱97,338,426
Noncontrolling interests	19	**19,331,616**	5,639,825	12,702,321
		₱48,834,284	(₱42,187,132)	₱110,040,747
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**₱28,381,183**	(₱40,039,287)	₱95,547,517
Noncontrolling interests		**18,414,038**	9,546,455	12,180,160
		₱46,795,221	(₱30,492,832)	₱107,727,677
Basic and Diluted Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company	26	**₱0.0111**	(₱0.0219)	₱0.0484

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(With Comparative Figures for 2020)

	Note	2022	2021	2020
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
CAPITAL STOCK - ₱0.25 par value	19			
Balance at beginning of year		**₱800,650,526**	₱563,529,313	₱497,620,222
Additional subscription		**152,954,502**	237,121,213	65,909,091
Collection of subscription receivable		**53,891,798**	–	–
Balance at end of year		**1,007,496,826**	800,650,526	563,529,313
ADDITIONAL PAID-IN CAPITAL	19			
Balance at beginning of year		**186,224,855**	117,452,141	97,020,326
Additions		**297,276,954**	75,878,790	21,090,909
Collection of subscription receivable		**17,068,287**	–	–
Stock issuance costs		**(1,352,458)**	(7,106,076)	(659,094)
Balance at end of year		**499,217,638**	186,224,855	117,452,141
RETAINED EARNINGS	19			
Balance at beginning of year		**135,971,303**	183,798,260	86,459,834
Net income (loss)		**29,502,668**	(47,826,957)	97,338,426
Balance at end of year		**165,473,971**	135,971,303	183,798,260
CUMULATIVE REMEASUREMENT GAINS ON RETIREMENT LIABILITY	18			
Balance at beginning of year		**10,913,571**	3,125,901	4,916,810
Net remeasurement gains (losses)		**(1,121,485)**	7,787,670	(1,790,909)
Balance at end of year		**9,792,086**	10,913,571	3,125,901
		1,681,980,521	1,133,760,255	867,905,615
NONCONTROLLING INTERESTS	19			
Balance at beginning of year		**355,194,200**	345,647,745	333,467,585
Net income		**19,331,616**	5,639,825	12,702,321
Other comprehensive income (loss)	18	**(917,578)**	3,906,630	(522,161)
Balance at end of year		**373,608,238**	355,194,200	345,647,745
		₱2,055,588,759	₱1,488,954,455	₱1,213,553,360

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(With Comparative Figures for 2020)

	Note	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱138,017,960**	(₱111,280,305)	₱214,531,344
Adjustments for:				
Unrealized gain on fair valuation of investment properties	10	**(323,022,000)**	(25,637,000)	(367,920,000)
Interest expense	24	**113,595,767**	114,156,340	172,464,352
Depreciation and amortization	11	**71,326,436**	87,393,146	92,309,357
Impairment losses	22	**29,587,319**	405,501	12,071,717
Reversal of allowance for impairment losses	6	**(20,734,364)**	(2,998,581)	(2,945,397)
Retirement benefits cost	18	**13,925,272**	6,861,768	5,982,415
Interest income	5, 6	**(1,711,089)**	(2,680,377)	(3,332,103)
Loss (gain) on disposal of property and equipment	11	**–**	417,573	(3,061,431)
Gross profit from sale of real estate in exchange for extinguishment of loans		**–**	–	(166,622,424)
Operating income (loss) before working capital changes		**20,985,301**	66,638,065	(46,522,170)
Decrease (increase) in:				
Receivables and contract assets		**(163,202,470)**	4,939,174	372,715,568
Real estate for sale		**(46,308,170)**	66,348,101	(41,893,908)
Other current assets		**46,659,612**	(39,908,400)	(58,831,823)
Increase (decrease) in:				
Trade and other payables		**(103,926,856)**	(293,376,062)	126,070,185
Contract liabilities		**(11,769,088)**	29,057,083	(4,090,814)
Net cash generated from (used for) operations		**(257,561,671)**	(166,302,039)	347,447,038
Interest paid		**(50,509,868)**	(121,705,551)	(167,386,086)
Interest received		**1,711,089**	2,680,377	3,332,103
Income taxes paid		**(1,582,757)**	(95,221)	(5,379,165)
Retirement benefits paid	18	**(279,700)**	–	–
Net cash provided by (used in) operating activities		**(308,222,907)**	(285,422,434)	178,013,890
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment properties	10	**(8,513,400)**	–	–
Property and equipment	11	**(7,539,442)**	(1,830,181)	(71,040,249)
Deferred exploration costs	9	**(4,230,044)**	(10,061,103)	(13,554,200)
Additions to other noncurrent assets		**3,366,666**	3,107,775	3,941,436
Proceeds from sale of property and equipment	11	**–**	10,757,625	3,595,136
Net cash provided by (used in) investing activities		**(16,916,220)**	1,974,116	(77,057,877)

(Forward)

	Note	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availments of long-term loans	14	**₱160,322,826**	₱–	₱–
Advances from third parties	16	**100,000,000**	–	–
Availments of short-term loans	29	**120,700,000**	34,154,632	–
Collection of subscriptions receivable	19	**70,960,085**	–	–
Issuances of capital stock	19	**–**	313,000,003	87,000,000
Deposits for future stock subscriptions	19	**–**	86,543,350	113,000,000
Stock issuance costs		**(1,352,458)**	(7,106,076)	(659,094)
Payments of:				
Short-term loans	29	**(68,500,000)**	(5,562,500)	(7,062,500)
Long-term loans	14	**(75,735,173)**	(128,573,346)	(243,256,061)
Lease liabilities	27	**(845,826)**	(685,000)	(684,999)
Obligation under finance lease		**(526,646)**	–	(1,832,621)
Convertible loans	14	**–**	(42,999,999)	(4,500,000)
Net cash provided by (used in) financing activities		**305,022,808**	248,771,064	(57,995,275)
NET INCREASE (DECREASE) IN CASH		**(20,116,319)**	(34,677,254)	42,960,738
CASH AT BEGINNING OF YEAR		**89,845,913**	124,523,167	81,562,429
CASH AT END OF YEAR	5	**₱69,729,594**	₱89,845,913	₱124,523,167

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(With Comparative Information for 2020)

1. General Information

Corporate Information

Premiere Horizon Alliance Corporation (PHA or the Parent Company), was registered with the Philippine Securities and Exchange Commission (SEC) on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company's primary and secondary purpose is to engage in business activities relating to entertainment, gaming, hotel, and leisure and to expand to mining and real estate industries, respectively.

On August 10, 2016, the SEC approved the change in the Parent Company's primary purpose to that of an investment holding company and the secondary purpose to engaging in business activities relating to entertainment, gaming, hotel, and leisure.

The Parent Company and its subsidiaries (collectively referred herein as "the Group") is currently involved in mining and real estate activities.

The Parent Company's registered address and principal place of business is at Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

As at December 31, 2022 and 2021 (and 2020), the subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

		Percentage of Ownership		
	Industry	Direct	Indirect	Total
West Palawan Premiere Development Corp. (WPP)	Real estate	100	–	100
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)	Real estate	–	100	100
Premiere Georesources and Development Inc. (PGDI)	Mining	69	–	69
Pyramid Hill Mining & Industrial Corp. (PHMIC)	Mining	–	68	68
Palawan Star Mining Ventures, Inc. (PSMVI)	Mining	–	68	68
Goshen Land Capital, Inc. (GLCI)	Real estate	55	–	55
Concepts Unplugged: Business Environment Solutions (CUBES), Inc.*	Management , investment and/or technical solutions	51	–	51
Premiere Horizon Business Services, Inc. (PHBSI)*	Human resource management	100	–	100
PH Mining and Development Corporation (PHMDC)*	Mining	100	–	100
PH Agriforest Corporation (PHAC)*	Forestry	100	–	100
PH Big Bounty Entertainment, Inc. (PBBEI)*	Amusement	100	–	100
Digiwave Solutions Incorporated (DSI)*	Information technology	100	–	100

**Non-operating*

Status of Operations and Corporate Initiatives

The financial position and financial performance of the Group were affected by the Corona Virus Disease (COVID-19) pandemic resulting in a liquidity gap on its currently maturing liabilities of ₱751.9 million and ₱1.1 billion as at December 31, 2022 and 2021. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. These events and conditions exists that may cast significant doubt on the Group's ability to continue as a going concern.

In 2022 and 2021, the Group has undertaken the following activities:

- In 2021, PHA increased its authorized capital stock from ₱563.6 million divided into 2,254,224,000 common shares at ₱0.25 par value a share to ₱1.5 billion divided into 6,000,000,000 common shares at ₱0.25 par value share. This was approved by the SEC on May 28, 2021. A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at ₱0.33 a share for a total consideration of ₱925.0 million, of which, ₱371.0 million has been received as at December 31, 2022 (see Note 19).

- Convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares. These converted notes were reclassified capital stock upon approval of the SEC in 2022 (see Note 19).

- In February 2023, the BOD approved the call for payment on all unpaid subscriptions. Due date for the payment of the unpaid subscriptions was set on or before March 6, 2023. Failure to pay the shares 30 days after the set date will render the shares delinquent. At the end of the 30-days compliance period, the delinquent shares will be sold at a public action (see Note 19).

- Other initiatives are:

  - Negotiate principal payment extensions and deferrals with creditors;
  - Secure loans with the Group assets; and
  - Reduction and efficient management of operating expenses.

With these initiatives, the Group has been able to improve its financial position and expects that it will be able to improve its financial performance as well. Accordingly, the Group has prepared its financial statements on a going concern basis.

Approval of the Consolidated Financial Statements

The consolidated financial statements as at and for the years ended December 31, 2022 and 2021 (with comparative figures for 2020) were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2023, as recommended for approval by the Audit Committee on the same day.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

In December 2020, the SEC issued Memorandum Circular (MC) No. 34, Series of 2020, which further extended the deferral of the application of the provisions of Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2018-12 with respect to accounting for significant financing component and exclusion of land in the calculation of percentage of completion (POC) and IFRIC Agenda Discussion on over time transfers of constructed goods under PAS 23, *Borrowing Cost*, for another period of three years or until 2023.

The Group opted to avail the relief in connection with the accounting for significant financing component and exclusion of land in the calculation of POC. The impact of the application of such financial reporting relief is discussed in the "Adoption of Amendments to PFRS and PIC Issuances Issued but Not Yet Effective or Adopted" section of the notes to the consolidated financial statements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment properties which are measured at fair value, retirement liability measured at the present value of defined benefit obligation and lease liabilities measured at the present value of future lease payments.

Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring a liability.

Fair value is the 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 Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in Notes 10 and 28.

Adoption of Amended to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

  - Amendment to PFRS 16, *Lease Incentives* – The amendment removed from Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

The adoption of the foregoing amended to PFRS did not have any material effect on the consolidated financial statements. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

<u>Amendments to PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted</u>
Relevant amendments to PFRS and PIC issuances which are not yet effective 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,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- 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. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related 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 should be applied on a modified retrospective basis. Earlier application is permitted.

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

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use (ROU) asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

Deferred effectivity:

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- PIC Q&A 2018-12-D, *PFRS 15 Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-04)*. On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)" until December 31, 2023.

- PIC Q&A 2018-12-E Treatment of Land in the Determination of the POC – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.

  The Group availed of the SEC relief with respect to accounting for significant financing component and exclusion of land in determining the POC. The adoption of this guidance would have an impact to the interest income (expense), revenue from real estate sales, contract assets, income tax and the opening balance of retained earnings in the year of adoption. The Group is still assessing if the mismatch between the POC and right to an amount of consideration constitutes a significant financing component.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS and PIC issuances, except for the potential impact of assessing if the transaction price includes a significant financing component and the exclusion of land in determining the POC, is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company 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 Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance.

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

NCI represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combinations and Goodwill. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in "General and administrative expenses" account in the consolidated statement of comprehensive income.

For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Group at their carrying amounts as if the combinations had occurred from the date when the acquired companies first became under the control of the Group. The excess of the net carrying amounts of the assets and liabilities of the acquired companies over the cost of business combinations is recognized under "Excess of net assets over acquisition cost of acquired subsidiaries" account in the equity section of the consolidated statement of financial position.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of comprehensive income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group measures in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group also recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. When the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the CGUs to which the goodwill is allocated. These budgets and forecasts calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

When goodwill has been allocated to a cash generating unit or group of cash generating units and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

When business combination involves more than one exchange transaction (occurs in stages), each exchange transaction is treated separately by the Group, using the cost of transaction and fair value information at the date of each exchange transactions, to determine the amount of goodwill associated with that transaction. Any adjustment to fair value relating to the previously held interest is a revaluation and is accounted for as such.

When subsidiaries are sold, the difference between the selling price and the net assets plus goodwill is recognized in profit or loss.

Asset Acquisition. If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, *Business Combinations*, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement 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 normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in 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" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as

the best estimate of fair value and recognizes "Day 1" difference 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" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

As at December 31, 2022 and 2021, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Group's cash, contract receivables, trade receivables, security deposits and receivable from PAGCOR (presented as part of "Other noncurrent assets").

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group's loans payable, trade and other payables (excluding statutory liabilities), and dividends payable.

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, 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.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

Trade Receivables and Contract Assets. The Group has applied the simplified approach in measuring the ECL on trade receivables and contract assets. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only 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 assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Real Estate for Sale and Land and Development Costs
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;
- Construction and development costs; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Creditable Withholding Taxes (CWT)
CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount. CWT that are expected to be utilized as payment for income taxes beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

Other Current Assets
This account mainly consists of excess of input value-added tax (VAT) over output VAT, advances to suppliers and contractors, and supplies, among others.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statement of financial position.

Deferred input VAT represents input VAT on purchase of capital goods exceeding ₱1.0 million prior to 2022. The related input VAT is recognized over five years or the useful life of the capital goods whichever is shorter. Input VAT is stated at its estimated realizable value.

Advances to Suppliers and Contractors. Advances to suppliers and contractors represent advance payments on goods and services to be incurred in connection with the Group's projects and operation. These are charged to expense or capitalized to projects in the consolidated statement of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Refundable advances to contractors and suppliers are classified as financial assets. Advance payments to suppliers and contractors that will be applied against future billings or expected to be refunded beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

Supplies. Supplies consist of spare parts for the day to day repairs and maintenance of the Group's property and equipment. These are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. Net realizable value is the current replacement cost.

Investment Properties

Investment properties comprise of land for future development held by the Group for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date, as determined by independent appraisers. Gains and losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which these arise.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Deferred Exploration Costs

Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource) are deferred as incurred and included under "Deferred exploration costs" account in the consolidated statement of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures, and subsequent mine development costs are capitalized as part of the mine and mining properties account classified under property, plant and equipment.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and impairment losses, if any. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when 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 cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Office space building and office space improvements	5 - 10 years
Heavy equipment	5- 8 years
Leasehold improvements	5 years or the term of the lease, whichever is shorter
Furniture and fixtures	2- 5 years
Transportation equipment	5 years
Office and other equipment	3 - 5 years

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization is consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. 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 in the year the asset is derecognized.

Construction in progress, which includes cost of construction and other direct costs, is stated at cost and is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the year the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from the indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Film Rights. Film rights include the unamortized cost of completed theatrical films and television projects and film rights acquired. Film rights principally consist of direct production costs, production overhead, development and pre-production costs and are stated at cost less accumulated amortization and any impairment in value. Amortization of film and television production costs starts when a film is released and revenues on that film are recognized. Amortization is made in proportion to the actual income earned during the year as against total estimated income. The total estimated income is subject to periodic evaluation by management based on actual income generated from those films.

Exclusive Distribution Right. Exclusive distribution right pertains to the exclusive right to distribute the Thermo Chiller system which was acquired as a result of a business combination. Exclusive distribution right is amortized on a straight-line basis over its estimated useful life of 10 years.

Impairment of Nonfinancial Assets (excluding Goodwill)

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 (CGU) 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.

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. 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 profit or loss. After such a reversal the depreciation and amortization 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.

Convertible Loans Payable

Convertible loans payable is separated into liability and equity components based on the terms of the contract.

On issuance of the convertible loans payable, the fair value of the liability component is determined using the market rate for an equivalent non-convertible loan. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity as part of additional paid-in capital. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible loan payable based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

When the convertible loans payable is extinguished before maturity, through an early redemptions or repurchase in which the original conversion privileges are unchanged an allocation is made for the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of transaction. The method of allocating the consideration paid and the transaction costs to the separate component is consistent with that used in the original allocation to the separate components or the proceeds received by the entity when the convertible loan payables were issued.

Deposit for Future Stock Subscription

Deposit for future stock subscription represents funds received by the Parent Company from an existing stockholder to be applied as payment for subscription of unissued shares or shares from the increase in authorized capital stock.

The Parent Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

b) There is BOD and stockholders approval on the proposed increase in the authorized capital stock (for which a deposit was received by the corporation); and

c) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If the foregoing conditions are not met, the deposit for future stock subscription is presented as a liability.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Equity component of convertible instruments are also included in additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

Subscription Receivable

Subscriptions receivable pertain to the uncollected portion of the subscribed shares.

NCI

NCI represent the portion of profit or loss and the net assets not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from total equity attributable to owners of the Parent Company. Any losses applicable to a non-controlling shareholder of a consolidated subsidiary in excess of the non-controlling shareholder's equity in the subsidiary are charged against the NCI even if this results in NCI having a deficit.

NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

Retained Earnings

Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends declared to date.

Cumulative Remeasurement Gains on Retirement Liability

This pertains to accumulated remeasurement gains on retirement liability, which are not recognized in profit or loss. Remeasurement gain or loss when earned or incurred during the year are classified as other comprehensive income or loss and presented after net income in the consolidated statements of comprehensive income. The cumulative remeasurement gains or losses are separately presented in the equity section of the consolidated statements of financial position.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Sale of Real Estate. The Group derives its real estate revenue from real estate development and subdivided lots. Revenue from sales of substantially completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion).

Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of construction cost, construction management cost, land development, planning cost, permits and land cost. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Contract Balances

Receivables (Including Installment Receivables). A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced and payments in excess of percentage of completion.

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "General and administrative expense" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, Derecognition and Impairment of Capitalized Costs to Obtain a Contract. The Group amortizes capitalized costs to obtain a contract over the expected construction period using the percentage of completion following the pattern of real estate revenue recognition. The amortization of cost to obtain a contract is included within "General and administrative expense". A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Mining-related Services. Revenue from mining-related services represents earnings from the operation of the Group's hauling services and equipment rental which are recognized over time as the services are rendered. The Group bills a fixed amount for every output delivered and recognizes revenue in the amount for which it has the right to invoice.

Service Income. Revenue from service income is recognized over time as the services are rendered.

Penalty. Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when buyers have defaulted in paying their dues and the collectability is reasonably assessed. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Interest Income. Interest income is recognized as the interest accrues using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount. Interest income from bank deposits is recognized as it accrues.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sold. Cost of real estate sold is recognized consistent with the revenue recognition method applied. Cost of real estate sold includes all direct materials and labor costs, and those indirect costs related to contract performance. Cost of real estate sold before the completion of the development includes estimated costs for future development work, all estimated by the Parent Company's project engineers. When it is probable that the labor contract cost will exceed total contract revenue, the expected loss is recognized immediately. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins, are recognized in the year in which the revisions are determined. The cost of inventory recognized in profit or loss in the consolidated statement of comprehensive income upon sale is determined with reference to the specific costs incurred on the property, allocated to the saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Cost of Services. Cost of services is recognized as expense when services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Other Income (Charges). Other income (charges) includes interest income on contract receivables, other income and expenses which are incidental to the Group's business operations and are recognized in the consolidated statement of comprehensive income when earned (as incurred).

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
b) the right to direct the use of the identified asset.

At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;
b) any lease payments made at or before the commencement date less any lease incentives received;
c) any initial direct costs; and
d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

a) fixed payments, including in-substance fixed payments;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable by the lessee under residual value guarantees; and
d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Group as a Lessor. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Pension Costs. The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it 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 or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

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

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 profit or loss.

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the Parent Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

Operating Segments

The Group is organized into business units wherein operating results are regularly monitored by the chief operating decision maker (CODM) for the purpose of making decisions about resource allocation and performance assessment. As permitted by PFRS 8, *Operating Segments*, the Group has aggregated these segments into a single operating segment to which it derives its revenues and incurs expenses as these segments have the same economic characteristics and are similar in the following respects:

- the nature of products and services;
- the nature of production processes;
- the type or class of customer for the products and services; and
- the methods used to distribute their products and services.

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.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements 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.

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, 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. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

Recognizing Revenue and Cost of Sale from Real Estate Sales:

- *Assessing the Existence of a Contract*. The Group documents sale of real estate properties in a signed contract to sell, which meets the revenue recognition criteria as provided under PFRS 15. Moreover, the Group assesses the collectability of the consideration as part of its revenue recognition policy based on the buyer's substantial initial and continuing investments for the buyer to put a stake on the property and to honor its obligation. Collectability is also assessed by considering factors such as previous experience with the buyer and the pricing of the property. Management regularly evaluates the historical cancellations to support its current threshold of customers' equity.

- *Recognizing Revenue Method and Measuring Progress*. The Group has assessed that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that the input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customer.

- *Identifying the Performance Obligation.* The Group has identified its performance obligation in each of its contracts to sell. For subdivided lot, the developer integrates the lots it sells with the associated infrastructure to transfer the serviced land promised in the contract. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into serviced land in accordance with the approved plan.

- *Determining the Actual Cost Incurred as Cost of Sales.* In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

- *Assessing the Transfer of Control to Buyer.* In assessing the transfer of control to the buyer, the Group considers the transfer of the legal title of the property through the conveyance of real estate properties to the buyers. The Group initiates the execution of a contract in public instrument that constitutes constructive delivery of the property where ownership was already considered transferred.

Classifying Leases - Group as a Lessor. The Group has entered into operating leases on its heavy equipment. These leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and the related lease terms do not approximate the estimated useful life of the assets being leased. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classifying Investment Properties and Real Estate Held for Sale. The Group determines whether a property will be classified as real estate held for sale, or investment property. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate held for sale). All other properties that are not yet determined to be sold in the normal operating cycle and are held for capital appreciation are classified as investment properties. The Group considers each property separately in making its judgment.

The carrying value of real estate held for sale amounted to ₱811.7 million and ₱765.4 million as at December 31, 2022 and 2021, respectively, while the carrying value of investment properties as at December 31, 2022 and 2021 amounted to ₱2,023.6 million and ₱1,692.0 million, respectively (see Notes 7 and 10).

Evaluating Contingencies. There are ongoing legal proceedings involving the Group which management believes would not have a material adverse impact on the Group's financial position and results of operations. The estimate of probable costs for the resolution of possible claims have been developed in consultation with legal counsel handling the Group's defense in these matters and is based upon an analysis of potential results (see Note 30).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognizing Revenue on Real Estate Sales. The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate is recognized based on the proportion of cost incurred to date over total estimated cost of the real estate project.

Real estate sales amounted to ₱332.9 million and ₱173.9 million in 2022 and 2021, respectively (₱479.3 million in 2020) (see Note 4).

Determining the Fair Value of Investment Properties. The Group engaged an independent appraiser to determine the fair value of its investment properties. The fair values of investment properties as of report date were based on the detailed appraisal performed on December 14, 2019 and repriced in accordance with prevailing market prices prevailing as at September 28, 2022, November 7, 2022 and December 22, 2022. The fair values of investment properties were determined using the Market Approach. Market Approach involves the comparison of the land to those that are located within the vicinity of the appraised property and are subject of recent sales and offerings.

Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

Fair value changes which were recognized in profit or loss amounted to ₱323.0 million and ₱25.6 million in 2022 and 2021, respectively (₱367.9 million in 2020). The carrying value of investment properties as at December 31, 2022 and 2021 amounted to ₱2,023.6 million and ₱1,692.0 million, respectively (see Note 10).

Determining the Impairment of Trade Receivables and Contract Receivables. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The impairment assessment also takes into consideration that titles to real estate properties are not transferred to the buyers until full payment is made.

In 2022, the Group reversed allowance for impairment losses amounting to ₱20.7 million pertaining to contract receivables and contract assets. Further in 2022, the Group provide impairment losses on other receivables ₱29.2 million, which was written-off in the same year (see Notes 6 and 22).

The Group did not recognize provision for ECL in 2021 and 2020. Allowance for ECL amounted to ₱7.6 million and ₱28.3 million as at December 31, 2022 and 2021, respectively. The aggregate carrying values of receivables and contract assets amounted to ₱542.2 million and ₱392.0 million as at December 31, 2022 and 2021, respectively (see Notes 6 and 7).

Determining the NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Group writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell. The carrying value is reviewed at least annually for any decline in value.

No provision was recognized in 2022, 2021 and 2020. The carrying values of inventories and supplies inventory carried at lower of cost and NRV are as follows:

	Note	2022	2021
Real estate for sale and land held for future development	7	**₱811,694,228**	₱765,386,058
Supplies*	8	**1,014,278**	2,309,750

**Included under "Other current assets" account in the consolidated statements of financial position.*

Assessing the Impairment of Deferred Exploration Costs. The Group reviews the carrying values of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves.

An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. No provision for impairment loss was recognized in 2022, 2021 and 2020. Deferred exploration costs amounted to ₱418.0 million and ₱413.8 million as at December 31, 2022 and 2021, respectively (see Note 9).

Estimating the Impairment of Goodwill. The Group is required to annually test the amount of goodwill for impairment. The recoverable amounts of CGUs have been determined based on the higher of fair value less cost of disposal and value-in-use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. Estimating the value-in-use require the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a company having substantially the same risks and characteristics. Current and historical transactions have been used as indicators of future transactions.

The Group did not recognize an impairment loss on goodwill in 2022, 2021 and 2020. The carrying value of goodwill amounted to ₱15.7 million as at December 31, 2022 and 2021 (see Note 13). Management believes that any reasonable change in any of the above key assumptions on which the recoverable amount is based on would not cause the carrying value of the goodwill to materially exceed its recoverable amount.

Estimating the Useful Lives of Property and Equipment and ROU Assets. The Group estimates the useful lives of the property and equipment and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment and ROU assets in 2022, 2021 and 2020. The aggregate carrying amount of property and equipment and ROU assets amounted to ₱71.9 million and ₱135.1 million as at December 31, 2022 and 2021, respectively (see Notes 11, 13 and 27).

Determining the Impairment of Nonfinancial Assets (Except Goodwill and Deferred Exploration Costs). The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Properties, property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible asset is reviewed annually for impairment while it is still not yet available for use. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial statements.

No provision for impairment loss was recognized in 2022, 2021 and 2020. The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31, 2022 and 2021 are as follows:

	Note	2022	2021
Property and equipment	11	**₱71,927,372**	135,109,701
Film rights	12	**2,838,511**	3,244,012
ROU assets	13, 27	**950,770**	10,646
Other assets*		**182,932,723**	233,298,571

** excluding receivable from PAGCOR and security deposits.*

Determining the Retirement Benefits Cost. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Retirement liability amounted to ₱45.1 million and ₱28.7 million as at December 31, 2022 and 2021, respectively (see Note 18). Retirement benefits cost recognized in profit or loss amounted to ₱13.9 million and₱6.9 million (₱6.0 million in 2020). The remeasurement gain (loss) recognized in other comprehensive income amounted to (₱2.0 million) and ₱11.7 million in 2022 and 2021, respectively (remeasurement loss of ₱2.3 million in 2020) (see Note 18).

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized deferred tax assets of the Group amounted to ₱27.6 million and ₱25.9 million as at December 31, 2022 and 2021, respectively. As at December 31, 2022 and 2021, no deferred tax assets were recognized for NOLCO and other deductible temporary differences (see Note 23). Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

4. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the business activity, with each segment representing strategic unit that offers different services and serves different markets. The Group has three reportable segments as follows:

- Mining segment pertains to the operations of PGDI Group for the hauling services it provides with mining companies and the exploration activities of its mining tenements.
- Real estate segment pertains to the operations of GLCI which develops and sells innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories.
- Service contract segment pertains to the beach operations of TCNBI and to the rental of mining equipment of PGDI.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors operating results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The financial position of the business segments as at December 31, 2022 and 2021 are as follows:

	2022					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱21,564,750	₱45,424,499	₱–	₱2,740,345	₱–	₱69,729,594
Contract assets	–	104,423,989	–	–	–	104,423,989
Receivables	140,154,721	326,784,639	5,496	1,024,741,871	(1,049,359,047)	442,327,680
Real estate held for sale	–	456,209,175	–	348,550,961	6,934,092	811,694,228
Investment properties	–	8,513,400	–	2,015,047,000	–	2,023,560,400
Deferred exploration costs	418,042,647	–	–	–	–	418,042,647
Intangible assets	–	–	–	2,838,511	–	2,838,511
Property and equipment	63,260,778	3,472,716	–	5,170,322	–	71,903,816
Deferred tax assets	–	–	–	–	27,580,919	27,580,919
Other assets	54,097,812	112,205,204	–	21,814,771	15,701,804	203,819,591
	₱697,120,708	₱1,057,033,622	₱5,496	₱3,420,903,781	(₱999,142,232)	₱4,175,921,375
LIABILITIES						
Loans payable	₱–	₱379,879,400	₱–	₱428,754,632	₱–	₱808,634,032
Trade and other payables	132,890,350	161,790,879	5,308,615	1,376,384,311	(1,092,838,530)	583,535,625
Contract liabilities	–	25,107,618	–	–	–	25,107,618
Dividend payable	–	–	–	45,250,000	(5,450,000)	39,800,000
Retirement liability	37,435,352	5,738,478	–	1,886,046	–	45,059,876
Advances from third parties	–	–	–	100,000,000	–	100,000,000
Deferred tax liabilities	–	53,395,117	–	383,280,742	81,519,606	518,195,465
	₱170,325,702	₱625,911,492	₱5,308,615	₱2,335,555,731	(₱1,016,768,924)	₱2,120,332,616

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱61,743,076	₱22,231,838	₱10,000	₱5,860,999	₱–	₱89,845,913
Contract assets	–	315,378,037	–	–	–	315,378,037
Receivables	85,735,766	61,569,211	11,996	527,591,973	(598,290,329)	76,618,617
Real estate held for sale	–	393,698,301	–	364,753,665	6,934,092	765,386,058
Investment properties	–	–	–	1,692,025,000	–	1,692,025,000
Deferred exploration costs	413,812,603	–	–	–	–	413,812,603
Intangible assets	–	–	–	3,244,012	–	3,244,012
Property and equipment	128,797,001	1,079,302	118,155	5,115,243	–	135,109,701
Deferred tax assets	–	–	–	25,924,291	–	25,924,291
Other assets	54,581,581	95,624,478	–	86,997,882	15,701,804	252,905,745
	₱744,670,027	₱889,581,167	₱140,151	₱2,711,513,065	(₱575,654,433)	₱3,770,249,977
LIABILITIES						
Loans payable	₱–	₱295,291,747	₱–	₱376,554,632	₱–	₱671,846,379
Trade and other payables	121,628,732	169,432,994	4,847,773	1,360,483,312	(1,047,164,990)	609,227,821
Contract liabilities	–	36,876,706	–	–	–	36,876,706
Dividend payable	–	–	–	45,250,000	(5,450,000)	39,800,000
Retirement liability	24,229,913	2,634,723	–	1,830,917	–	28,695,553
Deposit for future stock subscription	–	–	–	465,231,457	–	465,231,457
Deferred tax liabilities	–	40,433,519	–	288,779,059	100,405,028	429,617,606
	₱145,858,645	₱544,669,689	₱4,847,773	₱2,538,129,377	(₱952,209,962)	₱2,281,295,522

The revenue and profit information of the business segments for the years ended December 31, 2022 2021 and 2020 are as follows:

	2022					
	Mining	**Real Estate**	**Service Contracts**	**Others**	**Eliminations**	**Total**
Revenues	**₱112,144,168**	**₱332,947,784**	**₱445,030**	**₱–**	**₱–**	**₱445,536,982**
Costs and expenses	**(148,703,200)**	**(232,725,244)**	**(129,995)**	**(134,381,908)**	–	**(515,940,347)**
Operating income (loss)	**(36,559,032)**	**100,222,540**	**315,035**	**(134,381,908)**	–	**(70,403,365)**
Interest expense	–	**(54,758,761)**	–	**(58,837,006)**	–	**(113,595,767)**
Impairment losses – net	–		–	**(29,587,319)**	–	**(29,587,319)**
Interest income	**14,709**	**23,317**	–	**1,673,063**	–	**1,711,089**
Other income (charges) – net	**14,709**	**619,775,643**	**(140,098)**	**(269,756,932)**	–	**349,893,322**
Provision for income tax	–	**94,528,677**	–	**(5,345,001)**	–	**89,183,676**
	(₱36,529,614)	**₱570,734,062**	**₱174,937**	**(₱485,545,101)**	**₱–**	**₱48,834,284**

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues	₱174,681,141	₱173,933,534	₱502,880	₱–	₱–	₱349,117,555
Costs and expenses	(180,568,345)	(147,299,561)	(1,744,113)	(117,305,971)	–	(446,917,990)
Operating income (loss)	(5,887,204)	26,633,973	(1,241,233)	(117,305,971)	–	(97,800,435)
Interest expense	(2,753,478)	(47,573,517)	–	(63,829,345)	–	(114,156,340)
Interest income	21,235	24,335	–	2,634,807	–	2,680,377
Other income (charges) – net	(3,149,816)	66,656,561	60,000	34,429,348	–	97,996,093
Provision for income tax	(246,588)	(46,460,236)	–	(22,386,349)	–	(69,093,173)
	(₱11,522,675)	₱92,201,588	(₱1,181,233)	(₱121,684,812)	₱–	(₱42,187,132)

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues	₱241,736,071	₱479,301,585	₱1,499,950	₱–	₱–	₱722,537,606
Costs and expenses	(251,658,910)	(367,517,731)	(2,324,659)	(69,119,585)	–	(690,620,885)
Operating income (loss)	(9,922,839)	111,783,854	(824,709)	(69,119,585)	–	31,916,721
Interest expense	(8,858,752)	(68,769,379)	–	(94,836,221)	–	(172,464,352)
Impairment losses – net	(5,243,283)	(1,256,703)	–	(5,166,230)	–	(11,666,216)
Interest income	46,372	3,269,764	–	15,967	–	3,332,103
Other income (charges) – net	6,006,827	(10,501,114)	–	367,907,375	–	363,413,088
Provision for income tax	(986,353)	6,844,578	–	(110,348,822)	–	(104,490,597)
	(₱18,958,028)	₱41,371,000	(₱824,709)	₱88,452,484	₱–	₱110,040,747

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue from contracts with customers in 2022, 2021 and 2020 are presented below:

	2022	2021	2020
By type of goods or services			
Real estate			
Residential dwellings	**₱207,137,308**	₱104,014,495	₱133,096,411
Lots	**125,810,476**	69,919,039	361,926,700
Less -			
Other sales cancellation (lots)	–	–	(15,721,526)
Mining			
Service contracts	**112,144,168**	174,681,141	241,736,071
Service income	**445,030**	502,880	1,499,950
	₱445,536,982	₱349,117,555	₱722,537,606

5. Cash

This account consists of:

	2022	2021
Cash on hand	**₱16,027,072**	₱618,910
Cash in banks	**53,702,522**	89,227,003
	₱69,729,594	₱89,845,913

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.05 million and ₱0.07 million in 2022 and 2021, respectively (₱0.06 million in 2020).

6. Receivables

This account consists of:

	Note	2022	2021
Contract receivables		**₱316,621,402**	₱35,186,931
Advances to officers and employees	17	**104,226,695**	63,724,304
Trade receivables		**24,426,819**	1,388,982
Others		**4,636,569**	4,636,569
		449,911,485	104,936,786
Less allowance for ECL		**7,583,805**	28,318,169
		₱442,327,680	₱76,618,617

Contract receivables arise from sale of real estate properties. These receivables are collectible in monthly installment over a period of one to 10 years and bear annual effective interest rates ranging from 8.00% to 16.00%. Titles to real estate properties are not transferred to the buyers until full payment is made. Interest income from contracts receivable amounted to ₱1.7 million and ₱2.6 million in 2022 and 2021, respectively (₱3.3 million in 2020).

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are liquidated 30 days from the date the cash advances are made.

Trade receivables, net of allowance for ECL, include short-term and noninterest-bearing receivable arising from hauling services operations. Credit terms for trade receivables are 30 to 60 days. In 2020, trade receivables without allowance for ECL amounting to ₱5.1 million were directly written off by the Group (see Note 22).

Other receivables pertain to advances for liquidation that are noninterest bearing and are due within one year.

Contract Balances

The following table presents the breakdown of contract assets by maturity dates:

	2022	2021
Due within one year	**₱34,842,065**	₱207,165,921
Due after one year	**69,581,924**	108,212,116
	₱104,423,989	₱315,378,037

Contract liabilities amounted to ₱25.1 million and ₱36.9 million as at December 31, 2022 and 2021, respectively.

Contract receivables and contract assets with a total amount of ₱86.6 million and ₱52.3 million as at December 31, 2022 and 2021, respectively, were assigned with recourse to banks and other non- bank financing institutions. These receivables were not derecognized as the Group retains substantially all risks and rewards of ownership of the receivables (see Note 14).

Movements in the allowance for ECL follows:

		2022			
	Note	**Contract Receivables and Contract Assets**	**Trade Receivable**	**Others**	**Total**
Balance at beginning of year		**₱23,681,600**	**₱–**	**₱4,636,569**	**₱28,318,169**
Provision	22	**–**	**–**	**29,181,818**	**29,181,818**
Write-off		**–**	**–**	**(29,181,818)**	**(29,181,818)**
Reversal		**(20,734,364)**	**–**	**–**	**(20,734,364)**
Balance at end of year		**₱2,947,236**	**₱–**	**₱4,636,569**	**₱7,583,805**

	2021			
	Contract Receivables and Contract Assets	Trade Receivable	Others	Total
Balance at beginning of year	₱23,681,600	₱1,787,649	₱5,847,501	₱31,316,750
Reversal	–	(1,787,649)	(1,210,932)	(2,998,581)
Balance at end of year	₱23,681,600	₱–	₱4,636,569	₱28,318,169

Reversal of allowance for ECL was included under "Other income (charges)" in the consolidated statements of comprehensive income.

7. Real Estate Held for Sale

This account consists of:

	2022	2021
Real estate under development and subdivided lots held for sale	**₱730,094,443**	₱580,960,307
Land and land development	**81,599,785**	184,425,751
	₱811,694,228	₱765,386,058

A summary of the movement in real estate under development and subdivided lots held for sale is set out below:

	2022	2021
Balance at beginning of year	**₱580,960,307**	₱647,308,408
Construction development costs incurred	**296,317,711**	7,732,583
Cost of real estate sales	**(147,183,575)**	(74,080,684)
Balance at end of year	**₱730,094,443**	₱580,960,307

Real estate under development and subdivided lots held for sale include on-going residential projects of the Group. The estimated cost to complete the projects amounted to ₱217.1 million and ₱210.9 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, certain lots and units with carrying value of ₱52.7 million as at December 31, 2022 and 2021 are held as collateral for the Group's bank loans (see Note 14).

8. Other Current Assets

This account consists of:

	2022	2021
Input VAT	**₱47,808,320**	₱41,332,391
Advances to suppliers and contractors	**16,734,933**	77,844,500
Security deposits	**1,191,592**	852,022
Supplies	**1,014,278**	2,309,750
Prepayments	**433,780**	10,000
Others	**145,696**	5,381,804
	67,328,599	127,730,467
Less allowance for impairment losses	**4,502,030**	4,502,030
	₱62,826,569	₱123,228,437

Details of input VAT as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	Current	**Noncurrent (Note 13)**	Current	Noncurrent (Note 13)
Input VAT	**₱47,808,320**	**₱8,007,881**	₱41,332,391	₱11,162,017
Less allowance for impairment losses	**4,502,030**	**4,377,303**	4,502,030	4,377,303
	₱43,306,290	**₱3,630,578**	₱36,830,361	₱6,784,714

In 2020, input VAT without allowance for impairment losses amounting to ₱5.2 million were directly written off by the Group (see Note 22).

Advances to suppliers and contractors represent down payments for development and construction contracts. The initial down payments will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the suppliers and contractors.

In 2020, advances to suppliers and contractors without allowance for impairment losses amounting to ₱1.3 million were directly written-off by the Group (see Note 22).
Supplies pertain to parts and materials used in the repair and maintenance of the Group's heavy equipment being used in its mining-related activities.

Prepayments include prepaid insurance which will be amortized within three to twelve months at the end of the financial reporting date, prepaid rent and cost to obtain contracts, i.e., commission that is related to the real estate sales.

Others pertain mainly to cash bonds of the Group.

9. Deferred Exploration Costs

Deferred exploration costs relate to the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC in Barangay Isumbo, Sofronio Española and Barangay Pinaglabanan, Quezon in the Province of Palawan, known as the Panitian Limestone Project. The subsidiaries holding the Mineral Production Sharing Agreements (MPSAs) are still under the pre-operating stage and the limestone project is still under the exploration stage as at December 31, 2022.

The Panitian Limestone Project in Barangay Isumbo and Barangay Pinaglabanan covers 10,384.11 hectares under MPSA 172-2001-IV and MPSA 173-2001-IV. The MPSAs were approved on January 16, 2001 and are valid for 25 years, expiring on January 16, 2026. As at December 31, 2022, the Group is in the process of renewing the exploration period subject to the evaluation and approval of MGB.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱418.0 million and ₱413.8 million as at December 31, 2022 and 2021, respectively. Additions to deferred exploration costs amounted to ₱4.2 million and ₱10.1 million in 2022 and 2021, respectively.

No impairment loss was recognized in 2022, 2021 and 2020.

10. **Investment Properties**

Below are the investment properties of the Group per location as at December 31:

	2022	2021
Puerto Princesa City, Palawan		
Site I	**₱1,964,770,000**	₱1,649,807,000
Site II	**50,277,000**	42,218,000
	2,015,047,000	1,692,025,000
Cabanatuan City, Nueva Ecija	**8,513,400**	–
	₱2,023,560,400	₱1,692,025,000

Sites I and II are situated in Sitios Busay and Candes, respectively, both being located within Barangay Bacungan, Puerto Princesa City.

The fair values of the investment properties were determined based on valuations performed by independent qualified appraiser using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listing to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the property and were premised on the factors of location, size and shape of the lot, time, element and others.

The selling price is adjusted for certain external and internal factors ranging from negative 5% to positive 35%. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value.

The unobservable inputs used in the fair valuation for Sites I and II are as follows:

	2022	
	Site I	**Site II**
Land area (square meter)	**4,999,414**	**127,932**
Price per square meter	**₱393**	**₱393**
Fair value	**₱1,964.77 million**	**₱50.28 million**

	2021	
	Site I	Site II
Land area (square meter)	4,999,414	127,932
Price per square meter	₱330	₱330
Fair value	₱1,649.81 million	₱42.22 million

The investment property located in Cabanatuan City acquired in 2022 approximates its fair value as at December 31, 2022.

Based on the analysis of the land usage surrounding the Nagtabon, Puerto Princesa investment property, the highest and best use of the investment property for Site I is to be a commercial development such as beach resort or hotel resort and interim highest and best use for Site II is an agricultural land utilization, until such time when it is ripe for any other type of development.

Unrealized gain on fair valuation of investment properties amounted to ₱323.0 million and ₱25.6 million 2022 and 2021, respectively (₱367.9 million in 2020).

As at December 31, 2022 and 2021, investment properties amounting to ₱68.1 million were used as collateral for convertible loans and callable loans (see Note 14).

11. Property and Equipment

The movements of this account are as follows:

	2022							
	Office Space Building and Office Space Improvements	**Heavy Equipment**	**Leasehold Improvements**	**Furniture and Fixtures**	**Transportation Equipment**	**Office and Other Equipment**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	₱20,384,323	₱437,036,842	₱9,173,965	₱3,295,271	₱67,744,489	₱60,667,409	₱–	₱598,302,299
Additions	107,000	–	–	–	2,078,149	5,354,293	–	7,539,442
Disposal	–	–	–	(45,692)	–	(209,391)	–	(255,083)
Balance at end of year	20,491,323	437,036,842	9,173,965	3,249,579	69,822,638	65,812,311	–	605,586,658
Accumulated Depreciation and Amortization								
Balance at beginning of year	12,704,626	294,653,218	9,012,508	3,181,704	51,777,189	52,384,062	–	423,713,307
Depreciation and amortization	–	62,376,491	–	53,659	5,141,371	3,173,806	–	70,745,327
Disposal	–	–	–	(45,692)	–	(209,391)	–	(255,083)
Balance at end of year	12,704,626	357,029,709	9,012,508	3,189,671	56,918,560	55,348,477	–	494,203,551
Accumulated Impairment								
Balance at beginning and end of year	3,645,404	34,515,607	–	–	1,318,280	–	–	39,479,291
Net Carrying Amount	₱4,141,293	₱45,491,526	₱161,457	₱59,908	₱11,585,798	₱10,463,834	₱–	₱71,903,816

	2021							
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱20,384,323	₱510,889,289	₱8,957,220	₱4,055,404	₱76,173,482	₱69,973,821	₱696,221	₱691,129,760
Disposal	–	(73,852,447)	–	(760,133)	(8,588,307)	(10,760,534)	(696,221)	(94,657,642)
Additions	–	–	216,745	–	159,314	1,454,122	–	1,830,181
Balance at end of year	20,384,323	437,036,842	9,173,965	3,295,271	67,744,489	60,667,409	–	598,302,299
Accumulated Depreciation and Amortization								
Balance at beginning of year	11,533,172	285,379,689	8,614,115	3,794,616	53,229,086	57,225,586	696,221	420,472,485
Depreciation and amortization	1,171,454	72,306,695	398,393	147,221	7,092,138	5,607,365	–	86,723,266
Disposal	–	(63,033,166)	–	(760,133)	(8,544,035)	(10,448,889)	(696,221)	(83,482,444)
Balance at end of year	12,704,626	294,653,218	9,012,508	3,181,704	51,777,189	52,384,062	–	423,713,307
Accumulated Impairment								
Balance at beginning and end of year	3,645,404	34,515,607	–	–	1,318,280	–	–	39,479,291
Net Carrying Amount	₱4,034,293	₱107,868,017	₱161,457	₱113,567	₱14,649,020	₱8,283,347	₱–	₱135,109,701

As at December 31, 2022 and 2021, transportation equipment with a carrying amount of ₱2.5 million and ₱843,833, respectively were used as collateral for mortgage loans (see Note 14).

In 2021, the Group disposed property and equipment with carrying amount of ₱11.2 million resulting to a loss of ₱417,573.

In 2020, the Group disposed property and equipment with carrying amount of ₱533,705 for ₱3.6 million, resulting to a gain of ₱3.1 million.

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	Note	2022	2021	2020
Cost of services -	20			
Property and equipment		**₱64,031,465**	₱79,439,916	₱83,436,748
General and administrative expenses:	21			
Property and equipment		**6,713,862**	7,283,350	8,202,729
ROU assets	27	**581,109**	669,880	669,880
		7,294,971	7,953,230	8,872,609
		₱71,326,436	₱87,393,146	₱92,309,357

12. Intangible Assets

The movements of this account are as follows:

	Note	**2022** Film Rights	**2022** Exclusive Distribution Rights	**2022** Total
Cost				
Balance at beginning and end of year		**₱59,641,480**	**₱150,494,041**	**₱210,135,521**
Accumulated Amortization and Impairment Losses				
Balance at beginning of year		**56,397,468**	**150,494,041**	**206,891,509**
Impairment	22	**405,501**	**–**	**405,501**
		56,802,969	**150,494,041**	**207,297,010**
Net Carrying Amount		**₱2,838,511**	**₱–**	**₱2,838,511**

	Note	2021 Film Rights	2021 Exclusive Distribution Rights	2021 Total
Cost				
Balance at beginning and end of year		₱59,641,480	₱150,494,041	₱210,135,521
Accumulated Amortization and Impairment Losses				
Balance at beginning of year		55,991,967	150,494,041	206,486,008
Impairment	22	405,501	–	405,501
		56,397,468	150,494,041	206,891,509
Net Carrying Amount		₱3,244,012	₱–	₱3,244,012

Exclusive Distribution Rights

The exclusive distribution rights pertain to CUBES's exclusive right to distribute specific types of thermo chillers in the Philippines.

In May 2017, CUBES operation was discontinued and was put on hold due to operational issues. As at December 31, 2022, CUBES has not yet resumed operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

Accordingly, exclusive distribution right pertaining to CUBES was fully provided with provision for impairment.

Film Rights
Film rights pertain to the unamortized cost of completed theatrical films and television projects and film rights acquired by the Group when it was still active in the entertainment business.

In assessing the impairment of film rights, the Group uses the income approach - discounted cash flow method, which assumes that the going rate per film of ₱0.8 million declines by 10.00% per year as observed in the price trends from 1998 up to the current year. Impairment loss recognized amounted to ₱405,501 in 2022, 2021 and 2020 (see Note 22).

13. Other Noncurrent Assets

This account consists of:

	Note	2022	2021
Goodwill		**₱15,701,804**	₱15,701,804
Deferred input VAT	8	**8,007,881**	11,162,017
Receivable from PAGCOR		**3,042,702**	3,042,702
ROU assets	27	**950,770**	10,646
Others		**662,061**	874,591
		28,365,218	30,791,760
Less allowance for impairment losses	8	**4,377,303**	4,377,303
		₱23,987,915	₱26,414,457

Goodwill
The Group's goodwill pertains to: (a) the acquisition of PGDI in April 2012 amounting to ₱9.5 million, (b) the acquisition of additional interest in CUBES in February 2015 amounting to ₱2.6 million and (c) the acquisition of GLCI in June 2015 amounting to ₱6.2 million.

As at December 31, 2022 and 2021, goodwill pertaining to CUBES was fully provided with allowance for impairment.

As at December 31, 2022 and 2021, no provision for impairment was recognized on goodwill related to PGDI and GLCI. The recoverable amounts of goodwill were determined based on fair value less costs to sell as at December 31, 2022 and 2021.

Receivable from PAGCOR
In 2011, the Group received a notice of garnishment amounting to ₱3.0 million in connection with a complaint filed against Blue Sky Philko, wherein the Group was made as a co-defendant. Accordingly, the Group's commission from PhilWeb for the same amount was lodged under the custody of PAGCOR. As at December 31, 2022, the case is pending before the Quezon City Regional Trial Court.

14. Loans Payable

Short-term Loans

Short-term loans of the Group consist of:

	2022	2021
Unsecured	**₱306,754,632**	254,554,632
Convertible	**100,000,000**	100,000,000
Callable	**22,000,000**	22,000,000
	₱428,754,632	₱376,554,632

Unsecured

Unsecured short-term loans consist of:

	2022			
	Banks	**Officers and Shareholders**	**Third Parties**	**Total**
Balance at beginning of year	**₱6,000,000**	**₱34,025,000**	**₱214,529,632**	**₱254,554,632**
Availments	**3,500,000**	**–**	**48,700,000**	**52,200,000**
Balance at end of year	**₱9,500,000**	**₱34,025,000**	**₱263,229,632**	**₱306,754,632**

	2021			
	Banks	Officers and Shareholders	Third Parties	Total
Balance at beginning of year	₱12,937,500	₱34,025,000	₱179,000,000	₱225,962,500
Availments (payments)	(6,937,500)	–	35,529,632	28,592,132
Balance at end of year	₱6,000,000	₱34,025,000	₱214,529,632	₱254,554,632

Short-term loans were obtained to finance the working capital requirements of the subsidiaries and partially finance the acquisition of the Group's heavy equipment. These are unsecured and payable within 180 days to 360 days and bear annual interest rates, as follows:

Banks	6.50% to 6.75%
Officers and shareholders	6.00%
Third parties	7.50% to 12.00%

Interest expense on short-term loans amounted to ₱27.8 million and ₱35.9 million in 2022 and 2021, respectively (₱61.1 million in 2020) (see Note 24).

Convertible Loans

PHA

These represent convertible notes amounting to ₱434.0 million issued to individuals and corporations in 2016 and 2015. The convertible notes have a term of three years at interest rates ranging from 6.5% to 12.0% per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed PHA's common shares at ₱1.00 a share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every 10 notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one PHA's common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-assessable listed PHA's common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Group extended the term of the convertible notes for another three years. The 'day 1 difference resulting from the extension amounted to ₱6.89 million.

In 2021, the convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at ₱0.70 a share, equivalent to 540,938,008 shares.

As at December 31, 2021, the amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares (see Note 19).

On March 22, 2022, the SEC issued the Certificate of Approval of Valuation. Accordingly, the deposit for future stock subscription was converted as equity in 2022.

Movements in convertible loans payable of PHA in 2021 are as follows:

Balance at beginning of year	₱395,006,168
Conversion	(354,000,000)
Payments	(42,999,999)
Amortization of Day 1 difference	1,993,831
Balance at end of year	₱–

WPP

In 2017, the Group entered into a ₱100.00 million loan agreement with Treasure Island Industrial Corporation (TIIC), subject to 6.5% interest payable in two years. TIIC is a related party holding 17.33% ownership of PGDI (see Note 17).

The loan proceeds were used by the Group to finance the development activities of its properties in Palawan.

The instrument is accompanied by the following options: up to ₱50.0 million of the loan may be converted to new shares of WPP corresponding to 5.0% of WPP post-conversion effectively at a valuation of ₱1.0 billion. The ₱100.0 million loan amount, in whole or in part, may be convertible to lots in the Kattinger-Nagtabon property at an agreed upon discount to the opening Joint Venture price and as soon as the Joint Venture agreement with Kattinger group is signed and agreed on by all parties concerned or to parcels of the security lots in North Cove with total area of 196,000 square meters at a price of ₱1,000 per square meter (see Note 7).

The notes together with its features were also evaluated to determine if the embedded components qualify as derivatives to be separately accounted for under PFRS 9. As result of this evaluation, the Group identified the conversion rights with detachable warrants as derivative financial instruments to be taken up as equity. Using the residual approach, the proceeds are allocated between the debt instrument and the conversion rights with detachable warrants. The equity component on the convertible loan issued in 2017 amounted to ₱18.7 million (see Note 19).

Interest expense on convertible loans, including the amortization of Day 1 difference, recognized in profit or loss amounted to ₱12.0 million and ₱24.7 million in 2022 and 2021, respectively (₱33.7 million in 2020) (see Note 24).

As at reporting date, the outstanding balance of the loan is already due and demandable. The Group is currently negotiating a repayment arrangement with TIIC.

Callable Loans
On July 6, 2018, the Group entered into a ₱15.0 million loan agreement with Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative (KSK), subject to 8% interest payable after three years. In 2019, the Group obtained additional loans amounting to ₱7.0 million, subject to 8% interest rate per annum payable in three years.

The loan proceeds were used to finance the Group's land developments in Nagtabon beach property and to finance the purchase of certain properties.

The instrument is accompanied by the option to prepay the loan in full or in partial without any penalty chargeable against it, subject to the following conditions:

i. The Borrower shall give the Lender written notice of such prepayment not less than Thirty (30) days before the proposed prepayment date, which notice, once given, shall be irrevocable and binding on the Borrower;

ii. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the Loan plus accrued but unpaid interest, penalties and other applicable charges;

iii. Any amount prepaid may not be re-borrowed hereunder.

As security for the payment of the loan, parcels of lots with total area of 10,500 square meters were assigned as security valued at ₱10,000 per square meter for a total collateral cover of ₱105.0 million (see Note 10).

As at reporting date, the outstanding balance of the loan is already due and demandable. The Group is currently negotiating a repayment arrangement with KSK.

No interest expense was capitalized as part of land development under "Real estate held for sale" in 2022 and 2021 (and 2020).

Long-term Loans
Long-term loans consist of:

	Note	**2022**	2021
Secured by:			
Real estate mortgage		**169,120,682**	136,921,144
Contract receivables and contract assets	6	**58,563,490**	33,816,468
Unsecured		**150,098,454**	123,700,486
Mortgaged		**2,096,774**	853,649
		379,879,400	295,291,747
Less noncurrent portion		**127,986,999**	64,042,349
Current portion		**₱251,892,401**	₱231,249,398

Details of long-term loans as at December 31, 2022 and 2021 are as follows:

Party	Terms	2022 Principal	2022 Outstanding Balance	2021 Principal	2021 Outstanding Balance
Secured by Real Estate Mortgage					
Philippine Veterans Bank	Five years; 9.65% to 10.99% per annum	**₱314,000,000**	**₱107,127,019**	₱314,000,000	₱122,587,062
Rang-ay Bank	Three years; 8.87% per annum	**47,500,000**	**47,500,000**	–	–
Tanay Rural Bank	Two years; 18.00% per annum	**20,000,000**	**14,376,212**	10,000,000	9,018,024
Maybank Philippines, Inc.	Five years; 8.00% to 9.00% per annum	**150,000,000**	**117,451**	150,000,000	382,063
Bank of Makati	Four years; 7.50% per annum	**–**	**–**	80,000,000	3,743,519
Union Bank of the Philippines	Five years; 6.00% to 9.68% per annum	**–**	**–**	67,548,000	1,190,476
		531,500,000	**169,120,682**	621,548,000	136,921,144
Secured by Contract Assets and Receivables					
Bank of the Philippine Islands (BPI)	Five years; 3.08% per annum	**42,220,000**	**42,220,000**	–	–
Security Bank	10 years; 9.02% per annum	**200,000,000**	**16,343,490**	200,000,000	27,765,816
BPI Family Savings Bank	10 years; 10.02% per annum	**–**	**–**	200,000,000	1,050,652
Development Bank of the Philippines	Five years; 6.50% per annum	**–**	**–**	50,000,000	5,000,000
		242,220,000	**58,563,490**	450,000,000	33,816,468
Unsecured					
Zambales Bank	Five to 10 years; 8.00% per annum	**32,000,000**	**31,869,200**	32,000,000	32,000,000
Individuals	Two to three years; 11.60% to 20.60% per annum	**178,022,058**	**118,229,254**	260,863,363	81,769,017
Other financing institutions	Two to three years; 10.00% to 33.00% per annum	**–**	**–**	48,474,071	9,931,469
		210,022,058	**150,098,454**	341,337,434	123,700,486
Mortgaged					
Security Bank	Five years; 9.93% per annum	**1,956,000**	**1,827,366**	–	–
Union Bank of the Philippines	Five years; 9.40% to 9.70% per annum	**2,548,000**	**269,408**	2,548,000	853,649
		4,504,000	**2,096,774**	2,548,000	853,649
		₱988,246,058	**₱379,879,400**	₱1,415,433,434	₱295,291,747

Secured by Real Estate Mortgage, Unsecured and Mortgaged

Long-term loans secured by real estate mortgage and unsecured represent loans with interest rate at prevailing market rates ranging from 6.0% to 33.0% payable within two to ten years from grant date. Mortgaged loans pertain to car loans for vehicles used in operations of the Group.

Secured by Contract Receivables and Contract Assets

The Group entered into loan agreements with different banks and other non-bank financing institutions to assign with recourse contract to sell of unit buyers payable in monthly amortization of up to five years and bears interest rates ranging from 7.30% to 9.00%.

Loan Covenants

The Group's debt instruments contain restrictive covenants. Development Bank of the Philippines requires maintenance of long-term debt-to-equity ratio of 75:25, current ratio of not less than 1:1.2 and debt-to-service coverage ratio of 1:1. Philippine Veterans Bank restricts payment and declaration of cash dividends, management bonus or profit sharing to, or making any loans or advances to the Group's directors, officers and stockholders, sale of significant assets and requires maintenance of debt-to-equity ratio of 1.5:1. Maybank Philippines, requires debt-to-service ratio of not less than 1.25 throughout the term of the loan while Sterling Bank of Asia prohibits dividend declaration or allowances to officers or stockholders if the total debt to equity ratio exceed 3:1. In addition, under the agreement with Zambales Bank, loan may be declared due and payable should there be occurrence of payment default or cross default.

As at December 31, 2022 and 2021, the Group was able to meet the required debt covenants, except for debt-to-equity ratio, debt-to-service coverage ratio and cross default covenant, resulting to reclassification of loans payable amounting to ₱75.0 million and ₱111.6 million from noncurrent liabilities to current liabilities as at December 31, 2022 and 2021, respectively. Total outstanding balance of loans payable with breached debt covenants amounted to ₱107.2 million and ₱128.0 million as at December 31, 2022 and 2021, respectively, under current liabilities.

The schedule of maturities of long-term loans of the Group as at December 31 follows:

	2022	2021
Less than one year	**₱251,892,401**	₱231,249,398
One to two years	**127,986,999**	64,042,349
	₱379,879,400	₱295,291,747

Interest expense on long-term loans recognized in the consolidated statements of comprehensive income amounted to ₱42.7 million and ₱36.3 million in 2022 and 2021, respectively (₱68.8 million in 2020) (see Note 24).

15. Trade and Other Payables

This account consists of:

	Note	**2022**	2021
Trade payables:			
Third parties		**₱106,754,071**	₱95,528,750
Related parties	17	–	11,771,567
Accrued expenses		**199,806,927**	76,115,256
Customers' deposits and advances		**81,000,000**	100,975,000
Customer's refunds		**55,791,003**	48,463,451
Deferred output VAT		**34,319,631**	30,862,206
Capital gains tax payable		**26,940,000**	26,940,000
Advances from shareholders	17	**22,053,982**	137,779,737
Output VAT payable		**10,233,373**	13,511,454
Voucher's payable		**7,375,293**	6,929,987
Purchased land payable		**5,677,930**	5,677,930
Current portion of lease liabilities	27	**799,331**	243,454
Advances from third parties		–	37,114,843
Others		**32,591,364**	17,314,186
		₱583,342,905	₱609,227,821

Trade payable to third parties relates to construction and development costs payable to contractors and suppliers. These are non-interest-bearing and are normally settled within one year after the reporting date.

Accrued expenses pertain to accrual of interest, salaries and benefits, professional fees and other taxes which are expected to be settled within 12 months from the end of the reporting period.

Customers' deposits and advances represent cash received from real property buyers based on the terms of the agreement executed during the year. These deposits will be applied to any receivable upon execution of the contract to sell and fulfilment by both parties of certain undertakings and conditions.

Customers' refunds mainly consist of refund liability to the customers from a cancelled real estate project of the Group and liabilities for other cancelled real estate sales. Certain agreements provide real property buyers to pay nonrefundable deposits. Nonrefundable deposits pertaining to cancelled real estate sales amounting to ₱3.4 million are recorded as "Other income (charges)" in the consolidated statements of comprehensive income in 2020.

Deferred output VAT pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date.

Advances from shareholders pertain to the outstanding advances from PHA's shareholders in relation to the expenses incurred on the development activities of Panitian Limestone Project.

Output VAT payable pertains to the VAT charged to the buyers recognized upon collection of the installment receivables.

Purchased land payable pertains to noninterest-bearing payable to a real estate property seller under the terms of agreement executed by the Group for the purchase of land.

Advances from third parties pertain to cash received by the Group to fund real estate and mining projects which are noninterest bearing and payable on demand.

Others include withholding taxes and other amounts payable to the Philippine Government. These are noninterest-bearing and are generally settled in 30 to 45 days.

16. Advances from Third Parties

As at December 31, 2022, the Group has noninterest-bearing advances from third parties aggregating ₱100.0 million for future equity interest to the Group.

17. Related Party Transactions

In the ordinary course of business, the Group has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances and interest-bearing short-term and long-term loans. Related party transactions amounting to 10% or higher of the Group's consolidated total assets are subject to the approval of the BOD.

For the years ended December 31, 2022, 2021 (and 2020), the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occur in cash, unless otherwise stated.

Transactions and outstanding balances with related parties are as follows:

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Receivables		6					
Advances	Officers		**2022**	**₱40,502,391**	**₱104,226,695**	Due and demandable;	Unsecured
			2021	13,255,922	63,724,304	non-interest bearing	
Loans from officers and shareholders		14					
Short-term loans	Officers and shareholders		**2022**	**₱–**	**₱34,025,000**	180 days to 360 days;	Unsecured
			2021	–	34,025,000	6.00% interest rate	
Convertible loans		18					
	Related Party		**2022**	**₱–**	**₱100,000,000**	3 years;	Secured by real
			2021	–	100,000,000	6.50% interest rate; convertible to WPP shares or lots of WPP real estate properties	estate properties
Convertible loans	Officers		2021	95,790,173	–	3 years; 6.50% to 12.00% interest rate; convertible to PHA shares	Secured by WPP shares
			2022		**₱100,000,000**		
			2022		100,000,000		

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Trade and other payables		20					
Management fees	Officers		**2022**	**₱4,907,121**	**₱–**	Due and demandable;	Unsecured
			2021	5,352,941	–	non-interest bearing	
Payments on behalf	Officers		**2022**	**11,771,567**	–	Due and demandable;	Unsecured
			2021	1,773,937	11,771,567	non-interest bearing	
Advances from shareholders	Shareholders		**2022**	**115,725,755**	**22,053,982**	Due and demandable;	Unsecured
			2021	23,548,109	137,779,737	non-interest bearing	
			2022		**₱22,053,982**		
			2021		149,551,304		

Compensation of Group's Key Management Personnel

Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱38.8 million and ₱39.8 million in 2022 and 2021, respectively (₱33.1 million in 2020). There are no post-employment benefits in 2022, 2021 and 2020. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

18. Retirement Benefits

The Group has an unfunded non-contributory defined benefit plan covering all regular employees. Benefits are based on the employee's years of service and final plan salary. Under the existing regulatory framework, Republic Act 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 following tables summarize the unfunded status and amounts recognized in the consolidated statements of financial position and the components of the net benefit expense recognized in the consolidated statements of comprehensive income for the retirement plan.

Retirement benefit cost recognized in the consolidated statements of comprehensive income consists of:

	2022	2021	2020
Service cost	**₱12,438,772**	₱5,460,233	₱4,606,281
Interest expense on defined benefit obligation	**1,486,500**	1,401,535	1,376,134
	₱13,925,272	₱6,861,768	₱5,982,415

Remeasurement gains (losses) on retirement liability recognized under OCI in the consolidated statements of comprehensive income:

	2022	2021	2020
Actuarial gains (losses) due to:			
Experience adjustments	**(₱3,589,199)**	₱6,144,152	₱3,935,327
Changes in:			
Financial assumptions	**870,448**	5,648,029	(6,518,254)
Demographic assumptions	**–**	396,139	–
Remeasurement gains (losses) on defined benefit obligation	**(2,718,751)**	12,188,320	(2,582,927)
Income tax effect	**(679,688)**	494,020	(269,857)
Remeasurement gains (losses)	**(₱2,039,063)**	₱11,694,300	(₱2,313,070)

Cumulative remeasurement effect recognized in OCI under equity attributable to equity holders of the Parent and equity attributable to non-controlling interests:

	2022	2021
Equity attributable to equity holders of the Parent		
Balance at beginning of year	**₱10,913,571**	3,125,901
Actuarial gain (loss)	**(1,495,313)**	8,304,156
Total	**9,418,258**	11,430,057
Income tax effect	**373,828**	(516,486)
Balance at end of year	**9,792,086**	10,913,571
Equity attributable to noncontrolling interests		
Balance at beginning of year	**549,333**	(3,357,297)
Actuarial gain (loss)	**(1,223,438)**	3,884,164
Total	**(674,105)**	526,867
Income tax effect	**305,859**	22,466
Balance at end of year	**(368,246)**	549,333
	₱9,423,840	₱11,462,904

Changes in the present value of the retirement liability are as follows:

	2022	2021
Balance at beginning of year	**₱28,695,553**	₱34,022,105
Service cost	**12,438,772**	5,460,233
Actuarial losses (gains) due to:		
Experience adjustments	**3,589,199**	(6,144,152)
Changes in financial assumptions	**(870,448)**	(5,648,029)
Changes in demographic assumptions	**–**	(396,139)
Interest expense on defined benefit obligation	**1,486,500**	1,401,535
Benefits paid	**(279,700)**	–
	₱45,059,876	₱28,695,553

The cost of defined benefit pension plans as well as the present value of the pension liabilities is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used to determine pension for the Group are as follows:

	Discount Rate		Future Salary Increase Rate	
	2022	2021	**2022**	2021
PHA	**7.14%**	5.02%	**5.00%**	5.00%
PGDI	**7.03%**	5.20%	**10.00%**	10.00%
GLC	**7.13%**	5.11%	**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 the end of the reporting period, assuming all other assumptions were held constant:

	2022			
	Increase (Decrease)	**Effect on the retirement benefit obligation**		
		PHA	**PGDI**	**GLC**
Discount rate	**+100bps**	**(₱312,525)**	**(₱5,115,566)**	**(₱6,137,876)**
	-100bps	**378,442**	**5,985,105**	**5,387,073**
Salary increase	**+100bps**	**286,443**	**4,467,900**	**6,166,334**
	-100bps	**(243,508)**	**(3,949,569)**	**(5,355,995)**

	2021			
	Increase (Decrease)	Effect on the retirement benefit obligation		
		PHA	PGDI	GLC
Discount rate	+100bps	(₱275,107)	(₱3,642,782)	(₱2,345,580)
	-100bps	346,306	4,652,598	2,981,122
Salary increase	+100bps	342,719	4,379,635	2,989,429
	-100bps	(277,508)	(3,529,895)	(2,333,595)

The Group does not have a formal retirement plan where its retirement obligations could have been funded.

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

	2022	2021
Less than one year	**₱–**	₱2,189,813
More than one year to five years	**11,619,395**	7,117,317
More than five years to 10 years	**12,963,724**	11,800,305
More than 10 years to 15 years	**1,661,955**	909,402
More than 15 years to 20 years	**1,457,797**	2,481,474
More than 20 years	**9,933,531**	9,170,819

19. Equity

Capital Stock

The details and movements of the Parent Company's number of common shares follow:

	2022		2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount	Number of Shares	Amount
Authorized - ₱0.25 par value per share						
Balance at beginning of year	**6,000,000,000**	**₱1,500,000,000**	2,254,224,000	₱563,556,000	2,254,224,000	₱563,556,000
Increase in authorized capital stock	**–**	**–**	3,745,776,000	936,444,000	–	–
	6,000,000,000	**₱1,500,000,000**	6,000,000,000	₱1,500,000,000	2,254,224,000	₱563,556,000
Issued and fully paid						
Balance at beginning of year	**2,557,147,557**	**₱639,286,889**	2,254,117,253	₱563,529,313	1,990,480,889	₱497,620,222
Additional subscription	**611,818,008**	**152,954,502**	303,030,304	75,757,576	263,636,364	65,909,091
Shares fully paid during the year	**287,422,924**	**71,855,731**	–	–	–	–
Balance at end of year	**3,456,388,489**	**864,097,122**	2,557,147,557	639,286,889	2,254,117,253	563,529,313
Issued but not fully paid						
Balance at beginning of year	**2,539,393,939**	**634,848,485**	–	–	–	–
Additional subscription	**–**	**–**	2,539,393,939	634,848,485	–	–
Shares fully paid during the year	**(287,422,924)**	**(71,855,731)**	–	–	–	–
Balance at end of year	**2,251,971,015**	**562,992,754**	2,539,393,939	634,848,485	–	–
	5,708,359,504	**1,427,089,876**	5,096,541,496	1,274,135,374	2,254,117,253	563,529,313
Less subscriptions receivable						
Balance at beginning of year		**473,484,848**		–		–
Additional subscription		**–**		473,484,848		–
Collection		**(53,891,798)**		–		–
Balance at end of year		**419,593,050**		473,484,848		–
Issued and outstanding	**5,708,359,504**	**₱1,007,496,826**	5,096,541,496	₱800,650,526	2,254,117,253	₱563,529,313

On May 5, 1997, the Parent Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 a share. The registration was approved on May 2, 1997. The Parent Company has 141 and 130 existing shareholders as at December 31, 2022 and 2021, respectively.

Share Subscription Agreement

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in PHA. Subscription to these shares will be at ₱0.33 per share for a total consideration of ₱925.0 million, of which ₱300.0 million will be in cash and the balance of ₱625.00 million will be via a combination of cash and/or infusion of SPTI shares over a period of two years, with the intent of making SPTI a subsidiary of PHA.

The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock.

The remaining 2,539,393,939 shares were issued from the increase in authorized capital stock of PHA. This was approved by the SEC on May 28, 2021. As at December 31, 2022, PHA received ₱371.1 million from the subscription.

In a special meeting of the BOD on October 13, 2022, PHA decided that it will no longer pursue its planned acquisition of 33% of SPTI.

In February 2023, the BOD approved the call for payment on unpaid subscriptions amounting to ₱553.9 million, inclusive of additional paid-in capital (APIC) component. Due date for the payment of the unpaid subscriptions was set on or before March 6, 2023. Failure to pay the shares 30 days after the set date will render the shares delinquent. Total delinquent subscriptions after the 30 days-compliance period are 1,457,756,139 shares with unpaid balance of ₱357.3 million. On April 11, 2023, the BOD authorized the sale at public auction of the delinquent shares on May 11, 2023.

APIC

APIC includes paid-in capital in excess of par amounting to ₱480.5 million and ₱167.5 million as at December 31, 2022 and 2021, respectively, and the equity component of the issued convertible loans amounting to ₱18.7 million as at December 31, 2022 and 2021 (see Note 14).

The liability component of the convertible loans is reflected as financial liabilities.

Subscription Receivable

Movements of subscription receivable, which is treated as a deduction against capital stock and APIC, are as follows:

	2022			2021		
	Capital Stock	**APIC**	**Total**	Capital Stock	APIC	Total
Balance at beginning of year	**₱473,484,848**	**₱151,515,152**	**₱625,000,000**	₱–	₱–	₱–
Additional subscription	**–**	**–**	**–**	473,484,848	151,515,152	625,000,000
Collection	**(53,891,798)**	**(17,245,376)**	**(71,137,174)**	–	–	–
Balance at end of year	**₱419,593,050**	**₱134,269,776**	**₱553,862,826**	₱473,484,848	₱151,515,152	₱625,000,000

Share Lending Agreement

On July 20, 2021, the BOD of PHA approved a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of up to ₱2.5 billion over the next 36 months.

In August 2021, PHA sent a Put Option Notice (PON) to LDA for 190,000,000 listed shares. A group of stockholders (Share Lender) lent 210,000,000 shares to PHA. From the total shares, 190,000,000 shares were used as the Collateral Shares for the PON. The remaining 20,000,000 shares were transferred to an Options Shares Securities Account of LDA to satisfy PHA's obligations to sell options shares and to secure the payment of any portion of the commitment fee.

In consideration for the lending of shares by the Share Lender to LDA on behalf of PHA pursuant to the Put Option Agreement, PHA shall pay the Share Lender a lending fee equivalent to 18.0% per annum based on the market prices of the shares at the time of transfer. The lending fees accrued in and recognized as part of "Interest expense" account amounted to ₱31.0 million and ₱14.3 million in 2022 and 2021, respectively (see Note 24).

On October 15, 2021, LDA subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million has been fully paid and recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription.

In 2022, the "Deposit for future stock subscription" was converted as equity.

Deposit for Future Stock Subscription

On December 17, 2020, the BOD and stockholders approved the increase in PHA's authorized capital stock from ₱563.6 million divided into 2,254,224,000 common shares with par value of ₱0.25 each share, to up to ₱1.5 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share. The Parent Company filed the increase in capital stock with the Philippine SEC in March 2021. On May 28, 2021, the SEC approved the increase in PHA's authorized capital stock.

In 2020, the Parent Company received ₱113.0 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under noncurrent liabilities as at December 31, 2020. This was applied against the issuance of capital stock in 2021.

In 2021, the convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share, equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares. On March 22, 2022, the SEC issued the Certificate of Approval of Valuation and the related shares were issued.

PHA also received ₱86.5 million from potential and existing investors, including LDA, which is currently recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription. In 2022, the "Deposit for future stock subscription" was converted as equity.

On November 17, 2021, the BOD approved the increase in PHA's increase in authorized capital stock from ₱1.5 billion divided into 6,000,000,000 common shares at ₱0.25 par value a share to ₱2.5 billion divided into 10,000,000,000 shares at ₱0.25 par value a share. This was ratified by the shareholders on December 17, 2021.

As at report date, the application for the increase in authorized capital stock has yet to be filed with the SEC.

Retained Earnings

The consolidated retained earnings as at December 31, 2022 and 2021 includes accumulated earnings of the subsidiaries aggregating ₱1.1 billion and ₱842.5 million, respectively, which are not currently available for dividend declaration unless declared by the subsidiaries of the Parent Company.

Retained earnings also included "Equity reserves" arising from transactions affecting ownership interest in DSI and PGDI. The equity reserves closed to retained earnings from these transactions aggregated ₱70.6 million. The equity reserve is excluded for purposes of dividend declaration.

The Parent Company has no available retained earnings for dividend declaration as at December 31, 2022 and 2021.

Dividend Payable

Dividend payable amounting to ₱39.8 million pertains to the dividends declared on March 20, 2018. This includes property dividends consisting of 28,000,000 million shares of PGDI with fair value of ₱36.8 million and cash dividends of ₱3.0 million. As at reporting date, the SEC's approval on the property and cash dividends is still pending.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its equity as capital. The Group is subject to externally imposed capital requirements. The Group's management, amongst other things, aims to ensure that the Parent Company and its subsidiaries meets any financial covenants attached to its long-term loans that define capital structure requirements (see Note 14).

No changes were made in the Group's capital management objectives, policies or processes in 2022 and 2021 (and 2020).

Noncontrolling Interests

Non-controlling interests consist of the following:

	Percentage of Ownership			Equity Attributable to Noncontrolling Interest		
Name of Subsidiary	**2022**	2021	2020	**2021**	2020	2019
PGDI	**69.22%**	69.22%	69.22%	**₱166,146,541**	₱188,440,308	₱200,023,823
PHMIC	**68.44%**	68.44%	68.44%	**1,714,422**	1,730,360	1,746,140
PSMVI	**68.22%**	68.22%	68.22%	**1,865,493**	1,881,542	1,897,432
GLCI	**55.00%**	55.00%	55.00%	**178,090,950**	137,324,226	116,137,841
CUBES	**51.00%**	51.00%	51.00%	**25,790,832**	25,817,764	25,842,509
				₱373,608,238	₱355,194,200	₱345,647,745

Net income (loss) attributable to non-controlling interest follows:

	Percentage of Ownership			Net Income (Loss) Attributable to Noncontrolling Interest		
Name of Subsidiary	**2022**	2021	2020	**2022**	2021	2020
PGDI	**69.22%**	69.22%	69.22%	**(₱22,293,767)**	(₱14,749,311)	(₱5,797,360)
PHMIC	**68.44%**	68.44%	68.44%	**(15,938)**	(15,780)	(19,442)
PSMVI	**68.22%**	68.22%	68.22%	**(16,049)**	(15,890)	(19,576)
GLCI	**55.00%**	55.00%	55.00%	**41,684,302**	20,445,551	18,616,950
CUBES	**51.00%**	51.00%	51.00%	**(26,932)**	(24,745)	(78,251)
				₱19,331,616	₱5,639,825	₱12,702,321

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Statements of Income:

	2022				
	GLCI	**PGDI**	**PHMIC**	**PSMVI**	**CUBES**
Revenues	**₱314,666,534**	**₱112,144,168**	**₱–**	**₱–**	**₱–**
Cost and expenses	**(194,085,955)**	**(184,074,253)**	**(50,500)**	**(50,500)**	**(54,964)**
Other income (charges)	**(14,241,368)**	**14,709**	**–**	**–**	**–**
Income (loss) before income tax	**106,339,211**	**(71,915,376)**	**(50,500)**	**(50,500)**	**(54,964)**
Income tax expense (benefit)	**13,707,426**	**–**	**–**	**–**	**–**
Net income (loss)	**₱92,631,785**	**(₱71,915,376)**	**(₱50,500)**	**(₱50,500)**	**(₱54,964)**
Net income (loss) attributable to noncontrolling interest	**₱41,684,303**	**(₱22,293,767)**	**(₱15,938)**	**(₱16,049)**	**(₱26,932)**

	2021				
	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱116,076,391	₱174,681,141	₱–	₱–	₱–
Cost and expenses	(91,029,199)	(219,356,335)	(50,000)	(50,000)	(50,500)
Other income (charges)	26,583,888	(3,149,816)	–	–	–
Income (loss) before income tax	51,631,080	(47,825,010)	(50,000)	(50,000)	(50,500)
Benefit from income tax	(6,280,011)	(246,588)	–	–	–
Net income (loss)	₱57,911,091	(₱47,578,422)	(₱50,000)	(₱50,000)	(₱50,500)
Net income (loss) attributable to noncontrolling interest	₱20,445,551	(₱15,488,045)	(₱15,890)	(₱15,890)	(₱24,745)

	2020				
	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱479,301,585	₱241,736,071	₱–	₱–	₱–
Cost and expenses	(367,517,731)	(251,548,910)	(61,600)	(61,600)	(159,696)
Other income (charges)	(77,257,432)	(8,035,636)	–	–	–
Income (loss) before income tax	34,526,422	(17,848,475)	(61,600)	(61,600)	(159,696)
Provision for (benefit from) income tax	(6,844,578)	986,353	–	–	
Net income (loss)	₱41,371,000	(₱18,834,828)	(₱61,600)	(₱61,600)	(₱159,696)
Net income (loss) attributable to noncontrolling interest	₱18,616,950	(₱5,797,360)	(₱19,442)	(₱19,442)	(₱78,251)

Statements of Financial Position:

	2022				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Current assets	**₱983,978,982**	**₱206,674,644**	**₱–**	**₱ 2,400,000**	**₱2,450,000**
Noncurrent assets	**73,054,640**	**457,553,417**	**–**	**235,781,982**	**182,260,665**
Current liabilities	**(438,790,898)**	**(100,436,207)**	**(52,636,177)**	**(18,212,730)**	**(14,241,413)**
Noncurrent liabilities	**(187,120,594)**	**(37,435,352)**	–	**–**	**–**
Equity (Capital deficiency)	**₱431,122,130**	**₱526,356,502**	**(₱52,636,177)**	**₱219,969,252**	**₱170,469,252**
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	**₱253,031,179**	**₱360,209,961**	**(₱78,427,009)**	**₱218,254,830**	**₱168,603,759**
Noncontrolling interest	**178,090,951**	**166,146,541**	**25,790,832**	**1,714,422**	**1,865,493**

	2021				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱822,556,445	₱189,803,285	₱4,964	₱2,400,000	₱2,450,000
Noncurrent assets	67,024,722	526,204,139	–	233,464,069	180,348,534
Current liabilities	(461,603,174)	(93,505,633)	(52,586,178)	(15,844,317)	(12,278,782)
Noncurrent liabilities	(95,830,762)	(24,229,913)	(75,302)	–	–
Equity (Capital deficiency)	₱332,147,231	₱598,271,878	(₱52,656,516)	₱220,019,752	₱170,519,752
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱194,823,005	₱410,570,304	(₱78,474,280)	₱218,289,392	₱168,638,210
Noncontrolling interest	137,324,226	187,701,574	25,817,764	1,730,360	1,881,542

Statements of Cash Flows:

	2022				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Operating	**(₱22,370,245)**	**(₱39,929,665)**	**(₱4,964)**	**₱–**	**₱–**
Investing	**3,685,636**	**(248,661)**	**–**	**–**	**–**
Financing	**41,877,270**	**–**	**–**	**–**	**–**
Net increase (decrease) in cash	**₱23,192,661**	**(₱40,178,326)**	**(₱4,964)**	**₱–**	**₱–**

	2021				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱88,585,484	₱9,235,958	₱–	(₱5,675,871)	(₱4,385,232)
Investing	(407,192)	10,819,281	–	–	–
Financing	(92,398,444)	–	–	5,675,871	4,385,232
Net increase (decrease) in cash	(₱4,220,152)	₱20,055,239	₱–	₱–	₱–

	2020				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱283,492,277	₱99,794,404	₱231,824	₱–	₱–
Investing	6,826,481	(67,169,498)	–	230,188,197	–
Financing	(314,825,443)	(11,484,479)	–	–	50,000
Net increase (decrease) in cash	(₱24,506,685)	₱21,140,427	₱231,824	₱230,188,197	₱50,000

20. Cost of Services

This account consists of:

	Note	**2022**	2021	2020
Depreciation	11	**₱64,031,465**	₱79,439,916	₱83,436,748
Personnel cost	25	**57,566,230**	67,201,593	73,579,844
Repairs and maintenance		**20,173,074**	23,759,550	32,822,359
Fuel and oil		**3,718,532**	4,432,306	3,410,568
Transportation and travel		**1,894,015**	4,003,640	5,122,926
Utilities		**60,651**	152,545	190,243
Others		**2,029,665**	14,105,995	1,145,392
		₱149,473,632	₱193,095,545	₱210,593,090

21. General and Administrative Expenses

This account consists of:

	Note	**2022**	2021	2020
Professional and legal fees		**₱57,426,092**	₱61,484,495	₱44,421,791
Personnel cost	25	**38,825,770**	39,173,799	48,330,204
Taxes and licenses		**27,696,120**	6,348,475	4,586,276
Commitment fee		**18,420,003**	–	–
Entertainment, amusement and recreation		**17,746,630**	9,205,178	10,591,872
Commissions		**8,448,019**	9,886,510	15,161,389
Depreciation and amortization	11	**7,294,971**	7,953,230	8,872,609
Rentals and utilities	27	**6,784,242**	8,271,498	8,252,143
Transportation and travel		**6,463,551**	5,951,312	6,972,176
Outside services		**2,811,593**	5,384,242	5,431,678
Repairs and maintenance		**2,417,105**	4,196,600	4,407,282

(Forward)

	2022	2021	2020
Freight and handling	**₱1,230,124**	₱1,268,121	₱1,782,285
Advertising and promotions	**1,048,616**	1,016,304	140,309
Supplies and materials	**761,217**	577,230	766,250
Others	**21,909,087**	18,619,266	18,642,655
	₱219,283,140	₱179,336,260	₱178,358,919

Others pertains to penalties, surcharges, bank charges, printing and stationery and other expenses which are not individually significant amounts.

22. Impairment Losses

This account consists of:

	Note	2022	2021	2020
Provision for impairment of receivables	6	**₱29,181,818**	₱–	₱5,113,430
Film rights	12	**405,501**	405,501	405,501
Input VAT	8	**–**	–	5,296,083
Advances to suppliers and contractors	8	**–**	–	1,256,703
		₱29,587,319	₱405,501	₱12,071,717

23. Income Taxes

The provision for (benefit from) income tax shown in the consolidated statements of comprehensive income consists of:

	2022	2021	2020
Current	**₱1,582,757**	₱95,221	₱5,379,120
Deferred	**87,600,919**	(69,188,394)	99,111,477
	₱89,183,676	(₱69,093,173)	₱104,490,597

Provision for current income tax pertains to MCIT in 2022, 2021 and 2020.

The reconciliation of provision for (benefit from) income tax expense computed at the statutory income tax rate to the provision for (benefit from) income tax follows:

	2022	2021	2020
Provision for (benefit from) income tax expense at statutory tax rate	**₱34,504,490**	(₱24,052,227)	₱64,359,403
Tax effects of:			
Expired NOLCO	**29,873,151**	19,484,045	–
Nondeductible expense	**2,379,892**	1,693,791	7,444,338
Expired excess MCIT over RCIT	**423,436**	471,700	–
Income subject to final tax	**(13,124)**	(12,594)	(32,722)
Effect of change in income tax rate	**–**	(76,665,640)	–
Interest expense - accretion (redemption)	**–**	493,149	891,766
Change in unrecognized deferred tax assets	**22,015,831**	9,494,603	31,827,812
	₱89,183,676	(₱69,093,173)	₱104,490,597

The components of the Group's deferred tax assets are as follows:

	2022	2021
Deferred tax assets recognized in profit or loss:		
Difference in the tax base and accounting base of land and land development	**₱12,511,825**	₱12,511,825
Allowance for impairment losses on receivables	**736,809**	5,920,400
Pension liabilities	**4,916,847**	5,013,098
Excess of MCIT over RCIT	**8,987,200**	2,089,436
Provisions for administrative fines	**172,335**	172,335
Lease liability	**248,013**	216,209
Unrealized foreign exchange loss	**7,890**	988
	₱27,580,919	₱25,924,291

The components of the Group's deferred tax liabilities are as follows:

	2022	2021
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on fair valuation of investment property	**₱383,266,000**	302,510,500
Increase in fair value due to purchase price allocation	**66,450,512**	66,450,512
Right-of-use asset	**237,693**	170,132
Commission - PFRS 15	**201,909**	201,909
Gross profit on real estate sales	**64,339,559**	55,905,073
	514,495,673	425,238,126
Deferred tax liability recognized in OCI:		
Remeasurement gain on defined benefit obligation	**3,699,792**	4,379,480
	₱518,195,465	₱429,617,606

The Group has deductible temporary differences that are available for offset against future taxable income or income tax payable for which deferred tax assets have not been recognized. These deductible temporary differences are as follows:

	2022	2021
NOLCO	**₱434,063,623**	₱401,757,259
Allowance for impairment losses	**177,318,122**	243,019,789
Retirement liability	**36,890,584**	25,831,296
Excess of MCIT over RCIT	**4,513,403**	9,634,687
	₱652,785,732	₱680,243,031

The details of the Group's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2022	₱–	₱267,916,281	₱–	₱267,916,281	2025
2021	155,660,753	–	–	6,508,727	2026
2020	159,638,615	–	–	159,638,615	2025
2019	86,457,891	–	(86,457,891)	–	2022
	₱401,757,259	₱267,916,281	(₱86,457,891)	₱434,063,623	

Under the Republic Act No. 11494, also known as *"Bayanihan to Recover As One Act"*, and as implemented by the BIR under RR No. 25-2020, the Group is allowed to carry-over the NOLCO incurred for taxable years 2021 and 2020 as a deduction from gross income for the next five taxable years.

The details of the Group's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2022	₱–	₱1,582,757	₱–	₱1,582,757	
2021	6,508,727	–	–	6,508,727	2024
2020	5,409,119	–	–	5,409,119	2023
2019	3,260,615	–	(3,260,615)	–	2022
	₱15,178,461	₱1,582,757	(₱3,260,615)	₱13,500,603	

NOLCO and MCIT presented in the above tables include the amount of NOLCO and MCIT of GLCI.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act") was approved and signed into law. Under the CREATE Act, the Regular Corporate Income Tax (RCIT) of domestic corporations was revised from 30% to 25% and 20%, depending on the amount of total assets or total amount of taxable income. In addition, the Minimum Corporate Income Tax (MCIT) was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

The changes in the income tax rates retrospectively became effective beginning July 1, 2020. However, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are still at 30% and 2% for RCIT and MCIT, respectively. The change was recognized in the financial statements as at December 31, 2021 resulting to a decrease in current tax expense by ₱1.3 million and an increase in deferred tax benefit of ₱78.1 million.

24. Interest Expense

This account consists of:

	Note	**2022**	2021	2020
Loans payable:	14			
Long-term loans		**₱42,710,384**	₱36,325,097	₱68,769,379
Short-term loans		**27,830,312**	35,884,846	61,127,580
Convertible loans		**11,975,187**	24,688,107	33,669,773
Share lending agreement	19	**31,006,694**	14,325,178	–
Lease liabilities	27	**73,190**	63,317	105,713
Installment payable		–	2,753,478	8,760,215
Others		–	116,317	31,692
		₱113,595,767	₱114,156,340	₱172,464,352

Interest expense on installment payable was due for a liability arising from the purchase of heavy equipment, which was fully settled in 2021.

25. Personnel Costs

This account consists of:

	Note	2022	2021	2020
Cost of services:	20			
Salaries and wages		**₱35,200,488**	₱46,300,688	₱53,040,104
Pension expense	18	**11,297,717**	5,181,334	4,346,048
Other employee benefits		**11,068,025**	15,719,571	16,193,692
		57,566,230	67,201,593	73,579,844
General and administrative expenses:	21			
Salaries and wages		**22,931,782**	29,671,546	38,472,344
Pension expense	18	**2,627,556**	1,680,434	1,636,367
Other employee benefits		**13,266,432**	7,821,819	8,221,493
		38,825,770	39,173,799	48,330,204
		₱96,392,000	₱106,375,392	₱121,910,048

26. Basic/Diluted EPS

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company for the year over the weighted average number of common shares outstanding during the year.

Basic and Diluted EPS Attributable to Equity Holders of the Parent Company

	2022	2021	2020
Net income (loss) attributable to equity holders of the Parent Company	**₱29,502,668**	(₱47,826,957)	₱97,338,426
Weighted average number of outstanding common shares*	**2,653,352,820**	2,188,586,397	2,012,450,586
Basic and Diluted Earnings (Loss) Per Share	**₱0.0111**	(₱0.0219)	₱0.0484

**The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and new subscriptions during the year.*

The weighted average number of common shares outstanding are computed as follows:

	2022	2021	2020
Number of shares at beginning of year	**2,188,586,397**	2,012,450,586	1,990,480,889
Weighted average number of Parent Company shares issued during the year	**464,766,423**	176,135,811	21,969,697
	2,653,352,820	2,188,586,397	2,012,450,586

Diluted EPS is computed similar to the computation of the basic EPS except that the net income attributable to equity holders of the parent and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential common shares. The effect of the conversion option of the convertible loans is anti-dilutive in 2022, 2021 and 2020. Thus, the basic and diluted EPS are the same in 2022 and 2021.

27. Leases

The Group has a lease contract for office space used in its operations which has a lease term of four years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group applies the short-term lease recognition exemption for these leases.

The rollforward analysis of ROU assets are as follows:

	Note	2022	2021
Cost			
Balance at beginning of year		**₱1,968,707**	₱1,968,707
Additions		**1,521,233**	–
Derecognition		**(1,968,707)**	–
		1,521,233	1,968,707
Accumulated Depreciation			
Balance at beginning of year		**1,958,061**	1,288,181
Derecognition		**(1,968,707)**	
Depreciation	11	**581,109**	669,880
Balance at end of year		**570,463**	1,958,061
Net Carrying Amount	13	**₱950,770**	₱10,646

The rollforward analysis of lease liabilities are as follows:

	Note	2022	2021
Balance at beginning of year		**₱243,454**	₱865,137
Additions		**1,521,233**	–
Payment		**(845,826)**	(685,000)
Interest expense	24	**73,190**	63,317
Balance at end of year		**992,051**	243,454
Current portion		**(799,331)**	–
Noncurrent portion		**₱192,720**	₱243,454

The following are the amounts recognized in the consolidated statements of comprehensive income:

	Note	2022	2021	2020
Expenses relating to short-term leases	21	**₱2,684,388**	₱2,865,151	₱2,469,674
Depreciation expense of ROU assets	11	**581,109**	669,880	669,880
Interest expense on lease liabilities	24	**73,190**	63,317	105,713
		₱3,338,687	₱3,598,348	₱3,245,267

28. Financial Assets and Financial Liabilities

Financial Risk Management Objectives and Policies

The Group's principal financial assets and financial liabilities comprise of loans payable and due to and from related parties. The main purpose of these financial assets and financial liabilities is to finance the Group's operations. The Group has other financial assets and financial liabilities such as trade and other receivables and trade and other payables which arise directly from its operations.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The main risks arising from the Group's financial assets and financial liabilities are liquidity risk, credit risk and interest rate risk. Exposure to these risks arises in the normal course of business activities. The Group's BOD reviews and approves actions for managing each of these risks which are summarized below:

Liquidity Risk. Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The major liquidity risk confronting the Group pertains to the daily calls on its available cash resources in respect of claims arising from trade and other payables and the maturity of loans payable. In this regard, the Group maintains a level of cash deemed sufficient to finance its operations.

To manage its liquidity risk from maturing liabilities, the Group has undertaken various initiatives as discussed in Note 1.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted cash flows. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

	2022			
	120 days	**121-360 days**	**>360 days**	**Total**
Financial Liabilities				
Trade and other payables*	**₱374,259,567**	**₱–**	**₱–**	**₱374,259,567**
Loans payable:				
Long-term loans**	**46,495,347**	**127,695,252**	**205,688,801**	**379,879,400**
Short-term loans**	**306,754,632**	**–**	**–**	**306,754,632**
Convertible loan**	**100,000,000**	**–**	**–**	**100,000,000**
Callable loans**	**22,000,000**	**–**	**–**	**22,000,000**
Lease liabilities**	**239,889**	**559,442**	**192,720**	**992,051**
	₱849,749,435	**₱128,254,694**	**₱205,881,521**	**₱1,183,885,650**

** Excluding lease liabilities, statutory and other nonfinancial liabilities aggregating ₱181.3 million*
*** Including future interest*

	2021			
	120 days	121-361 days	>360 days	Total
Financial Liabilities				
Trade and other payables*	₱388,232,256	₱–	₱–	₱388,232,256
Loans payable:				
Long-term loans**	29,271,776	88,928,115	177,091,858	295,291,749
Short-term loans**	234,204,632	20,350,000	–	254,554,632
Convertible loan**	–	–	100,000,000	100,000,000
Callable loans**	880,000	23,440,000	–	24,320,000
Lease liabilities**	243,454	–	–	243,454
	₱652,832,118	₱132,718,115	₱277,091,858	₱1,062,642,091

** Excluding lease liabilities, statutory and other nonfinancial liabilities amounting to ₱193.8 million*
*** Including future interest*

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group's credit risks are primarily attributable to cash in banks, receivables, due from related parties and security deposits. The Group's receivables and due from related parties are monitored on an ongoing basis.

With respect to credit risk arising from cash in banks, receivables, due from related parties, and other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit quality of the Group's financial assets are as follows:

	2022					
	Neither Past Due nor Impaired			**Past Due but**		
	High Grade	**Medium Grade**	**Total**	**not Impaired**	**Impaired**	**Total**
Cash in banks	**₱53,702,522**	**₱–**	**₱53,702,522**	**₱–**	**₱–**	**₱53,702,522**
Receivables						
Contract receivables	**313,674,166**	**–**	**313,674,166**	**–**	**2,947,236**	**316,621,402**
Trade	**–**	**24,426,819**	**24,426,819**	**–**	**–**	**24,426,819**
Others	**–**	**–**	**–**	**–**	**4,636,569**	**4,636,569**
Other assets						
Receivable from PAGCOR	**–**	**–**	**–**	**3,042,702**	**–**	**3,042,702**
Security deposits	**–**	**1,191,592**	**1,191,592**	**–**	**–**	**1,191,592**
	₱367,376,688	**₱25,618,411**	**₱392,995,099**	**₱3,042,702**	**₱7,583,805**	**₱403,621,606**

	2021					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	not Impaired	Impaired	Total
Cash in banks	₱89,227,003	₱–	₱89,227,003	₱–	₱–	₱89,227,003
Receivables						
Contract receivables	11,505,331	–	11,505,331	–	23,681,600	35,186,931
Trade	–	1,388,982	1,388,982	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱100,732,334	₱2,241,004	₱102,973,338	₱3,042,702	₱28,318,169	₱134,334,209

The Group has determined that the credit quality of all neither past nor impaired financial assets as at December 31, 2022 and 2021 are classified as high grade based on the following:

- Cash - based on the financial and credit standing of the counterparty.

- Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment. All receivables are deemed high grade by the Group.

- Security deposits - based on the credit standing/reputation of counterparty.

The table below shows the Group's aging analysis of financial assets.

	2022					
	Neither Past Due nor Impaired	**Past Due but not Impaired**				
		120 days	**121-360 days**	**>360 days**	**Impaired**	**Total**
Cash in banks	**₱53,702,522**	**₱–**	**₱–**	**₱–**	**₱–**	**₱53,702,522**
Receivables						
Contract receivables	**313,674,166**	–	–	–	**2,947,236**	**316,621,402**
Trade	**24,426,819**	–	–	–	–	**24,426,819**
Others	–	–	–	–	**4,636,569**	**4,636,569**
Other assets						
Receivable from PAGCOR	–	–	–	**3,042,702**	–	**3,042,702**
Security deposits	**1,191,592**	–	–	–	–	**1,191,592**
	₱392,995,099	**₱–**	**₱–**	**₱3,042,702**	**₱7,583,805**	**₱403,621,606**

	2021					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	₱89,227,003	₱–	₱–	₱–	₱–	₱89,227,003
Receivables						
Contract receivables	33,352,852	–	–	–	23,681,600	35,186,931
Trade	1,388,982	–	–	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	852,022	–	–	–	–	852,022
	₱124,820,859	₱–	₱–	₱3,042,702	₱6,470,648	₱134,334,209

Interest Rate Risk. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The Group has interest bearing loans with floating interest rate subject to repricing amounting to ₱165.8 million and ₱156.7 million as at December 31, 2022 and 2021, respectively.

The re-pricing of these instruments is done on intervals of three months.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax.

	Increase (Decrease)	Effect on Income Before Income Tax
2022	**2.43%**	**₱4,029,133**
	(2.43%)	**(4,029,133)**
2021	0.74%	1,160,213
	(0.74%)	(1,160,213)

29. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	2022						
		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Addition	Proceeds	Payments	Balance at end of year
Deposit for future stock subscription	₱465,231,457	(₱465,231,457)	₱–	₱–	₱–	₱–	₱–
Long-term loans	295,291,747	–	–	–	160,322,826	(75,735,173)	379,879,400
Short-term loans	254,554,632	–	–	–	120,700,000	(68,500,000)	306,754,632
Convertible loans	100,000,000	–	–	–	–	–	100,000,000
Callable loans	22,000,000	–	–	–	–	–	22,000,000
Lease liabilities	243,454	–	73,190	1,521,233		(845,826)	992,051
	₱1,138,036,059	(₱465,231,457)	₱73,190	₱1,521,233	₱281,022,826	(₱145,607,645)	₱809,814,206

	2021						
		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Addition	Proceeds	Payments	Balance at end of year
Convertible loans	₱495,006,168	(₱354,000,000)	₱1,993,831	₱–	₱–	(₱42,999,999)	₱100,000,000
Long-term loans	423,865,093	–	–	–	–	(128,573,346)	295,291,747
Short-term loans	225,962,500	–	–	–	34,154,632	(5,562,500)	254,554,632
Deposit for future stock subscription	113,000,000	(113,000,000)	–	378,688,107	86,543,350	–	465,231,457
Callable loans	22,000,000	–	–	–	–	–	22,000,000
Lease liabilities	865,137	–	63,317	–	–	(685,000)	243,454
	₱1,280,698,898	(₱467,000,000)	₱2,057,148	₱378,688,107	₱120,697,982	(₱177,820,845)	₱1,138,036,059

	2020					
		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Sale in Exchange of Loans	Interest Accretion	Proceeds	Payments	Balance at end of year
Convertible loans	₱494,533,615	₱–	₱4,972,553	₱–	(₱4,500,000)	₱495,006,168
Long-term loans	1,064,603,643	(397,482,489)	–	–	(243,256,061)	423,865,093
Short-term loans	233,025,000	–	–	–	(7,062,500)	225,962,500
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Callable loans	22,000,000	–	–	–	–	22,000,000
Lease liabilities	1,444,423	–	105,713	–	(684,999)	865,137
	₱1,815,606,681	(₱397,482,489)	₱5,078,266	₱113,000,000	(₱257,336,181)	₱1,280,698,898

30. Commitments and Contingencies

Service Contract with Cagdianao Mining Corporation (CMC)

In December 2014, the Group entered into a Saprolite Mining Contract with CMC for the hauling and extraction of mineral ores in the Municipality of Cagdianao, Province of Dinagat Islands. The Contract was extended by both parties in 2018, in 2019 up to 2021 and in 2022, with the Group rendering services to CMC starting March 1 until October 31 of each year.

If the Group fails to deliver the required tonnage, CMC shall impose a penalty computed based on the required WMT multiplied by $0.50 per WMT of materials not delivered.

The Group renders mining services that include loading and hauling, road and bench maintenance, barge loading services and rental of heavy equipment.

Mining-related services revenue recognized by the Group amounted to ₱112.1 million and ₱174.7 million in 2022 and 2021, respectively (₱241.7 million in 2020). This includes equipment rental amounting to ₱518,314 in 2021 (₱1.3 million in 2020).

Agreement with Home Trenz Realty Corp. (Home Trenz)
In October 2021, GLCI and Home Trenz entered into an agreement wherein: (a) GLCI will provide ₱25.2 million to acquire certain properties which Home Trenz will subdivide, market and sell under its name; and (b) GLCI is entitled to 300% of its contribution as its share of profits and return of contribution while Home Trenz is entitled to any surplus profits and proceeds on the sale of the properties.

In 2022 and 2021, the Group recognized its share on the project amounting to ₱2.0 million and ₱54.3 million, respectively. This was included under "Other income (charges)" in the consolidated statements of comprehensive income.

As at December 31, 2022, the agreement with Home Trenz is already completed.

Contingencies
The Group is involved in legal proceedings relating to transactions with stockholders and former officers and compliance with corporate rules and regulations. Management, in consultation with its legal counsels, believes that the outcome of these proceedings will not have material adverse effect on the financial position and performance of the Group.

Phone
Fax
Website

REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated April 12, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2022 and 2021, and no material exceptions were noted.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022 and 2021

Ratio	Formula		2022	2021
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		**1.16**	1.06
	Total Current Assets	₱1,546,938,643		
	Divide by: Total Current Liabilities	1,328,897,556		
	Current Ratio	1.16		
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		**0.41**	0.29
	Total Current Assets	1,546,938,643		
	Less: Inventories	(820,207,628)		
	Other Current Assets	(179,831,676)		
	Quick Assets	546,899,339		
	Divide by: Total Current Liabilities	1,328,897,556		
	Acid Test Ratio	0.41		
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		**0.67**	0.86
	Total interest-bearing debt	₱1,387,036,937		
	Total Equity	2,055,588,759		
	Debt to Equity Ratio	0.67		
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		**2.03**	2.53
	Total Assets	₱4,175,921,375		
	Total Equity	2,055,588,759		
	Asset to Equity Ratio	2.03		
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		**2.20**	0.00
	Net Income Before Income Tax	₱138,017,960		
	Less: Interest income	(1,711,089)		
	Add: Interest Expense	113,595,767		
	Earnings Before Interest and Taxes	249,902,638		
	Divide by: Interest Expense	113,595,767		
	Interest Rate Coverage Ratio	2.20		

Ratio	Formula		2022	2021
Return on Equity	**Net Income divided by Average Total Equity**		**2.76%**	(2.97%)
	Net Income	₱48,834,284		
	Average Total Equity	1,772,271,607		
	Return on Equity	2.76%		
Return on Assets	**Net Income divided by Average Total Assets**		**3.33%**	(1.55%)
	Net Income	₱48,834,284		
	Average Total Assets	1,456,223,220		
	Return on Assets	3.33%		
Solvency Ratio	**Net Income Before Non-Cash Expenses divided by Total Liabilities**		**6.74%**	2.39%
	Net Income	₱48,834,284		
	Add: Non-Cash Expenses	94,177,853		
	Net Income Before Non-Cash Expenses	143,012,137		
	Total Liabilities	2,120,332,616		
	Solvency Ratio	6.74%		
Net Profit Margin	**Net Income divided by Total Revenue**		**10.96%**	(12.08%)
	Net Income	₱48,834,284		
	Total Revenue	445,536,982		
	Net Profit Margin	10.96%		

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated April 13, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedules required by paragraph 6 Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Parent Company's Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of Group Structure

These supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68, and are not part of the consolidated financial statements. The supplementary information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the supplementary information is fairly stated in all material respect in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
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April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

PARENT COMPANY'S RECONCILIATON OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

	Amount
Deficit, as at December 31, 2021	(₱323,561,532)
Add (less) -	
Deferred tax liabilities	25,062
Deficit as at January 1, 2022, as adjusted	(323,561,532)
Net loss during the period closed to retained earnings	(196,338,805)
Deficit, at end of year	(₱519,900,337)

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68

DECEMBER 31, 2022

Table of Contents

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

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at End of Period
Officers and employees	₱63,724,304	₱40,502,391	₱–	₱–	₱104,226,695	₱–	₱104,226,695

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

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at End of Period
Premiere Horizon Alliance Corporation	₱308,390,091	₱–	(₱308,390,091)	₱–	₱–	₱–	₱–
Goshen Land Capital Inc.	–	–	–	–	–	–	–
Premiere Georesources and Development Inc.	–	–	–	–	–	–	–
West Palawan Premiere Development Corp.	55,674,560	–	(55,674,560)	–	–	–	–
Treasure Cove at Nagtabon Beach, Inc.	3,493,974	–	(3,493,974)	–	–	–	–
Concepts Unplugged Business Environment Solutions (CUBES), Inc.	941,237	35,706,341	–	(36,647,578)	–	–	–
PH Big Bounty Entertainment, Inc.	–	–	–	–	–	–	–
PH Agriforest Corporation	–	–	–	–	–	–	–
Premiere Horizon Business Services, Inc.	–	–	–	–	–	–	–
PH Mining and Development Corporation	14,411,009	–	(14,411,009)	–	–	–	–
Digiwave Solutions Incorporated	–	–	–	–	–	–	–
Palawan Star Mining and Ventures, Inc.	5,864,652	5,668,775	–	–	11,533,427	–	11,533,427
PH Mining and Development Corporation	7,689,548	6,801,202	–	–	14,490,750	–	14,490,750
	₱396,465,071	₱12,469,977	(₱381,969,634)	(₱36,647,578)	₱26,024,177	₱–	₱26,024,177

Schedule D. Long-term debt

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Long-term Debt" in Related Balance Sheet"
Loans Payable:			
Philippine Veterans Bank	₱314,000,000	₱107,127,019	₱–
Security Bank	200,000,000	7,044,725	9,298,765
Bank of the Philippine Islands	42,220,000	1,175,625	41,044,375
Zambales Bank	32,000,000	3,200,000	28,669,200
Tanay Rural Bank	20,000,000	14,376,209	–
Other Financing Institutions	230,026,058	118,968,824	48,974,658
Convertible Loan -			
Treasure Island Industrial Corporation	100,000,000	100,000,000	–
Callable loans -			
KSK SMP Corp.	22,000,000	22,000,000	–
	₱960,246,058	**₱373,892,402**	**₱127,986,998**

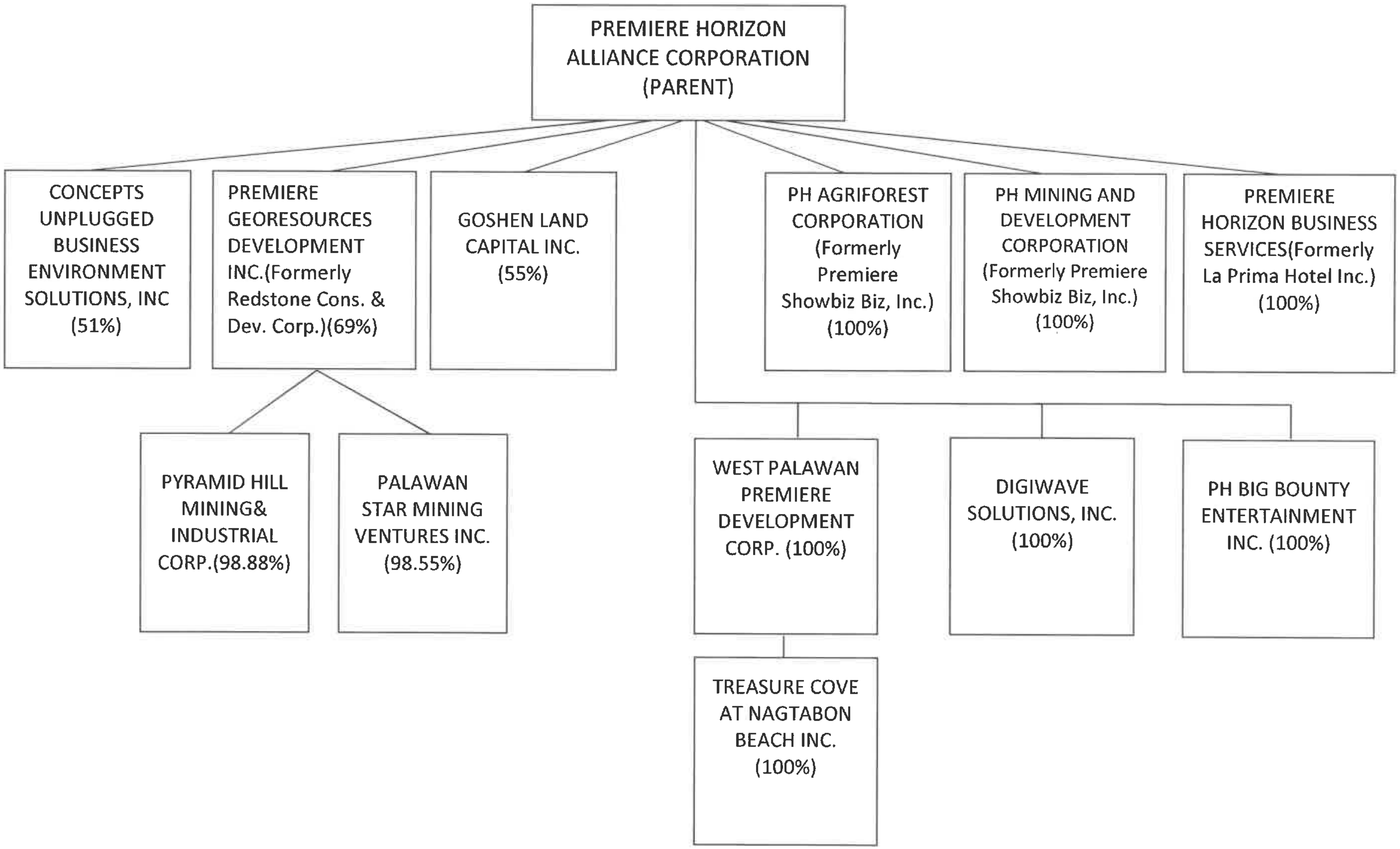
Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	6,000,000,000	4,029,987,305	–	–	436,822,647	3,593,164,658

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

MAP OF GROUP STRUCTURE

DECEMBER 31, 2022 and 2021



ANNEX "F3"

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

The following document has been received:

Receiving: KRISTINE MAE DAGA-ANG
Receipt Date and Time: May 17, 2022 07:48:16 AM

Company Information

SEC Registration No.: 0000147584
Company Name: PREMIERE HORIZON ALLIANCE CORPORATION
Industry Classification: O92190
Company Type: Stock Corporation

Document Information

Document ID: OST1051720228394156
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2021
Submission Type: Consolidated
Remarks: None

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5 2 4 1 2

COMPANY NAME

PREMIERE HORIZON ALLIANCE CORPORATION
AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.premierehorizonalliance.com	(02) 8632-7714	Not Applicable

No. of Stockholders	Annual Meeting	Calendar Year (Month / Day)
130	May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Mr. Raul Ma. F. Anonas	Not Applicable	(02) 8632-7715	Not Applicable

CONTACT PERSON'S ADDRESS

Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

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

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

Premiere Horizon
Invigorating the Countryside

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Premiere Horizon Alliance Corporation (the Group)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2021 and 2020 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 to cease operations, or has no realistic alternative to do so.

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

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

Reyes Tacandong & Co. and SyCip Gorres Velayo & Co. (SGV), the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AUGUSTO M. COSIO JR.
Chairman of the Board

ROBERTO B. ORTIZ
President & CEO

BRANDON BENITO P. LEONG
Treasurer

Signed this 16th day of May 2022

SUBSCRIBE AND SWORN TO BEFORE ME THIS
AT PASIG CITY MAY 1 6 2022 BY THE
ABOVE AFFIANT/S.
DOC. NO. 253
PAGE NO. 52
BOOK NO. 24
SERIES OF 22

ATTY. LETICIA M. AMON
Notary Public
Pasig Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR BCE No. 8121781 / 01-03-22
Lifetime IBP Member No. 04286
Official Receipt No. 574709, IBP Chapter
MCLE Compliance No. VII-0000050 / [illegible]
Ground Flr. Armal Center, U. Velasco Ave.,
Malinao, Pasig City

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties at Fair Value
Investment properties which consist of parcels of land in Puerto Princesa, Palawan are measured using the fair value model. As at December 31, 2021, investment properties amounting to ₱1,692.0 million represent 45% of the total consolidated assets. Moreover, the determination of the fair values of these properties involves significant management judgment and estimations and requires the assistance of external appraisers whose calculations depend on assumptions.

We evaluated the competence and capabilities of the external appraiser by considering their qualifications, experience and reporting responsibilities. We also reviewed the appropriateness and reasonableness of the methodology and key assumptions used in the valuation of the investment properties. We also checked the adequacy of the related disclosures in Note 3, *Significant Judgments, Accounting Estimates and Assumptions* and Note 10, *Investment Properties* to the consolidated financial statements.

Recoverability of Deferred Exploration Costs
At each reporting date, the Group is required to assess whether facts and circumstances indicates that the carrying amount of the deferred exploration costs exceeds its recoverable amounts. As at December 31, 2021, deferred exploration costs amounting to ₱413.8 million is considered significant to the consolidated financial statements. Moreover, the assessment of the commercial viability of the reserves involves significant management judgment and estimates.

We obtained and reviewed management's assessment on whether there is any indication that deferred exploration costs may be impaired. We reviewed the status of the exploration project as at December 31, 2021 and obtained the licenses and permits to determine that the period for which the Group has the right to explore has not expired. We also checked the status of the application of the renewal of licenses and permits of the exploration project and inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued. Moreover, we inspected the contracts and agreements, budget for exploration and development costs and the most recent financial projections of the Group. We also checked the adequacy of the related disclosures in Note 9, *Deferred Exploration Costs* to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

Other Matter

The consolidated financial statements of the Group as at December 31, 2020 and for the years ended December 31, 2020 and 2019 were audited by another auditor whose report dated May 27, 2021, expressed an unmodified opinion on those consolidated financial statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Emmanuel V. Clarino.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
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May 16, 2022
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Figures for 2020)

	Note	2021	2020
ASSETS			
Current Assets			
Cash	5	**₱89,845,913**	₱124,523,167
Receivables	6	**76,618,617**	66,624,113
Current portion of contract assets	6	**207,165,921**	250,548,433
Real estate for sale	7	**765,386,058**	831,734,159
Other current assets	8	**226,491,288**	186,582,888
Total Current Assets		**1,365,507,797**	1,460,012,760
Noncurrent Assets			
Contract assets - net of current portion	7	**108,212,116**	65,945,420
Deferred exploration costs	9	**413,812,603**	403,751,500
Investment properties	10	**1,692,025,000**	1,666,388,000
Property and equipment	11	**135,109,701**	231,177,984
Goodwill and intangible assets	12	**18,945,816**	19,351,317
Right-of-use assets	31	**10,646**	680,526
Deferred tax assets	27	**25,924,291**	35,678,603
Other noncurrent assets	13	**10,702,007**	13,809,782
Total Noncurrent Assets		**2,404,742,180**	2,436,783,132
		₱3,770,249,977	₱3,896,795,892
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	14	**₱254,554,632**	₱225,962,500
Current portion of:			
Loans payable	15	**231,249,398**	311,366,820
Convertible loans	18	**100,000,000**	400,370,775
Callable loans	19	**22,000,000**	15,000,000
Purchased land payable	16	**5,677,930**	18,102,930
Obligations under finance lease	17	**714,769**	528,206
Lease liability	31	**243,454**	679,649
Installment payable	17	**–**	17,055,586
Trade and other payables	20	**575,651,668**	748,927,393
Contract liabilities	4	**36,876,706**	7,819,623
Dividend payable	23	**39,800,000**	39,800,000
Current portion of capital gains tax payable	27	**26,940,000**	26,940,000
Total Current Liabilities		**1,293,708,557**	1,812,553,482

(Forward)

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
REVENUES	4			
Real estate sales	15, 16	**₱173,933,534**	₱479,301,585	₱79,101,295
Mining-related services	34	**174,681,141**	241,736,071	340,166,458
Service income		**502,880**	1,499,950	4,388,324
		349,117,555	722,537,606	423,656,077
COSTS OF SALES AND SERVICES				
Cost of services	24	**193,095,545**	210,593,090	252,105,301
Cost of real estate sales	4, 7	**74,080,684**	301,263,375	99,493,674
		267,176,229	511,856,465	351,598,975
GROSS PROFIT		**81,941,326**	210,681,141	72,057,102
GENERAL AND ADMINISTRATIVE EXPENSES	25	**179,741,761**	178,764,420	208,891,623
OTHER INCOME (CHARGES)				
Interest expense	28	**(114,156,340)**	(172,464,352)	(317,964,891)
Unrealized gain on fair valuation of investment properties	10	**25,637,000**	367,920,000	816,485,000
Interest income	5, 6	**2,680,377**	3,332,103	6,289,729
Impairment losses	26	**–**	(11,666,216)	(58,528,808)
Others - net	34	**72,359,093**	(4,506,912)	(13,761,610)
		(13,479,870)	182,614,623	432,513,420
INCOME (LOSS) BEFORE INCOME TAX		**(111,280,305)**	214,531,344	295,678,899
PROVISION FOR (BENEFIT FROM) INCOME TAX	27	**(69,093,173)**	104,490,597	224,482,061
NET INCOME (LOSS)		**(42,187,132)**	110,040,747	71,196,838
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent years:				
Remeasurement gain (loss) on defined benefit obligation - net of tax	22	**11,694,300**	(2,313,070)	(8,437,064)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱30,492,832)**	₱107,727,677	₱62,759,774
Net income (loss) attributable to:				
Equity holders of the Parent Company		**(₱47,826,957)**	₱97,338,426	₱238,120,942
Noncontrolling interests	23	**5,639,825**	12,702,321	(166,924,104)
		(₱42,187,132)	₱110,040,747	₱71,196,838
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**(₱40,039,287)**	₱95,547,517	₱232,066,432
Noncontrolling interests		**9,546,455**	12,180,160	(169,306,658)
		(₱30,492,832)	₱107,727,677	₱62,759,774
Basic Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company	30	**(₱0.0219)**	₱0.0484	₱0.1266
Diluted Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company	30	**(₱0.0219)**	₱0.0484	₱0.1141

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
CAPITAL STOCK - ₱0.25 par value	23			
Balance at beginning of year		**₱563,529,313**	₱497,620,222	₱472,715,222
Additional subscription		**237,121,213**	65,909,091	–
Collection of subscription receivable		–	–	24,905,000
Balance at end of year		**800,650,526**	563,529,313	497,620,222
ADDITIONAL PAID-IN CAPITAL	23			
Balance at beginning of year		**117,452,141**	97,020,326	66,073,918
Additional subscription		**75,878,790**	21,090,909	–
Stock issuance costs		**(7,106,076)**	(659,094)	–
Disposal of parent company shares held by a subsidiary		–	–	30,946,408
Balance at end of year		**186,224,855**	117,452,141	97,020,326
RETAINED EARNINGS	23			
Balance at beginning of year		**183,798,260**	86,459,834	(151,661,108)
Net income (loss)		**(47,826,957)**	97,338,426	238,120,942
Balance at end of year		**135,971,303**	183,798,260	86,459,834
CUMULATIVE REMEASUREMENT GAIN ON PENSION LIABILITIES	22			
Balance at beginning of year		**3,125,901**	4,916,810	10,971,320
Remeasurement gain (loss) on defined benefit obligation		**7,787,670**	(1,790,909)	(6,054,510)
Balance at end of year		**10,913,571**	3,125,901	4,916,810
PARENT COMPANY SHARES HELD BY A SUBSIDIARY	23			
Balance at beginning of year		–	–	(120,226,315)
Disposal of parent company shares held by a subsidiary		–	–	120,226,315
Balance at end of year		–	–	–
NONCONTROLLING INTERESTS	23			
Balance at beginning of year		**345,647,745**	333,467,585	502,774,243
Net income (loss)		**5,639,825**	12,702,321	(166,924,104)
Remeasurement gain (loss) on defined benefit obligation	22	**3,906,630**	(522,161)	(2,382,554)
Balance at end of year		**355,194,200**	345,647,745	333,467,585
		₱1,488,954,455	₱1,213,553,360	₱1,019,484,777

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱111,280,305)**	₱214,531,344	₱295,678,899
Adjustments for:				
Interest expense	28	**114,156,340**	172,464,352	317,964,891
Depreciation and amortization	11, 31	**87,393,146**	92,714,858	115,084,790
Unrealized gain on fair valuation of investment properties	10	**(25,637,000)**	(367,920,000)	(816,485,000)
Pension costs	22	**5,580,269**	5,982,458	3,169,793
Interest income	5, 6	**(2,680,377)**	(3,332,103)	(6,289,729)
Loss (gain) on disposal of property and equipment	11	**417,573**	(3,061,431)	(329,896)
Gross profit from sale in exchange for extinguishment of loans	15, 16	**–**	(166,622,424)	–
Impairment losses	26	**–**	11,666,216	58,528,808
Operating income (loss) before working capital changes		**67,949,646**	(43,576,730)	(32,677,444)
Decrease (increase) in:				
Receivables and contract assets		**(8,878,688)**	369,770,171	468,225,125
Real estate for sale		**66,348,101**	(41,893,908)	98,903,683
Other current assets		**(39,908,400)**	(58,831,823)	(42,010,058)
Increase (decrease) in:				
Trade and other payables		**(197,963,832)**	152,470,142	(112,719,986)
Purchased land payable		**(12,425,000)**	(26,400,000)	(51,503,031)
Contract liabilities		**29,057,083**	(4,090,814)	(17,782,437)
Net cash generated from (used for) operations		**(95,821,090)**	347,447,038	310,435,852
Interest paid		**(112,099,192)**	(167,386,086)	(324,728,473)
Interest received		**2,680,377**	3,332,103	6,289,729
Income taxes paid		**(95,221)**	(5,379,165)	(10,556,972)
Net cash provided by (used in) operating activities		**(205,335,126)**	178,013,890	(18,559,864)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to deferred exploration costs	9	**(10,061,103)**	(13,554,200)	–
Proceeds from sale of property and equipment	11	**10,819,281**	3,595,136	329,896
Additions to (reductions) in other noncurrent assets		**3,107,775**	3,941,436	(7,791,200)
Acquisitions of property and equipment	11	**(1,486,336)**	(71,040,249)	(90,505,752)
Net cash provided by (used in) investing activities		**2,379,617**	(77,057,877)	(97,967,056)

(Forward)

	Note	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Issuance of capital stock	23	**₱305,893,927**	₱86,340,906	₱–
Deposits for future stock subscriptions	23	**22,919,564**	113,000,000	–
Availment of:				
Short-term loans	14	**28,778,695**	–	31,500,000
Callable loans	19	**–**	–	7,000,000
Sale of Parent Company shares held by a subsidiary	23	**–**	–	151,172,723
Collection of subscription receivables	23	**–**	–	24,905,000
Payments of:				
Loans payable	15	**(147,622,763)**	(243,256,061)	(49,159,674)
Convertible loans	18	**(41,006,168)**	(4,500,000)	(14,000,000)
Principal portion of lease liability	31	**(685,000)**	(684,999)	(652,379)
Short-term loans	14	**–**	(7,062,500)	(16,195,000)
Obligation under finance lease	17	**–**	(1,832,621)	(5,461,577)
Net cash provided by (used in) financing activities		**168,278,255**	(57,995,275)	129,109,093
NET INCREASE (DECREASE) IN CASH		**(34,677,254)**	42,960,738	12,582,173
CASH AT BEGINNING OF YEAR		**124,523,167**	81,562,429	68,980,256
CASH AT END OF YEAR		**₱89,845,913**	₱124,523,167	₱81,562,429

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Information for 2020 and 2019)

1. **General Information**

Corporate Information

Premiere Horizon Alliance Corporation (PHA or the Parent Company), was registered in the Philippine Securities and Exchange Commission (SEC) on January 13, 1988 and listed in the Philippine Stock Exchange (PSE) on May 5, 1997. The Parent Company's primary and secondary purpose, as changed, is to engage in business activities relating to entertainment, gaming, hotel, and leisure and to expand to mining and real estate industries, respectively.

On August 10, 2016, the SEC approved the change in the Parent Company's primary purpose to that of an investment holding company and the relegation of the primary purpose to the secondary purposes.

The Parent Company and its subsidiaries (collectively referred herein as "the Group") is currently involved in mining and real estate activities.

The Parent Company's registered address and principal place of business is at Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

As at December 31, 2021, 2020 and 2019, the subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

		Percentage of Ownership		
	Industry	Direct	Indirect	Total
West Palawan Premiere Development Corp. (WPP)	Real estate	100	–	100
Treasure Cove at Nagtabon Beach, Inc. (TCNBI)	Real estate	–	100	100
Premiere Georesources and Development Inc. (PGDI)	Mining	69	–	69
Pyramid Hill Mining & Industrial Corp. (PHMIC)	Mining	–	68	68
Palawan Star Mining Ventures, Inc. (PSMVI)	Mining	–	68	68
Goshen Land Capital, Inc. (GLCI)	Real estate	55	–	55
Concepts Unplugged: Business Environment Solutions (CUBES), Inc.	Management , investment and/or technical solutions	51	–	51
Premiere Horizon Business Services, Inc. (PHBSI)*	Human resource management	100	–	100
PH Mining and Development Corporation (PHMDC)*	Mining	100	–	100
PH Agriforest Corporation (PHAC)*	Forestry	100	–	100
PH Big Bounty Entertainment, Inc. (PBBEI)*	Amusement	100	–	100
Digiwave Solutions Incorporated (DSI)*	Information technology	100	–	100

**Non-operating*

The consolidated financial statements as at and for the year ended December 31, 2021 (with comparative figures for 2020 and 2019) were approved and authorized for issuance by the Board of Directors (BOD) on May 16, 2022, as recommended for approval by the Audit Committee on May 13, 2022.

Status of Operations and Management Plans

The Group's financial position and financial performance of the Group were affected by the Corona Virus Disease (COVID-19) pandemic resulting in a liquidity gap on its currently maturing liabilities of ₱1.8 billion as at December 31, 2020. The liquidity gap on currently maturing liabilities is the excess of the current financial liabilities against current financial assets. This condition may cast a significant doubt on the ability of the Company to continue as a going concern.

In 2021, the Group has undertaken the following initiatives:

- PHA increased its authorized capital stock from ₱563.6 million divided into 2,254,224,000 common shares at ₱0.25 par value a share to ₱1.5 billion divided into 6,000,000,000 common shares at ₱0.25 par value share. This was approved by the SEC on May 28, 2021. A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at ₱0.33 a share for a total consideration of ₱925.0 million, of which, ₱300.0 million was to be paid for in cash and the balance for a period of two years in either a combination of cash and/or infusion of SquidPay Technology, Inc (SPTI) shares, with the intent of making SPTI a subsidiary (see Note 23). Of the amount to be paid for in cash, ₱300.0 million has been received as at December 31, 2021.

- PHA entered into a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of ₱2.5 billion over the next 36 months. Under the Put Option Agreement, PHA may, in its sole discretion issue a "Put Option Notice" (PON) under certain terms and conditions. LDA agrees to honor Put Option Notices from PHA based on the agreed per share subscription price. On October 15, 2021, LDA subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million was fully paid and recognized as "Deposit for future stock subscription" (see Note 23).

- Convertible notes holder exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares. These converted notes were reclassified to deposit for future stock subscriptions, pending approval of the SEC of the valuation (see Note 18).

- Other initiatives are:
  - Negotiate principal payment extensions and deferrals with creditors;
  - Secure loans with the Group assets; and
  - Reduction and efficient management of operating expenses.

With these initiatives, the Group has been able to improve its financial position and expects that it will be able to improve its financial performance as well. Accordingly, the Group has prepared its financial statements on a going concern basis.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

In December 2020, the SEC issued Memorandum Circular (MC) No. 34, Series of 2020, which further extended the deferral of application of the provisions of Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2018-12 with respect to accounting for significant financing component and exclusion of land in the calculation of percentage of completion (POC) and IFRIC Agenda Discussion on over time transfers of constructed goods under PAS 23, *Borrowing Cost*, for another period of three years or until 2023.

The Group opted to avail the relief in connection with the accounting for significant financing component. The impact of the application of such financial reporting relief is discussed in "Adoption of Amendments to PFRS and PIC Issuances Issued but Not Yet Effective or Adopted" section of notes to the consolidated financial statements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All amounts are rounded to the nearest thousands unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment properties which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring a liability.

Fair value is the 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 Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in Notes 10 and 32.

Adoption of Amendment to PFRS and PIC Issuances
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendment to PFRS and PIC issuances which the Group adopted effective for annual periods beginning on or after January 1, 2021:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021. The Group applied the practical expedient in its consolidated financial statements for the year ended December 31, 2020.

  Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19 related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment. Accordingly, the Group has applied the amendment in the 2021 consolidated financial statements.

- *PIC Q&A 2018-12 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-05) - Treatment of Uninstalled Materials in the Calculation of POC* – The PIC Q&A provides guidance in recognizing revenue using a cost-based input method. Customized materials should be included in the measurement of the progress of work while materials that are not customized should be excluded.

- *PIC Q&A 2018-12-H Accounting for Common Usage Service Area (CUSA) Charges* – The PIC Q&A provides guidance in assessing whether a real estate developer is acting as a principal or agent in certain services to its tenants. The assessment considers the indicators of when an entity controls the specified service (and is, therefore, a principal) such as whether the entity is primarily responsible for fulfilling the promise to provide the service, whether the entity has inventory risk and whether the entity has discretion in establishing the price.

- *PIC Q&A 2018-12-E Treatment of Land in the Determination of the POC* – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.

- *PIC Q&A 2020-05 Accounting for Cancellation of Real Estate Sales* – Under this PIC Q&A the sales cancellation and repossession of the property may be accounted by using any of the three approaches (a) the repossessed property is recognized at fair value less cost to repossess; (b) the repossessed property is recognized at fair value plus repossession cost; or (c) the cancellation is accounted for as a modification of the contract where the Group will have to reverse the previously recognized revenues and related costs. The approach selected shall be applied consistently.

- *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 paragraph 35(c) of International Financial Reporting Standards 15 (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.

The adoption of the foregoing amendment to PFRS 16 and PIC issuances did not have any material effect on the consolidated financial statements. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Amendments to PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted
Relevant amendments to PFRS and PIC issuances which are not yet effective and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - 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 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgments*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related 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. Earlier application is permitted.

Deferred effectivity:

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- PIC Q&A 2018-12-D, *PFRS 15 Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-04)*. On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)" until December 31, 2023.

  The Group availed of the SEC relief with respect to accounting for significant financing component. The adoption of this guidance would have an impact to the interest income (expense), revenue from real estate sales, contract assets, income tax and the opening balance of retained earnings in the year of adoption. The Group is still assessing if the mismatch between the POC and right to an amount of consideration constitutes a significant financing component.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS and PIC issuances, except for the potential impact of assessing if the transaction price includes a significant financing component, is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company 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 Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance.

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

NCI represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combinations and Goodwill. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in "General and administrative expenses" account in the consolidated statement of comprehensive income.

For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Group at their carrying amounts as if the combinations had occurred from the date when the acquired companies first became under the control of the Group. The excess of the net carrying amounts of the assets and liabilities of the acquired companies over the cost of business combinations is recognized under "Excess of net assets over acquisition cost of acquired subsidiaries" account in the equity section of the consolidated statement of financial position.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of comprehensive income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group measures in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group also recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. When the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the goodwill is allocated. These budgets and forecasts calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

When goodwill has been allocated to a cash generating unit or group of cash generating units and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

When business combination involves more than one exchange transaction (occurs in stages), each exchange transaction is treated separately by the Company, using the cost of transaction and fair value information at the date of each exchange transactions, to determine the amount of goodwill associated with that transaction. Any adjustment to fair value relating to the previously held interest is a revaluation and is accounted for as such.

When subsidiaries are sold, the difference between the selling price and the net assets plus goodwill is recognized in profit or loss.

Asset Acquisition. If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement 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 normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in 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" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference 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" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

As at December 31, 2021 and 2020, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Group's cash, contract receivables, trade receivables, security deposits and receivable from PAGCOR (presented as part of "Other noncurrent assets").

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group's trade and other payables, short-term loans, purchased land payable, loan payable, installment payable, callable loans, convertible loans, lease liability and dividends payable.

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, 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.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

Trade Receivables and Contract Assets. The Group has applied the simplified approach in measuring the ECL on trade receivables and contract assets. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only 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 assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Real Estate for Sale and Land and Development Costs
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;
- Construction and development costs; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Other Current Assets
This account mainly consists of creditable withholding taxes (CWT), advances to suppliers and contractors, excess of input value-added tax (VAT) over output VAT and supplies, among others.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount. CWT that are expected to be utilized as payment for income taxes beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

Advances to Suppliers and Contractors. Advances to suppliers and contractors represent advance payments on goods and services to be incurred in connection with the Group's projects and operation. These are charged to expense or capitalized to projects in the consolidated statement of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Refundable advances to contractors and suppliers are classified as financial assets. Advance payments to suppliers and contractors that will be applied against future billings or expected to be refunded beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statement of financial position.

Deferred input VAT represents input VAT on purchase of capital goods exceeding one (1) million pesos. The related input VAT is recognized over five (5) years or the useful life of the capital goods whichever is shorter. Input VAT is stated at its estimated realizable value.

Supplies. Supplies consist of spare parts for the day to day repairs and maintenance of the Group's property and equipment. These are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. Net realizable value is the current replacement cost.

Investment Properties

Foreclosed properties of land or building and purchased land are classified under investment properties from foreclosure date and acquisition date, respectively.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are recorded as 'Investment properties' upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriffs Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

Subsequent to initial recognition, investment properties are stated at fair values, which are determined annually based on the latest appraisal performed by an independent firm or appraiser, an industry specialist in valuing these types of properties. Gain or loss arising from changes in the fair value of investment property is recognized in the consolidated statements of comprehensive income in the period in which they arise, including the corresponding tax effect. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income under 'Gain on sale of assets' in the year of retirement or disposal.

Deferred Exploration Costs

Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource) are deferred as incurred and included under "Deferred exploration costs" account in the consolidated statement of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures, and subsequent mine development costs are capitalized as part of the mine and mining properties account classified under property, plant and equipment.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when 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 cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Office space building and office space improvements	5–10 years
Heavy equipment	5–8 years
Leasehold improvements	5 years or the term of the lease, whichever is shorter
Furniture and fixtures	2–5 years
Transportation equipment	5 years
Office and other equipment	3–5 years

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. 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 in the year the asset is derecognized.

Construction in progress, which includes cost of construction and other direct costs, is stated at cost and is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the year the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from the indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Film Rights. Film rights include the unamortized cost of completed theatrical films and television projects and film rights acquired. Film rights principally consist of direct production costs, production overhead, development and pre-production costs and are stated at cost less accumulated amortization and any impairment in value. Amortization of film and television production costs starts when a film is released and revenues on that film are recognized. Amortization is made in proportion to the actual income earned during the year as against total estimated income. The total estimated income is subject to periodic evaluation by management based on actual income generated from those films.

Exclusive Distribution Right. Exclusive distribution right pertains to the exclusive right to distribute the Thermo Chiller system which was acquired as a result of business combination. Exclusive distribution right is amortized on a straight-line basis over its estimated useful life of ten (10) years.

Impairment of Nonfinancial Assets (excluding Goodwill)
Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 (CGU) 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.

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. 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 profit or loss. After such a reversal the depreciation and amortization 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.

Convertible Loans Payable
Convertible loans payable is separated into liability and equity components based on the terms of the contract.

On issuance of the convertible loans payable, the fair value of the liability component is determined using the market rate for an equivalent non-convertible loan. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity as part of additional paid-in capital. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible loan payable based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

When the convertible loans payable is extinguished before maturity, through an early redemptions or repurchase in which the original conversion privileges are unchanged an allocation is made for the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of transaction. The method of allocating the consideration paid and the transaction costs to the separate component is consistent with that used in the original allocation to the separate components or the proceeds received by the entity when the convertible loan payables were issued.

Deposit for Future Stock Subscription
Deposits for future stock subscription represent funds received by the Parent Company from an existing stockholder to be applied as payment for subscription of unissued shares or shares from the increase in authorized capital stock.

The Parent Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

b) There is BOD and stockholders approval on the proposed increase in the authorized capital stock (for which a deposit was received by the corporation); and

c) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If the foregoing conditions are not met, the deposits for future stock subscription are presented as a liability.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Equity component of convertible instruments are also included in additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

Subscription Receivable
Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Parent Company Shares Held by a Subsidiary
Parent's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in additional paid-in capital.

NCI
NCI represents the portion of profit or loss and the net assets not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from total equity attributable to owners of the Parent Company. Any losses applicable to a non-controlling shareholder of a consolidated subsidiary in excess of the non-controlling shareholder's equity in the subsidiary are charged against the NCI even if this results in NCI having a deficit.

NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

Retained Earnings
Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends declared to date.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Sale of Real Estate. The Group derives its real estate revenue from real estate development and subdivided lots. Revenue from sales of substantially completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion).

Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of construction cost, construction management cost, land development, planning cost, permits, borrowing cost and land cost. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as contract receivables, under receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Contract Balances

Receivables (Including Installment Receivables). A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced and payments in excess of percentage of completion.

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "General and administrative expense" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, Derecognition and Impairment of Capitalized Costs to Obtain a Contract. The Group amortizes capitalized costs to obtain a contract over the expected construction period using the percentage of completion following the pattern of real estate revenue recognition. The amortization of cost to obtain a contract is included within "General and administrative expense". A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Mining Related Services. Revenue from mining related services represents earnings from the operation of the Group's hauling services and equipment rental which are recognized over time as the services are rendered. The Group bills a fixed amount for every output delivered and recognizes revenue in the amount for which it has the right to invoice.

Service Income. Revenue from service income is recognized over time as the services are rendered.

Income from Forfeited Deposits. Deposits for reservation fee are generally non-refundable and forfeited upon cancellation of sale of condominium units or those under reservation. The amount of deposits is recognized as income when the contracts to sell or reservation agreement between the buyer and the Group are terminated. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Penalty. Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when buyers have defaulted in paying their dues and the collectability is reasonably assessed. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Interest Income. Interest income is recognized as the interest accrues using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount. Interest income from bank deposits is recognized as it accrues.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sold. Cost of real estate sold is recognized consistent with the revenue recognition method applied. Cost of real estate sold includes all direct materials and labor costs, and those indirect costs related to contract performance. Cost of real estate sold before the completion of the development includes estimated costs for future development work, all estimated by the Parent Company's project engineers. When it is probable that the labor contract cost will exceed total contract revenue, the expected loss is recognized immediately. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins, are recognized in the year in which the revisions are determined. The cost of inventory recognized in profit or loss in the consolidated statement of comprehensive income upon sale is determined with reference to the specific costs incurred on the property, allocated to the saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Cost of Services. Cost of services is recognized as expense when services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Other Income (Charges). Other income (charges) includes interest income on contract receivables, other income and expenses which are incidental to the Group's business operations and are recognized in the consolidated statement of comprehensive income when earned (as incurred).

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
b) the right to direct the use of the identified asset.

At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;
b) any lease payments made at or before the commencement date less any lease incentives received;
c) any initial direct costs; and
d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

a) fixed payments, including in-substance fixed payments;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees; and

d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Group as a Lessor. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" accounts in the consolidated statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Pension Costs. The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it 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 or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

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

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 profit or loss.

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the Parent Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

Operating Segments

The Group is organized into business units wherein operating results are regularly monitored by the chief operating decision maker (CODM) for the purpose of making decisions about resource allocation and performance assessment. As permitted by PFRS 8, *Operating Segments*, the Group has aggregated these segments into a single operating segment to which it derives its revenues and incurs expenses as these segments have the same economic characteristics and are similar in the following respects:

- the nature of products and services;
- the nature of production processes;
- the type or class of customer for the products and services; and
- the methods used to distribute their products and services.

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.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements 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.

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, 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. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

Going Concern. As discussed in Note 1, the Group's financial position and financial performance were affected by the COVID-19 pandemic. This resulted to a liquidity gap on currently maturing liabilities amounting to ₱1.8 billion as at December 31, 2020. In addition, the Group's current liabilities exceeded its current assets by ₱352.6 million as at December 31, 2020. This condition may cast significant doubt on the Group's ability to continue as a going concern.

With the capital infusion in 2021, conversion of convertible loans to deposits for future stock subscriptions, the coming in of new investors and other initiatives already adopted as discussed in Note 1, management has improved its financial position and expects to improve its financial performance as well.

Accordingly, the accompanying financial statements have been prepared on a going concern basis of accounting.

Recognizing Revenue and Cost of Sale from Real Estate Sales:

- *Assessing the Existence of a Contract*. The Group's primary document for a contract with a customer is a signed contract to sell, which contains all the criteria to qualify as contract with the customer under PFRS 15. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as previous experience with the buyer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of customers' equity before commencing revenue recognition.

- *Recognizing Revenue Method and Measuring Progress*. The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

  The Group has determined that the input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customer.

- *Identifying the Performance Obligation*. The Group has various contracts to sell covering subdivided lot and condominium unit. The Group concluded that there is one performance obligation in each of these contracts because, for subdivided lot, the developer integrates the lots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service is to transfer the title of the real estate unit to the customer.

- *Determining the Actual Cost Incurred as Cost of Sales*. In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

- *Assessing the Transfer of Control to Buyer*. In assessing the transfer of control to the buyer, the Group considers the transfer of the legal title of the property through the conveyance of real estate properties to the buyers. The Group initiates the execution of a contract in public instrument that constitutes constructive delivery of the property where ownership was already considered transferred.

Classifying Leases - Group as a Lessor. The Group has entered into operating leases on its heavy equipment. These leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and the related lease terms do not approximate the estimated useful life of the assets being leased. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classifying Investment Properties and Real Estate Held for Sale. The Group determines whether a property will be classified as real estate held for sale, or investment property. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate held for sale). All other properties that are not yet determined to be sold in the normal operating cycle and are held for capital appreciation are classified as investment properties. The Group considers each property separately in making its judgment.

The carrying value of real estate held for sale amounted to ₱765.4 million as at December 31, 2021 (₱831.7 million as at December 31, 2020) while the carrying value of investment properties as at December 31, 2021 amounted to ₱1,692.0 million (₱1,666.4 million as at December 31, 2020) (see Notes 7 and 10).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognizing Revenue on Real Estate Sales. The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate is recognized based on the proportion of cost incurred to date over total estimated cost of the real estate project.

Real estate sales amounted to ₱173.93 million in 2021 (₱479.3 million and ₱79.1 million in 2020 and 2019, respectively) (see Note 4).

Determining the Fair Value of Investment Properties. The Group engaged an independent appraiser to determine the fair value of its investment properties. The fair values of investment properties as of report date were based on the detailed appraisal performed on December 14, 2019 and repriced in accordance with prevailing market prices prevailing as of December 15, 2020. The fair values of investment properties were determined using the Market Approach. Market Approach involves the comparison of the land to those that are located within the vicinity of the appraised property and are subject of recent sales and offerings.

Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

Fair value changes in 2021 which were recognized in profit or loss amounted to ₱25.6 million (₱367.9 million and ₱816.5 million in 2020 and 2019, respectively). The carrying value of investment properties as at December 31, 2021 amounted to ₱1,692.0 million (₱1,666.4 million as at December 31, 2020) (see Note 10).

Determining the Impairment of Trade Receivables and Contract Receivables. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group did not recognize provision for ECL in 2021, 2020 and 2019. Allowance for ECL amounted to ₱28.3 million as at December 31, 2021 (₱31.3 million as at December 31, 2020). The aggregate carrying values of receivables and contract assets amounted to ₱392.0 million as at December 31, 2021 (₱383.1 million as at December 31, 2020) (see Notes 6 and 14).

Determining the NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Group writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell. The carrying value is reviewed at least annually for any decline in value.

No provision was recognized in 2021, 2020 and 2019. The carrying values of inventories and supplies inventory carried at lower of cost and NRV are as follows:

	Note	**2021**	2020
Real estate for sale and land held for future development	7	**₱765,386,058**	₱831,734,159
Supplies*	8	**2,309,750**	1,329,550

**Included under "Other current assets" account in the consolidated statement of financial position.*

Assessing the Impairment of Deferred Exploration Costs. The Group reviews the carrying values of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves.

An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. No provision for impairment loss was recognized in 2021 (2020 and 2019). Deferred exploration costs amounted to ₱413.8 million as at December 31, 2021 (₱403.8 million as at December 31, 2020) (see Note 9).

Estimating the Impairment of Goodwill. The Group is required to annually test the amount of goodwill for impairment. The recoverable amounts of CGUs have been determined based on the higher of fair value less cost of disposal and value-in-use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. Estimating the value-in-use require the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a company having substantially the same risks and characteristics. Current and historical transactions have been used as indicators of future transactions.

The Group did not recognize an impairment loss on goodwill in 2021, 2020 and 2019. The carrying value of goodwill amounted to ₱15.7 million as at December 31, 2021 and 2020 (see Note 13). Management believes that any reasonable change in any of the above key assumptions on which the recoverable amount is based on would not cause the carrying value of the goodwill to materially exceed its recoverable amount.

Estimating the Useful Lives of Property and Equipment and ROU Assets. The Group estimates the useful lives of the property and equipment and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment and ROU assets in 2021, 2020 and 2019. The aggregate carrying amount of property and equipment and ROU assets amounted to ₱135.1 million as at December 31, 2021 (and ₱231.9 million as at December 31, 2020) (see Notes 11 and 31).

Determining the Impairment of Nonfinancial Assets (Except Goodwill and Deferred Exploration Costs). The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Properties, property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible asset is reviewed annually for impairment while it is still not yet available for use. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial statements.

No provision for impairment loss was recognized in 2021 and 2020. In 2019, the Group recognized impairment loss on property and equipment of CUBES amounting to ₱22.60 million (see Note 27). The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31, 2021 and 2020 are as follows:

	Note	**2021**	2020
Property and equipment	11	**₱135,109,701**	₱231,177,984
Film rights	13	**3,244,012**	3,649,513
Right-of-use asset	31	**10,646**	680,526
Other assets*		**227,088,482**	196,497,946

** excluding receivable from PAGCOR and security deposits*

Determining the Pension Cost. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Pension liabilities amounted to ₱28.70 million as at December 31, 2021 (₱34.0 million as at December 31, 2020) (see Note 22). Pension cost recognized in profit or loss amounted to ₱6.9 million in 2021 (₱6.0 million and ₱3.2 million in 2020 and 2019, respectively). The remeasurement gain recognized in other comprehensive income amounted to ₱11.7 million in 2021 (remeasurement loss of ₱2.3 million and ₱8.4 million in 2020 and 2019, respectively) (see Note 22).

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized deferred tax assets of the Group amounted to ₱26.0 million as at December 31, 2021 (and ₱35.7 million as at December 31, 2020). As at December 31, 2021 and 2020, no deferred tax assets were recognized for NOLCO and other deductible temporary differences (see Note 27). Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

4. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the business activity, with each segment representing strategic unit that offers different services and serves different markets. The Group has three reportable segments as follows:

- Mining segment pertains to the operations of PGDI Group for the hauling services it provides with mining companies and the exploration activities of its mining tenements.

- Real estate segment pertains to the operations of GLCI which develops and sells innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories.

- Service contract segment pertains to the beach operations of TCNBI and to the rental of mining equipment of PGDI.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors operating results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The financial position of the business segments as at December 31, 2021 and 2020 are as follows:

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱61,743,076	₱22,231,838	₱10,000	₱5,860,999	₱–	₱89,845,913
Contract assets	–	315,378,037	–	–	–	315,378,037
Receivables	85,735,766	61,569,211	11,996	527,591,973	(598,290,329)	76,618,617
Real estate held for sale	–	393,698,301	-	364,753,665	6,934,092	765,386,058
Investment property	–	–	–	1,692,025,000	–	1,692,025,000
Deferred exploration costs	413,812,603	–	–	–	–	413,812,603
Goodwill and intangible assets	–	–	–	3,244,012	15,701,804	18,945,816
Property and equipment	128,797,001	1,079,302	118,155	5,115,243	–	135,109,701
Right of use assets	–	–	–	10,646	–	10,646
Deferred tax assets	–	–	–	(9,754,312)	35,678,603	25,924,291
Other assets	54,581,581	95,624,478	–	86,987,236	–	237,193,295
	₱744,670,027	₱889,581,167	₱140,151	₱2,675,834,462	(₱539,975,830)	₱3,770,249,977
LIABILITIES						
Trade and other payables	₱121,628,732	₱163,755,064	₱4,847,773	₱883,585,089	(₱598,164,990)	₱575,651,668
Contract liabilities	–	36,876,706	–	–	–	36,876,706
Short-term loans	–	–	–	254,554,632	–	254,554,632
Loans payable	–	295,291,747	–	–	–	295,291,747
Purchase land payable	–	5,677,930	–	44,000,000	(44,000,000)	5,677,930
Obligations under finance lease	–	–	–	714,769	–	714,769
Installment payable	–	–	–	405,000,000	(405,000,000)	–
Convertible loans	–	–	–	100,000,000	–	100,000,000
Lease liability	–	–	–	243,454	–	243,454
Callable loans	–	–	–	22,000,000	–	22,000,000
Pension liabilities	24,229,913	2,634,723	–	1,830,917	–	28,695,553
Dividend payable	–	–	–	45,250,000	(5,450,000)	39,800,000
Capital gains tax payable	–	–	–	26,940,000	–	26,940,000
Deposit for future stock subscription	–	–	–	465,231,457	–	465,231,457
Deferred tax liabilities	–	40,433,519	–	288,779,059	100,405,028	429,617,606
	₱145,858,645	₱544,669,689	₱4,847,773	₱2,538,129,377	(₱952,209,962)	₱2,281,295,522

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱41,687,837	₱26,451,990	₱10,000	₱56,373,340	₱–	₱124,523,167
Contract assets	–	316,493,853	–	–	–	316,493,853
Receivables	16,874,009	11,678,486	17,904	56,203,389	(18,149,675)	66,624,113
Real estate held for sale	–	443,040,590	–	381,881,476	6,812,093	831,734,159
Investment property	–	–	–	1,666,388,000	–	1,666,388,000
Deferred exploration costs	403,751,500	–	–	–	–	403,751,500
Goodwill and intangible assets	–	–	–	3,649,512	15,701,805	19,351,317
Property and equipment	221,227,686	2,336,444	144,220	7,469,634	–	231,177,984
Right of use assets	–	–	–	680,526	–	680,526
Deferred tax assets	–	–	–	–	35,678,603	35,678,603
Other assets	432,243,182	84,801,253	–	73,344,869	(389,996,634)	200,392,670
	₱1,115,784,214	₱884,802,616	₱172,124	₱2,245,990,746	(₱349,953,808)	₱3,896,795,892
LIABILITIES						
Trade and other payables	₱92,051,102	₱230,053,352	₱213,607	₱473,580,222	(₱46,970,890)	₱748,927,393
Contract liabilities	–	7,819,623	–	–	–	7,819,623
Short-term loans	–	–	–	225,962,500	–	225,962,500
Loans payable	–	311,366,820	–	–	112,498,273	423,865,093
Purchase land payable	–	5,677,930	–	461,425,000	(449,000,000)	18,102,930
Obligations under finance lease	–	–	–	528,206	–	528,206
Installment payable	17,055,586	–	–	–	–	17,055,586
Convertible loans	–	–	–	495,006,168	–	495,006,168
Lease liability	–	–	–	865,137	–	865,137
Callable loans	–	–	–	22,000,000	–	22,000,000
Pension liabilities	28,385,910	3,774,118	–	1,862,077	–	34,022,105
Dividend payable	–	–	–	39,800,000	–	39,800,000
Capital gains tax payable	–	–	–	26,940,000	–	26,940,000
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Deferred tax liabilities	–	53,197,766	–	355,744,997	100,405,028	509,347,791
	₱137,492,598	₱611,889,609	₱213,607	₱2,216,714,307	(₱283,067,589)	₱2,683,242,532

The revenue and profit information of the business segments for the year ended December 31, 2021 2020 and 2019 are as follows:

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱174,681,141	₱173,933,534	₱502,880	₱–	₱–	₱349,117,555
Cost and Expenses	(180,568,345)	(147,299,561)	(1,744,113)	(117,305,971)	–	(446,917,990)
Operating Income (Loss)	(5,887,204)	26,633,973	(1,241,233)	(117,305,971)	–	(97,800,435)
Interest income	21,235	24,335	–	2,634,807	–	2,680,377
Interest expense	(2,753,478)	(47,573,517)	–	(63,829,345)	–	(114,156,340)
Impairment losses	–	–	–	–	–	–
Other income (expense) - net	(3,149,816)	66,656,561	60,000	34,429,348	–	97,996,093
Provision for income tax	(246,588)	(46,460,236)	–	(22,386,349)	–	(69,093,173)
	(₱11,522,675)	₱92,201,588	(₱1,181,233)	(₱121,684,812)	₱–	(₱42,187,132)

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customers	₱241,736,071	₱479,301,585	₱1,499,950	₱–	₱–	₱722,537,606
Cost and Expenses	(251,658,910)	(367,517,731)	(2,324,659)	(69,119,585)	–	(690,620,885)
Operating Income (Loss)	(9,922,839)	111,783,854	(824,709)	(69,119,585)	–	31,916,721
Interest income	46,372	3,269,764	–	15,967	–	3,332,103
Interest expense	(8,858,752)	(68,769,379)	–	(94,836,221)	–	(172,464,352)
Impairment losses	(5,243,283)	(1,256,703)	–	(5,166,230)	–	(11,666,216)
Other income (expense) - net	6,006,827	(10,501,114)	–	367,907,375	–	363,413,088
Provision for income tax	(986,353)	6,844,578	–	(110,348,822)	–	(104,490,597)
	(₱18,958,028)	₱41,371,000	(₱824,709)	₱88,452,484	₱–	₱110,040,747

	2019					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues						
External customer	₱340,166,458	₱79,101,295	₱4,388,324	₱–	₱–	₱423,656,077
Intersegment	–	–	–	20,676,932	(20,676,932)	–
	340,166,458	79,101,295	4,388,324	20,676,932	(20,676,932)	423,656,077
Cost and Expenses	(318,478,046)	(188,302,041)	(3,465,688)	(70,921,755)	20,676,932	(560,490,598)
Operating Income (Loss)	21,688,412	(109,200,746)	922,636	(50,244,823)	–	(136,834,521)
Interest income	57,694	6,215,443	–	16,592	–	6,289,729
Interest expense	(7,512,759)	(217,164,554)	–	(93,287,578)	–	(317,964,891)
Impairment losses	(13,200)	–	–	(58,515,608)	–	(58,528,808)
Other income (expense) - net	5,656,850	(19,919,343)	–	816,979,883	–	802,717,390
Provision for income tax	(6,702,081)	27,560,751	–	(245,340,731)	–	(224,482,061)
	₱13,174,916	(₱312,508,449)	₱922,636	₱369,607,735	₱–	₱71,196,838

Intersegment revenues are eliminated upon consolidation and reflected in the "eliminations" column.

<u>Disaggregated Revenue Information</u>

The Group's disaggregation of each sources of revenue from contracts with customers in 2021, 2020 and 2019 are presented below:

	2021	2020	2019
By type of goods or services			
Real estate			
Residential dwellings	**₱104,014,495**	₱133,096,411	₱150,632,959
Lots	**69,919,039**	361,926,700	9,920,674
Less:			
Cancellation of Lombard Hills	–	-	(46,710,526)
Other sales cancellation (lots)	–	(15,721,526)	(34,741,812)
Mining			
Service contracts	**174,162,827**	240,462,752	340,166,458
Service income	**1,021,194**	2,773,269	4,388,324
	₱349,117,555	₱722,537,606	₱423,656,077

Timing of Revenue Recognition

During 2021, the Group has recognized total revenue from contracts with customers earned over time amounting to ₱349.1 million (₱722.54 million and ₱423.66 million during 2020 and 2019 respectively). The Group applied the practical expedient in recognizing revenue in the amount for which it has the right to invoice on its revenue from mining service contracts.

Contract Balances

The following tables summarize the contract balances as at December 31, 2021 and 2020:

	2021	2020
Contract assets		
Current	₱207,165,921	₱250,548,433
Noncurrent	108,212,116	65,945,420
	₱315,378,037	₱316,493,853
Contract liabilities		
Current	₱36,876,706	₱7,819,623

Contracts receivable from real estate sales are collectible in equal monthly principal installments in varying periods of up to 10 years. Interest rates per annum range from 8% to 16%. Titles to the residential units sold are transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

In 2019, revenue recognized from the contract liabilities at the beginning of the year amounted to ₱14.23 million.

Performance Obligations

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either subdivided lots, or condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment based on a certain percentage of the contract price spread over a period at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing of up to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

5. Cash

This account consists of:

	2021	2020
Cash on hand	₱618,910	₱984,831
Cash in banks	89,227,003	123,538,336
	₱89,845,913	₱124,523,167

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.07 million in 2021 (₱0.06 million and ₱0.11 million in 2020 and 2019, respectively).

6. Receivables

This account consists of:

	Note	2021	2020
Advances to officers and employees	22	₱63,724,304	₱50,468,382
Contract receivables		35,186,931	26,569,360
Trade receivables		1,388,982	13,968,583
Others		4,636,569	6,934,538
		104,936,786	97,940,863
Less allowance for ECL		28,318,169	31,316,750
		₱76,618,617	₱66,624,113

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are liquidated 30 days from the date the cash advances are made.

Contract receivables arise from sale of real estate properties. These receivables are collectible in monthly installment over a period of one to 10 years and bear annual effective interest rates ranging from 8.00% to 16.00%. Titles to real estate properties are not transferred to the buyers until full payment is made. Interest income from contracts receivable amounted to ₱2.61 million in 2021 (₱3.27 million and ₱6.18 million 2020 and 2019, respectively). Income from forfeited deposits and penalties on contracts receivable included in "Other income (charges)" amounted to ₱20.11 million in 2019.

Trade receivables, net of allowance for ECL, include short-term and noninterest-bearing receivable arising from hauling services operations. Credit terms for trade receivables are 30 to 60 days. In 2020, trade receivables without allowance for ECL amounting to ₱5.11 million were directly written off by the Group (see Note 27).

Other receivables pertain to advances for liquidation that are noninterest bearing and are due within one year.

Contract Assets
The following table presents the breakdown of contract assets by maturity dates:

	2021	2020
Due within one year	**₱207,165,921**	₱250,548,433
Due after one year	**108,212,116**	65,945,420
	₱315,378,037	₱316,493,853

Contract receivables and contract assets with a total amount of ₱52.33 million as at December 31, 2021 and 2020 were assigned with recourse to banks and other non- bank financing institutions. These receivables were not derecognized as the Group retains substantially all risks and rewards of ownership of the receivables (see Note 16).
Movements in the allowance for ECL follows:

	2021			
	Contract Receivables and Contract Assets	**Trade Receivable**	**Others**	**Total**
Balance at beginning of year	**₱23,681,600**	**₱1,787,649**	**₱5,847,501**	**₱31,316,750**
Recovery of impairment losses	**–**	**(1,787,649)**	**(1,210,932)**	**(2,998,581)**
Balance at end of year	**₱23,681,600**	**₱–**	**₱4,636,569**	**₱28,318,169**

	2020			
	Contract Receivables and Contract Assets	Trade Receivable	Others	Total
Balance at beginning of year	₱23,681,600	₱4,733,046	₱5,847,501	₱34,262,147
Recovery of impairment losses	–	(2,945,397)	–	(2,945,397)
Balance at end of year	₱23,681,600	₱1,787,649	₱5,847,501	₱31,316,750

7. Real Estate Held for Sale

This account consists of:

	2021	2020
Real estate under development and subdivided lots held for sale	**₱580,960,307**	₱647,308,408
Land and land development	**184,425,751**	184,425,751
	₱765,386,058	₱831,734,159

A summary of the movement in real estate under development and subdivided lots held for sale is set out below:

	2021	2020
Balance at beginning of year	**₱647,308,408**	₱841,131,708
Cost of real estate sales	**(74,080,684)**	(301,263,375)
Construction development costs incurred	**7,732,583**	107,440,075
Balance at end of year	**₱580,960,307**	₱647,308,408

Other adjustments mainly pertain to cancellation of a certain real estate project of the Group.

Real estate under development and subdivided lots held for sale include on-going residential projects of the Group. The estimated cost to complete the projects amounted to ₱279.00 million as at December 31, 2021 (₱7.32 million as at December 31, 2020).

The Group is committed to pay the outstanding balance of purchased land payable, which pertains to land acquisitions, amounting to ₱5.68 million as at December 31, 2021 (₱18.10 million as at December 31, 2020). There are no other purchase commitments as at December 31, 2021 and 2020.

As at December 31, 2021, certain lots and units with carrying value of ₱52.68 million as at December 31, 2021 and 2020 are held as collateral for the Group's bank loans (see Note 16).

8. Other Current Assets

These accounts consist of:

	2021	2020
CWT	**₱103,262,851**	₱79,424,715
Advances to suppliers and contractors	**77,844,500**	71,270,841
Input VAT	**41,332,391**	36,277,396
Supplies	**2,309,750**	1,329,550
Security deposits	**852,022**	852,022
Prepayments	**10,000**	545,972
Others	**5,381,804**	1,384,422
	230,993,318	191,084,918
Less allowance for impairment losses	**4,502,030**	4,502,030
	₱226,491,288	₱186,582,888

Advances to suppliers and contractors represent down payments for development and construction contracts. The initial down payments will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the suppliers and contractors.

Impairment loss on advances to suppliers and contractors recognized in the consolidated statement of comprehensive income amounted to ₱1.26 million and ₱35.87 million in 2020 and 2019, respectively (see Note 27). The Group impaired advances to suppliers and contractors without existing allowance amounting to ₱1.26 million and nil in 2020 and 2019, respectively. Allowance for impairment loss amounted to ₱50.93 million as at December 31, 2021 and 2020.

Supplies pertains to parts and materials used in the repair and maintenance of the Group's heavy equipment being used in its mining-related activities.

Details of input VAT as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	Current	**Noncurrent (Note 14)**	Current	Noncurrent (Note 14)
Input VAT	**₱41,332,391**	**₱11,162,017**	₱36,277,396	₱14,938,577
Less allowance for impairment losses	**4,502,030**	**4,377,303**	4,502,030	4,377,303
	₱36,830,361	**₱6,784,714**	₱31,775,366	₱10,561,274

In 2020, input VAT without allowance for impairment losses amounting to ₱5.23 million were directly written off by the Group (see Note 27).

Prepayments include prepaid insurance which will be amortized within three to twelve months at the end of the financial reporting date, prepaid rent and cost to obtain contracts, i.e., commission that is related to the real estate sales.

Others pertain mainly to cash bonds of the Group.

Movements in the allowance for impairment losses are as follows:

	2021		2020	
	Current	**Noncurrent (Note 13)**	Current	Noncurrent (Note 13)
Balance at beginning of year	**₱4,502,030**	**₱4,377,303**	₱4,436,030	₱4,377,303
Provision for impairment losses	**–**	**–**	66,000	–
	₱4,502,030	**₱4,377,303**	₱4,502,030	₱4,377,303

9. Deferred Exploration Costs

Deferred exploration costs relate to the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC in Barangay Isumbo, Sofronio Española and Barangay Pinaglabanan, Quezon in the Province of Palawan, known as the Panitian Limestone Project. The subsidiaries holding the Mineral Production Sharing Agreements (MPSAs) are under the pre-operating stage and the limestone project is under the exploration stage as at December 31, 2021 (and 2020).

The Panitian Limestone Project in Barangay Isumbo and Pinaglabanan covers 10,384.11 hectares under MPSA 172-2001-IV and MPSA 173-2001-IV. The MPSAs were approved on January 16, 2001 and have a validity period of 25 years, expiring on January 16, 2026. As at December 31, 2021, the Group is in the process of renewing its exploration period subject to the evaluation and approval of MGB upon submission of requirements.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱413.81 million as at December 31, 2021 (₱403.75 million as at December 31, 2020).

No impairment loss was recognized in 2021, 2020 and 2019.

10. **Investment Properties**

Below are the investment properties of the Group per location as of December 31:

	2021	2020
Site I	**₱1,649,807,000**	₱1,624,810,000
Site II	**42,218,000**	41,578,000
	₱1,692,025,000	₱1,666,388,000

Sites I and II are situated in Sitios Busay and Candes, respectively, both being located within Barangay Bacungan, Puerto Princesa City.

The fair values of the investment properties were determined based on valuations performed by independent qualified appraiser using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listing to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the property and were premised on the factors of location, size and shape of the lot, time, element and others. The selling price is adjusted for certain external and internal factors ranging from negative 5% to positive 35%. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value.

The unobservable inputs used in the fair valuation are as follows:

	2021	
	Site I	**Site II**
Land area (square meter)	**4,999,414**	**127,932**
Price per square meter	**₱330**	**₱330**
Fair value	**₱1,649.81 million**	**₱42.22 million**

	2020	
	Site I	Site II
Land area (square meter)	4,999,414	127,932
Price per square meter	₱325	₱325
Fair value	₱1,624.81 million	₱41.58 million

Based on the analysis of the land usage surrounding the Nagtabon, Puerto Princesa investment property, the highest and best use of the investment property for Site I is to be a commercial development such as beach resort or hotel resort and interim highest and best use for Site II is an agricultural land utilization, until such time when it is ripe for any other type of development.

Unrealized gain on fair valuation of investment properties amounted to ₱25.64 million in 2021 (₱367.92 million and ₱816.49 million in 2020 and 2019, respectively).

As at December 31, 2021, investment properties amounting to ₱68.14 million (₱67.11 million as at December 31, 2020) were used as collateral for convertible loans and callable loans (see Notes 19 and 20).

11. Property and Equipment

The movements of this account are as follows:

	2021							
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱20,384,323	₱510,889,289	₱8,957,220	₱4,055,404	₱76,173,482	₱69,973,821	₱696,221	₱691,129,760
Disposal	–	(73,852,447)	–	(760,133)	(8,588,307)	(10,760,534)	(696,221)	(94,657,642)
Additions	–	–	216,745	–	159,314	1,454,122	–	1,830,181
Balance at end of year	20,384,323	437,036,842	9,173,965	3,295,271	67,744,489	60,667,409	–	598,302,299
Accumulated Depreciation and Impairment								
Balance at beginning of year	15,178,576	319,895,296	8,614,115	3,794,616	54,547,366	57,225,586	696,221	459,951,776
Depreciation	1,171,454	72,306,695	398,393	147,221	7,092,138	5,607,365	–	86,723,266
Disposal	–	(63,033,166)	–	(760,133)	(8,544,035)	(10,448,889)	(696,221)	(83,482,444)
Balance at end of year	16,350,030	329,168,825	9,012,508	3,181,704	53,095,469	52,384,062	–	463,192,598
Net Carrying Amount	₱4,034,293	₱107,868,017	₱161,457	₱113,567	₱14,649,020	₱8,283,347	₱–	₱135,109,701

	2020							
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱20,384,323	₱603,079,289	₱8,767,230	₱4,055,404	₱84,522,246	₱75,487,639	₱696,221	₱796,992,352
Additions	–	4,281,429	189,990	–	5,525,674	2,642,121	–	12,639,214
Disposal	–	(96,471,429)	–	–	(13,874,438)	(8,155,939)	–	(118,501,806)
Balance at end of year	20,384,323	510,889,289	8,957,220	4,055,404	76,173,482	69,973,821	696,221	691,129,760
Accumulated Depreciation and Impairment								
Balance at beginning of year	13,755,742	340,609,392	8,035,735	3,626,444	59,483,922	60,072,944	₱696,221	486,280,400
Depreciation	1,422,834	75,223,640	578,380	168,172	8,937,921	5,308,530	–	91,639,477
Disposal	–	(95,937,736)	–	–	(13,874,477)	(8,155,888)	–	(117,968,101)
Balance at end of year	15,178,576	319,895,296	8,614,115	3,794,616	54,547,366	57,225,586	696,221	459,951,776
Net Carrying Amount	₱5,205,747	₱190,993,993	₱343,105	₱260,788	₱21,626,116	₱12,748,235	₱–	₱231,177,984

In 2019, the Group recognized impairment loss on property and equipment of CUBES amounting to ₱22.6 million (see Note 27).

As at December 31, 2021, transportation equipment with a carrying amount of ₱843,833 (₱1.8 million as at December 31, 2020) were used as collateral for mortgage loans (see Note 16).

Depreciation and amortization are recognized in the consolidated statement of comprehensive income as follows:

	Note	**2021**	2020	2019
Cost of services	24	**₱79,439,916**	₱83,436,748	₱97,277,092
General and administrative expenses	25	**7,283,350**	8,202,729	16,738,840
		₱86,723,266	₱91,639,477	₱114,015,932

12. Goodwill and Intangible Assets

The movements of this account are as follows:

		2021			
	Note	**Goodwill**	**Film Rights**	**Exclusive Distribution Rights**	**Total**
Cost					
Balance at beginning and end of year		**₱18,308,920**	**₱59,641,480**	**₱150,494,041**	**₱228,444,441**
Accumulated Amortization and Impairment Losses					
Balance at beginning of year		**2,607,116**	**55,991,967**	**150,494,041**	**209,093,124**
Amortization	26	**–**	**405,501**	**–**	**405,501**
		2,607,116	**56,397,468**	**150,494,041**	**209,498,625**
Net Carrying Amount		**₱15,701,804**	**₱3,244,012**	**₱–**	**₱18,945,816**

		2020			
	Note	Goodwill	Film Rights	Exclusive Distribution Rights	Total
Cost					
Balance at beginning and end of year		₱18,308,920	₱59,641,480	₱150,494,041	₱766,259,451
Accumulated Amortization and Impairment Losses					
Balance at beginning of year		2,607,116	55,586,466	150,494,041	208,687,623
Amortization	26	–	405,501	–	405,501
		2,607,116	55,991,967	150,494,041	209,093,124
Net Carrying Amount		₱15,701,804	₱3,649,513	₱–	₱19,351,317

Goodwill and Exclusive Distribution Rights

The Group's goodwill pertains to: (a) the acquisition of PGDI in April 2012 amounting to ₱9.5 million, (b) the acquisition of additional interest in CUBES in February 2015 amounting to ₱2.6 million and (c) the acquisition of GLCI in June 2015 amounting to ₱6.2 million. The exclusive distribution right asset pertains to CUBES's exclusive right to distribute specific types of thermo chillers in the Philippines.

In May 2017, CUBES operation was discontinued and was put on hold due to operational issues. As of December 31, 2021, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

As at December 31, 2021 (and 2020), goodwill and exclusive distribution right pertaining to CUBES was fully provided with provision for impairment.

As at December 31, 2021 (and 2020), no provision for impairment was recognized on goodwill related to PGDI and GLCI. The recoverable amounts of goodwill were determined based on fair value less costs to sell as of December 31, 2021 (and 2020).

Film Rights

The Group used the income approach - discounted cash flow method in the valuation of its film rights. This method assumes that the going rate per film of ₱0.75 million declines by 10.00% per year as observed in the price trends from 1998 up to the current year.

13. Other Noncurrent Assets

These accounts consist of:

	Note	2021	2020
Deferred input VAT	8	**₱11,162,017**	₱14,938,577
Receivable from PAGCOR		**3,042,702**	3,042,702
Others		**874,591**	205,806
		15,079,310	18,187,085
Less allowance for impairment losses	8	**4,377,303**	4,377,303
		₱10,702,007	₱13,809,782

In 2011, the Group received a notice of garnishment amounting to ₱3.04 million in connection with a complaint filed against Blue Sky Philko wherein the Group was made as a co-defendant. Accordingly, the Group's commission from PhilWeb for the same amount was lodged under the custody of PAGCOR. As of December 31, 2021, the case is pending before the Quezon City Regional Trial Court. Others include security deposits, which pertain to deposits paid by the Group to certain lessors at the inception of the lease contracts which will be refunded at the end of the lease term.

14. Short-term Loans

This account consists of:

	2021			
	Banks	**Officers and Shareholders**	**Third Parties**	**Total**
Balance at beginning of year	**₱12,937,500**	**₱34,025,000**	**₱179,000,000**	**₱225,962,500**
Availments (payments)	**(5,562,500)**	**–**	**34,154,632**	**28,592,132**
Balance at end of year	**₱7,375,000**	**₱34,025,000**	**₱213,154,632**	**₱254,554,632**

	2020			
	Banks	Officers and Shareholders	Third Parties	Total
Balance at beginning of year	₱15,000,000	₱34,025,000	₱184,000,000	₱233,025,000
Payments	(2,062,500)	–	(5,000,000)	(7,062,500)
Balance at end of year	₱12,937,500	₱34,025,000	₱179,000,000	₱225,962,500

Short-term loans were obtained to finance the working capital requirements of the subsidiaries and partially finance the acquisition of the Group's heavy equipment.

Interest expense on short-term loans amounted to ₱35.9 million in 2021 (₱61.1 million and ₱60.0 million in 2020 and 2019, respectively) (see Note 28).

Terms

Short-term loans are unsecured and payable within 180 days to 360 days. As at December 31, 2021 and 2020, short-term loans bear annual interest rate as follows:

Banks	6.50% to 6.75%
Officers and shareholders	6.00%
Third parties	7.50% to 12.00%

Loans from Officers and Shareholders - Noncurrent

In 2019, the Group was able to secure several letters from its shareholders and officers representing their agreement to defer the collections of their short-term loans amounting to ₱64.5 million with the Group until December 31, 2021. Accordingly, the loan was presented as "Loans from Officers and Shareholders" under noncurrent liabilities in the consolidated statement of financial position as at December 31, 2019 and part of short-term loans as at December 31, 2021 and 2020 (see Note 21). These unsecured loans bears interest of 6% per annum.

Loans from Third Party – Noncurrent

In 2019, the Group was able to secure a letter representing a third-party creditor's agreement to defer the collections of short-term loans amounting to ₱8.0 million with the Group until December 31, 2021. Accordingly, the loan was presented as "Loans from third parties" under noncurrent liabilities in the consolidated statement of financial position as at December 31, 2019 and part of short-term loans as at December 31, 2021 and 2020. These unsecured loans bears interest of 8% per annum.

15. Loans Payable

This account consists of the following loans payable:

	Note	2021	2020
Secured by real estate mortgage		**₱210,078,053**	₱243,988,807
Unsecured		**50,161,515**	53,138,340
Mortgaged		**853,649**	1,905,679
Secured by contract receivables and contract assets	6	**34,198,530**	52,332,267
		295,291,747	351,365,093
Less current portion of loans payable		**231,249,398**	311,366,820
Noncurrent portion of loans payable		**₱64,042,349**	₱39,998,273

Loans Payable - Secured by Real Estate Mortgage, Unsecured and Mortgaged

Loans payable secured by real estate mortgage and unsecured loans payable represents loans with interest rate at prevailing market rates ranging from 1.5% to 10% payable within one to five years. Mortgaged loans payable pertains to car loans for vehicles used in operations of the Group.

Details of these loans as at December 31, 2021 (and 2020) are as follows:

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Philippine Veterans Bank	**2021**	**₱314,000,000**	**₱122,587,062**	5 years	Secured by a real estate
	2020	314,000,000	168,881,662	9.65% to 10.99% per annum	mortgage on certain parcels of land
Union Bank of the Philippines	**2021**	**67,548,000**	**2,044,125**	5 years	Secured by a real estate
	2020	67,548,000	12,062,922	6.00% to 9.68% per annum	mortgage on certain property
Zambales Bank	**2021**	**32,000,000**	**32,000,000**	5 to 10 years	Secured by a real estate
	2020	25,000,000	8,767,281	8.00% per annum	mortgage on certain parcel of land
Bank of Makati	**2021**	**80,000,000**	**3,743,519**	4 years	Secured by a real estate
	2020	80,000,000	5,672,054	7.50% per annum	mortgage on certain parcel of land

(Forward)

Party	Year	Principal	Outstanding Balance	Terms	Conditions
Philippine Veterans Bank	**2021**	**₱314,000,000**	**₱122,587,062**	5 years	Secured by a real estate
	2020	314,000,000	168,881,662	9.65% to 10.99%	mortgage on certain
				per annum	parcels of land
Union Bank of the Philippines	**2021**	**67,548,000**	**2,044,125**	5 years	Secured by a real estate
	2020	67,548,000	12,062,922	6.00% to 9.68%	mortgage on certain
				per annum	property
Zambales Bank	**2021**	**32,000,000**	**32,000,000**	5 to 10 years	Secured by a real estate
	2020	25,000,000	8,767,281	8.00% per annum	mortgage on certain
Tanay Rural Bank	**2021**	**10,000,000**	**9,018,024**	2 years	Secured by a real estate
	2020	10,000,000	2,885,079	18.00% per annum	mortgage on certain
					property
BDO Unibank, Inc.	**2021**	**–**	**–**	5 years	Mortgaged
	2020	4,831,000	520,838	9.95% per annum	
Other Financing Institutions	**2021**	**48,474,071**	**9,931,469**	1 to 3 years	Secured by a real estate
	2020	127,421,540	41,367,490	10.00% to 33.00%	mortgage on certain
				per annum	parcel of land
Other Financing Institutions	**2021**	**260,863,363**	**81,769,017**	1 to 3 years	Secured by a real estate
	2020	551,169,362	58,875,500	10.00% to 33.00%	mortgage on certain
				per annum	parcel of land
Total	**2021**	**812,885,434**	**261,093,217**		
	2020	1,211,470,102	299,032,826		
Less noncurrent portion of loans payable	**2021**		**42,373,211**		
	2020		18,311,848		
Current portion of loans payable	**2021**		**₱218,720,006**		
	2020		₱280,720,978		

In 2020, GLCI recognized real estate sales and contract liability amounting to ₱397.48 million and ₱0.07 million, respectively, in exchange for the settlement of the outstanding loans from its creditors. Carrying value of loans extinguished amounted to ₱397.48 million. Related cost of real estate sales amounted to ₱235.38 million.

Loans Payable - Secured by Contract Receivables and Contract Assets

The Group entered into loan agreements with different banks and other non-bank financing institutions to assign with recourse contract to sell of unit buyers payable in monthly amortization of up to five years and bears interest rates ranging from 7.30% to 9.00%. The following table presents the breakdown of these loans by maturity dates:

	2021	2020
Due within one year	**₱12,529,392**	₱30,645,842
Due after one year	**21,669,138**	21,686,425
	₱34,198,530	₱52,332,267

Interest expense on loans payable recognized in the consolidated statement of comprehensive income amounted to ₱36.33 million in 2021 (₱68.77 million and ₱217.29 million in 2020 and 2019, respectively) (see Note 29).

GLCI's debt instruments contain restrictive covenants. Development Bank of the Philippines requires maintenance of long-term debt-to-equity ratio of 75:25, current ratio of not less than 1:1.2 and debt-to-service coverage ratio of 1:1. Philippine Veterans Bank restricts payment and declaration of cash dividends, management bonus or profit sharing to, or making any loans or advances to the Group's directors, officers and stockholders, sale of significant assets and requires maintenance of debt-to-equity ratio of 1.5:1. Maybank Philippines, requires debt-to-service ratio of not less than 1.25 throughout the term of the loan while Sterling Bank of Asia prohibits dividend declaration or allowances to officers or stockholders if the total debt to equity ratio exceed 3:1. In addition, under the agreement with Zambales Bank, loan may be declared due and payable should there be occurrence of payment default or cross default.

As at December 31, 2021 and 2020, GLCI was able to meet the required debt covenants except for debt-to-equity ratio, debt-to-service coverage ratio and cross default covenant, resulting to reclassification of loans payable amounting to ₱111.59 million from noncurrent liabilities to current liabilities as at December 31, 2021 (₱54.39 million as at December 31, 2020). Total outstanding balance of loans payable with breached debt covenants amounted to ₱127.97 million as at December 31, 2021 under current liabilities (₱192.88 million as at December 31, 2020).

The schedule of maturities of loans payable of the Group as of December 31 follows:

	2021	2020
Less than one year	**₱231,249,398**	₱311,366,820
One to two years	**64,042,349**	39,998,273
	₱295,291,747	₱351,365,093

16. Purchased Land Payable

Purchased land payable pertains to noninterest-bearing payable to real estate property seller under the terms of agreement executed by the Group for the purchase of land.

In 2020, GLCI recognized real estate sales amounting to ₱5.11 million in settlement of the outstanding purchased land payable and related accrued interest with carrying values of ₱4.86 million and ₱0.25 million, respectively. Cost of real estate sales pertaining to the transaction amounted to ₱0.34 million.

Purchased land payable currently maturing as at December 31, 2021 amounted to ₱5.68 million (₱18.10 million as of December 31, 2020).

17. Obligation Under Finance Lease and Installment Payable

Obligation under Finance Lease

In 2017 and 2016, the Group entered into a sale and leaseback agreement with BPI Century Tokyo Rental Corporation for its heavy equipment and transportation equipment for the total consideration of ₱70.60 million and ₱7.41 million, respectively. The obligations are payable in equal monthly installments until August 2021.

Currently maturing obligation under the finance lease amounted to ₱0.71 million as at December 31, 2021 (₱0.53 million as at December 31, 2020).

Interest expense arising from obligations under finance lease amounted to ₱0.1 million in 2021 (₱0.03 million and ₱0.70 million in 2020 and 2019, respectively) (see Note 28).

Installment Payable
In 2018, the Group acquired additional heavy equipment amounting to ₱19.29 million. The Group initially paid ₱1.90 million and the remaining balance to be paid in equal monthly installments of ₱0.78 million to be applied to interest and principal for a period of twenty-four months with an interest rate of 8% per annum.

In 2019, the Group purchased heavy equipment from QSJ Motors Phils Inc. amounting to ₱132.3 million. The Group initially paid ₱26.8 million and the remaining balance will be paid on equal monthly installment of ₱5.2 million to be applied to interest and principal for a period of twenty-four months with an interest rate of 8% per annum. As at December 31, 2021, the remaining balance of installment payable was fully settled.

Interest expense on installment payable amounted to ₱2.8 million in 2021 (₱8.8 million and ₱7.5 million in 2020 and 2019, respectively) (see Note 28). Installment payable amounting to ₱17.1 million as at December 31, 2020 is presented as a current liability.

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18. **Convertible Loans**

In 2016 and 2015, the Group issued convertible notes amounting to ₱26.00 million and ₱408.00 million, respectively, to individuals and corporations. The convertible notes have a term of three years, with fixed interest rates ranging from 6.5% to 12.0% per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed PHA's common shares at a price of ₱1.00 per share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every ten (10) notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one (1) PHA's common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-assessable listed PHA's common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Group entered into new agreements with various creditors to extend the term of its convertible notes for another three years after its original maturity date. As of December 31, 2019, the 'day 1 difference resulting from the extension amounted to ₱6.89 million.

In 2021, the convertible notes holder exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares. (see Note 23). In March 22, 2022, the SEC issued the Certificate of Approval of Valuation.

In 2017, the Group entered into a ₱100.00 million loan agreement with Treasure Island Industrial Corporation (TIIC), subject to 6.5% interest payable in two (2) years. TIIC is a related party holding 17.33% ownership of PGDI (see Note 22).

The loan proceeds will be used by the Group to finance the development activities of its properties in Palawan.

The instrument is accompanied by the following options: up to ₱50 million of the loan may be converted to new shares of WPP corresponding to 5.0% of WPP post-conversion effectively at a valuation of ₱1.0 billion. The ₱100 million loan amount, in whole or in part, may be convertible to lots in the Kattinger-Nagtabon property at an agreed upon discount to the opening Joint Venture price and as soon as the Joint Venture agreement with Kattinger group is signed and agreed on by all parties concerned or to parcels of the security lots in North Cove with total area of 196,000 square meters at a price of ₱1,000 per square meter (see Note 7).

The notes together with its features were also evaluated to determine if the embedded components qualify as derivatives to be separately accounted for under PFRS 9. As result of this evaluation, the Group identified the conversion rights with detachable warrants as derivative financial instruments to be taken up as equity. Using the residual approach, the proceeds are allocated between the debt instrument and the conversion rights with detachable warrants. The equity component on the convertible loan issued in 2017 amounted to ₱18.7 million (see Note 24).

Classification of the Group's convertible loans as at December 31 follows:

	2021	2020
Current	**₱100,000,000**	₱400,370,775
Noncurrent	**–**	94,635,393
	₱100,000,000	₱495,006,168

Movement in the convertible loans as of December 31 follows:

	2021	2020
Balance at beginning of year	**₱495,006,168**	₱494,533,615
Conversion	**(354,000,000)**	–
Payments	**(42,999,999)**	(4,500,000)
Amortization of Day 1 difference	**1,993,831**	4,972,553
Balance at end of year	**₱100,000,000**	₱495,006,168

As at December 31, 2021 (and 2020), equity portion of convertible loans payable lodged under additional paid-in capital in the consolidated statement of financial position amounted to ₱18.7 million.

Movement in unamortized Day 1 difference as of December 31 follows:

	2021	2020
Balance at beginning of year	**₱6,994,012**	₱11,966,565
Amortization of Day 1 difference	**(1,993,831)**	(4,972,553)
Balance at end of year	**₱5,000,181**	₱6,994,012

Interest expense on convertible loans, including the amortization of Day 1 difference, recognized in profit or loss amounted to ₱24.7 million in 2021 (₱33.7 million and ₱32.4 million in 2020 and 2019, respectively) (see Note 28).

19. **Callable Loans**

On July 6, 2018, the Group entered into a ₱15.0 million loan agreement with Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative, subject to 8% interest payable after 3 years. In 2019, multiple additional drawdowns amounting to ₱7.00 million has been received, subject to 8% interest rate per annum payable in 3 years.

The loan proceeds will be used by the Group to finance land developments in Nagtabon beach property and to finance the purchase of certain properties.

The instrument is accompanied by the option to prepay the loan in full or in partial without any penalty chargeable against it, subject to the following conditions:

i. The Borrower shall give the Lender written notice of such prepayment not less than Thirty (30) days before the proposed prepayment date, which notice, once given, shall be irrevocable and binding on the Borrower;

ii. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the Loan plus accrued but unpaid interest, penalties and other applicable charges;

iii. Any amount prepaid may not be re-borrowed hereunder.

As security for the payment of the loan, parcels of lots with total area of 10,500 square meters were assigned as security valued at ₱10,000 per square meter for a total collateral cover of ₱105.00 million (see Note 10).

No interest expense was capitalized as part of land development under "Real estate held for sale" in 2021 (and 2020).

20. **Trade and Other Payables**

This account consists of:

	Note	**2021**	2020
Trade payables:			
Third parties		**₱95,528,750**	₱45,413,455
Related parties	21	**11,771,567**	13,545,504
Advances from shareholders	21	**137,779,737**	161,327,846
Customers' deposits and advances		**100,975,000**	165,325,000
Accrued expenses		**76,115,256**	73,050,269
Customer's refunds		**48,463,451**	50,661,185
Advances from third parties		**37,114,843**	88,000,000
Deferred output VAT		**30,862,206**	44,308,290
Output VAT payable		**13,511,454**	54,881,504
Voucher's payable		**6,929,987**	18,428,833
Retention payable		**222,357**	23,787,912
Others		**16,377,060**	10,197,595
		₱575,651,668	₱748,927,393

Trade payable to third parties relates to construction and development costs payable to contractors and suppliers. These are non-interest-bearing and are normally settled within one year after the reporting date.

Advances from shareholder pertains to the outstanding advances from PHA's shareholder in relation to the expenses incurred on the development activities of Panitian Limestone Project.

Customers' deposits and advances represent cash received from real property buyers based on the terms of the agreement executed during the year. These deposits will be applied to any receivable upon execution of the contract to sell and fulfilment by both parties of certain undertakings and conditions.

Certain agreements provide real property buyers to pay nonrefundable deposits. Nonrefundable deposits pertaining to cancelled real estate sales amounting to ₱3.39 million are recorded as "Other income (charges)" in the consolidated statement of comprehensive income in 2020.

Accrued expenses pertains to accrual of interest, salaries and benefits, professional fees and other taxes which are expected to be settled within 12 months from the end of the reporting period.

Advances from third parties pertain to cash received by the Group to fund real estate and mining projects which are noninterest bearing and payable on demand.

Output VAT payable pertains to the VAT charged to the buyers recognized upon collection of the installment receivables.

Deferred output VAT pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date.

Retention payable is a percentage of the amount certified as due to the contractor on an interim certificate, which is deducted from the amount due and retained by the Group. The retained amount will be released to the contractors upon completion and satisfaction of the terms and conditions of the related construction contracts.

Others include withholding taxes and other amounts payable to the Philippine Government. These are noninterest-bearing and are generally settled in 30 to 45 days.

21. Related Party Transactions

In the ordinary course of business, the Group has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances and interest-bearing short-term and long-term loans. Related party transactions amounting to 10% or higher of the Group's consolidated total assets are subject to the approval of the BOD.

For the year ended December 31, 2021 and 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occur in cash, unless otherwise stated.

Transactions and outstanding balances with related parties are as follows:

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Receivables		6					
Advances	Officers		**2021**	**₱13,255,922**	**₱63,724,304**	Due and demandable;	Unsecured
			2020	20,998,228	50,468,382	non-interest bearing	
Loans from officers and shareholders		15					
Short-term loans	Officers and shareholders		**2021**	**₱–**	**₱34,025,000**	180 days to 360 days;	Unsecured
			2020	–	34,025,000	6.00% interest rate	
Long-term loans	Officers and shareholders		**2021**	**64,500,000**	–	2 years;	Unsecured
			2020	13,800,000	64,500,000	6.00% interest rate	
Convertible loans		19					
	Related Party		**2021**	**₱–**	**₱100,000,000**	3 years;	Secured by real
			2020	–	100,000,000	6.50% interest rate; convertible to WPP shares or lots of WPP real estate properties	estate properties
Convertible loans	Officers		**2021**	**95,790,173**	–	3 years;	Secured by WPP
			2020	–	95,790,173	6.50% to 12.00% interest rate; convertible to PHA shares	shares
			2021		**₱100,000,000**		
			2020		195,790,173		
Trade and other payables		21					
Management fees	Officers		**2021**	**₱5,352,941**	**₱–**	Due and demandable;	Unsecured
			2020	5,352,941	–	non-interest bearing	
Payments on behalf	Officers		**2021**	**1,773,937**	**11,771,567**	Due and demandable;	Unsecured
			2020	8,959,827	13,545,504	non-interest bearing	
Advances from shareholders	Shareholders		**2021**	**23,548,109**	**137,779,737**	Due and demandable;	Unsecured
			2020	86,415,186	161,327,846	non-interest bearing	
			2021		**₱149,551,304**		
			2020		174,873,350		

Compensation of Group's Key Management Personnel

Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱39.76 million in 2021 (₱33.05 million and ₱40.66 million in 2020 and 2019, respectively). There are no post-employment benefits in 2021 (2020 and 2019). There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

22. Pension Liabilities

The Group has an unfunded non-contributory defined benefit plan covering all regular employees. Benefits are based on the employee's years of service and final plan salary.

Under the existing regulatory framework, Republic Act 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 following tables summarize the unfunded status and amounts recognized in the consolidated statement of financial position and the components of the net benefit expense recognized in the consolidated statement of comprehensive income for the pension plan.

Pension cost recognized in the consolidated statements of comprehensive income consists of:

	2021	2020	2019
Service cost	**₱5,460,233**	₱4,606,281	₱2,172,108
Interest expense on defined benefit obligation	**1,401,535**	1,376,134	997,685
	₱6,861,768	₱5,982,415	₱3,169,793

Remeasurement gains (losses) on defined benefit obligation recognized under OCI in the consolidated statement of comprehensive income:

	2021	2020	2019
Actuarial gains (losses) due to:			
Changes in:			
Financial assumptions	**₱5,648,029**	(₱6,518,254)	(₱6,585,297)
Demographic assumptions	**396,139**	–	(1,037,849)
Experience adjustments	**6,144,152**	4,475,041	(1,870,833)
Other adjustments	**–**	–	1,465,543
Remeasurement gains (losses) on defined benefit obligation	**12,188,320**	(2,043,213)	(8,028,436)
Income tax effect	**494,019**	(269,857)	(408,628)
Remeasurement gains (losses)	**₱11,694,301**	(₱2,313,070)	(₱8,437,064)

Cumulative remeasurement effect recognized in OCI under equity attributable to equity holders of the Parent and equity attributable to non-controlling interests:

	2021	2020
Equity attributable to equity holders of the parent		
Balance at beginning of year	**(₱3,020,449)**	(₱1,334,992)
Actuarial gain (loss)	**8,304,156**	(1,685,457)
Total	**5,283,708**	(3,020,449)
Income tax effect	**(308,810)**	(105,452)
Effect of change in tax rate	**422,236**	–
Balance at end of year	**5,397,134**	(3,125,900)
Equity attributable to noncontrolling interests		
Balance at beginning of year	**(3,357,297)**	(2,999,541)
Actuarial gain (loss)	**3,884,164**	(357,756)
Total	**526,866**	(3,357,297)
Income tax effect	**(185,209)**	(164,405)
Effect of change in tax rate	**354,856**	–
Balance at end of year	**696,514**	(3,521,703)
	₱6,093,647	(₱6,647,603)

Changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱34,022,105**	₱25,996,477
Actuarial losses (gains) due to:		
Experience adjustments	**(6,144,152)**	(4,475,041)
Changes in financial assumptions	**(5,648,029)**	6,518,254
Changes in demographic assumptions	**(396,139)**	–
Service cost	**5,460,233**	4,606,281
Interest expense on defined benefit obligation	**1,401,535**	1,376,134
	₱28,695,553	₱34,022,105

The cost of defined benefit pension plans as well as the present value of the pension liabilities is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used to determine pension for the Group are as follows:

	Discount Rate		Future Salary Increase Rate	
	2021	2020	**2021**	2020
PHA	**5.02%**	4.16%	**5.00%**	5.00%
PGDI	**5.20%**	4.15%	**10.00%**	10.00%
GLC	**5.11%**	3.87%	**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 the end of the reporting period, assuming all other assumptions were held constant:

	2021			
	Increase (Decrease)	**Effect on the retirement benefit obligation**		
		PHA	**PGDI**	**GLC**
Discount rate	**+100bps**	**(₱275,107)**	**(₱3,642,782)**	**(₱2,345,580)**
	-100bps	**346,306**	**4,652,598**	**2,981,122**
Salary increase	**+100bps**	**342,719**	**4,379,635**	**2,989,429**
	-100bps	**(277,508)**	**(3,529,895)**	**(2,333,595)**

	2020			
	Increase (Decrease)	Effect on the retirement benefit obligation		
		PHA	PGDI	GLC
Discount rate	+100bps	(₱295,373)	(₱4,784,890)	(₱465,747)
	-100bps	375,764	6,201,004	557,562
Salary increase	+100bps	368,427	5,769,025	565,869
	-100bps	(295,775)	(4,596,783)	(481,104)

The Group does not have a formal retirement plan where its retirement obligations could have been funded.

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

	2021	2020
Less than one year	**₱2,189,813**	₱1,579,280
More than one year to five years	**7,117,317**	543,854
More than five years to 10 years	**11,800,305**	4,639,458
More than 10 years to 15 years	**909,402**	4,855,378
More than 15 years to 20 years	**2,481,474**	3,276,211
More than 20 years	**9,170,819**	16,697,333

23. Equity

Capital Stock

The details and movements of the Parent Company's number of common shares follow:

	2021		2020		2019	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Authorized 0.25 par value per share						
Balance at beginning of year	**₱563,556,000**	**2,254,224,000**	₱563,556,000	2,254,224,000	₱563,556,000	2,254,224,000
Increase in authorized capital stock	**936,444,000**	**3,745,776,000**	–	–	–	–
	₱1,500,000,000	**6,000,000,000**	563,556,000	2,254,224,000	563,556,000	2,254,224,000
Subscribed capital stock						
Balance at beginning of year	**₱563,529,313**	**2,254,117,253**	₱497,620,222	1,990,480,889	₱497,620,222	1,990,480,889
Additional subscription	**710,606,061**	**2,842,424244**	65,909,091	263,636,364	–	–
Balance at end of year	**1,274,135,374**	**5,096,541,497**	563,529,313	2,254,117,253	497,620,222	1,990,480,889
Less subscription receivable						
Balance at beginning of year	**₱–**	**–**	₱–	–	₱24,905,000	175,000,000
Additional subscription	**473,484,848**	**1,893,939,392**	–	–	(24,905,000)	(175,000,000)
Balance at end of year	**₱473,484,848**	**1,893,939,392**	₱–	–	₱–	–
Capital stock	**₱800,650,526**	**2,596,541,501**	₱563,529,313	2,254,117,253	₱497,620,222	1,990,480,889
Treasury stock						
Balance at beginning of year	**₱–**	**–**	₱–	–	₱120,226,315	187,768,793
Reissuance	**–**	**–**	–	–	(120,226,315)	(187,768,793)
	₱–	**–**	₱–	–	₱–	–

On May 5, 1997, the Parent Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 per share. The registration was approved on May 2, 1997. The Parent Company has 130 and 121 existing shareholders as of December 31, 2021 and 2020, respectively.

Share Subscription Agreement

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in PHA. Subscription to these shares will be at ₱0.33 per share for a total consideration of ₱925.00 million, of which ₱300.00 million will be in cash and the balance of ₱625.00 million will be via a combination of cash and/or infusion of SPTI shares over a period of two years, with the intent of making SPTI a subsidiary of PHA.

The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock. As of December 31, 2020, ₱87.00 million was received in relation to this subscription.

The remaining 2,539,393,939 shares were issued from the increase in authorized capital stock of PHA which was approved by the SEC on May 28, 2021.

Subscription Receivable
Subscription receivable as at December 31, 2021 pertains to the unpaid portion of the 2,539,393,939 shares subscribed at ₱0.33 per share.

Treasury Stock
Treasury stock pertains to Parent Company shares held by DSI, a subsidiary. As at December 31, 2019, all treasury stock held by DSI has been reissued and sold.

Deposit for Future Stock Subscription
On December 17, 2020, the BOD and stockholders approved the increase in PHA's authorized capital stock from ₱563.56 million divided into 2,254,224,000 common shares with par value of ₱0.25 each share, to up to ₱1.50 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share. The Parent Company filed the increase in capital stock with the Philippine SEC in March 2021. On May 28, 2021, the SEC approved the increase in PHA's authorized capital stock.

In 2020, the Parent Company received ₱113.00 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under noncurrent liabilities as at December 31, 2020. This was applied against issuance of capital stock upon in 2021.

In 2021, the convertible notes holder have exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares (see Note 23). In March 22, 2022, the SEC issued the Certificate of Approval of Valuation.

PHA also received ₱86.5 million from potential investors, including LDA, which is currently recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription.

On November 17, 2021, the BOD approved the increase in PHA's increase in authorized capital stock from ₱1.5 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share to ₱2.5 billion divided into 10,000,000,000 shares with a par value of ₱0.25 per share. This was ratified by the shareholders on December 17, 2021.

Share Lending Agreement
On July 20, 2021, the BOD of PHA approved a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of up to ₱2.5 billion over the next 36 months.

In August 2021, PHA sent a Put Option Notice (PON) to LDA for 190,000,000 listed shares. A group of stockholders (Share Lender) lent 210,000,000 shares to PHA. From the total shares, 190,000,000 shares were used as the Collateral Shares for the PON. The remaining 20,000,000 shares were transferred to an Options Shares Securities Account of LDA to satisfy PHA's obligations to sell options shares and to secure the payment of any portion of the commitment fee.

In consideration for the lending of shares by the Share Lender to LDA on behalf of PHA pursuant to the Put Option Agreement, PHA shall pay the Share Lender a lending fee equivalent to 18.0% per annum based on the market prices of the shares at the time of transfer. The lending fee accrued in 2021 and was recognized as part of "Interest expense" account amounted to ₱14.3 million (see Note 28).

On October 15, 2021, LDA has subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million has been fully paid and recognized as "Deposit for future stock subscription" (see Note 23).

Additional Paid-in Capital (APIC)
APIC includes paid-in capital in excess of par amounting to ₱167.5 million as at December 31, 2021 (₱98.7 million as at December 31, 2020) and the equity component of the issued convertible loans amounting to ₱18.7 million as at December 31, 2021 (and 2020) (see Note 19).

The liability component of the convertible loans is reflected as financial liabilities.

In 2019, APIC from disposal of Parent Company shares held by a subsidiary amounted to ₱31.0 million.

In 2020, the Parent Company received subscription amounting to ₱0.33 per share or ₱87.0 million for 263,636,364 shares out of authorized capital stock, including ₱21.1 million in excess of par value. Stock issuance cost amounting to ₱0.7 million is deducted from APIC.

Retained Earnings
The consolidated retained earnings as at December 31, 2021 (and 2020) includes accumulated earnings of the subsidiaries which are not currently available for dividend declaration unless declared by the subsidiaries of the Parent Company. After considering the reconciling items, the Parent Company has no available retained earnings for dividend declaration as at December 31, 2021 and 2020.

Retained earnings also included "equity reserves" arising from transactions affecting ownership interest in DSI and PGDI. The equity reserves closed to retained earnings from these transactions aggregated ₱70.61 million. The equity reserve is excluded for purposes of dividend declaration.

Dividend Payable
Dividend payable amounting to ₱39.8 million pertains to the dividends declared on March 20, 2018. This includes property dividends consisting of 28,000,000 million shares of PGDI with fair value of ₱36.8 million and cash dividends of ₱3.0 million. As at reporting date, the SEC approval on the property and cash dividends is still pending.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its equity as capital. The Group is subject to externally imposed capital requirements. The Group's management, amongst other things, aims to ensure that the Parent Company and its subsidiaries meets any financial covenants attached to its long-term loans that define capital structure requirements (see Note 16).

No changes were made in the Group's capital management objectives, policies or processes in 2021 (and 2020).

Noncontrolling Interests

Non-controlling interests consist of the following:

Name of Subsidiary	Percentage of Ownership 2021	2020	2019	Equity Attributable to Noncontrolling Interest 2021	2020	2019
PGDI	**69.22%**	69.22%	69.22%	**₱188,440,308**	₱200,023,823	₱206,726,957
PHMIC	**68.44%**	68.44%	68.44%	**1,730,360**	1,746,140	1,765,582
PSMVI	**68.22%**	68.22%	68.22%	**1,881,542**	1,897,432	1,917,008
GLCI	**55.00%**	55.00%	55.00%	**137,324,226**	116,137,841	97,137,278
CUBES	**51.00%**	51.00%	51.00%	**25,817,764**	25,842,509	25,920,760
				₱355,194,200	₱345,647,745	₱333,467,585

Net income (loss) attributable to non-controlling interest follows:

Name of Subsidiary	Percentage of Ownership 2021	2020	2019	Net Income (Loss) Attributable to Noncontrolling Interest 2021	2020	2019
PGDI	**69.22%**	69.22%	69.22%	**(₱14,749,311)**	(₱5,797,360)	₱4,553,044
PHMIC	**68.44%**	68.44%	68.44%	**(15,780)**	(19,442)	(19,438)
PSMVI	**68.22%**	68.22%	68.22%	**(15,890)**	(19,576)	(19,579)
GLCI	**55.00%**	55.00%	55.00%	**20,445,551**	18,616,950	(140,628,802)
CUBES	**51.00%**	51.00%	51.00%	**(24,745)**	(78,251)	(30,809,329)
				₱5,639,825	₱12,702,321	(₱166,924,104)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Statement of Income:

	2021 GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	**₱116,076,391**	**₱174,681,141**	**₱–**	**₱–**	**₱–**
Cost and expenses	**(91,029,199)**	**(219,356,335)**	**(50,000)**	**(50,000)**	**(50,500)**
Other income (charges)	**26,583,888**	**(3,149,816)**	**–**	**–**	**–**
Income (loss) before income tax	**51,631,080**	**(47,825,010)**	**(50,000)**	**(50,000)**	**(50,500)**
Benefit from income tax	**(6,280,011)**	**(246,588)**	**–**	**–**	**–**
Net income (loss)	**₱57,911,091**	**(₱47,578,422)**	**(₱50,000)**	**(₱50,000)**	**(₱50,500)**
Net income (loss) attributable to noncontrolling interest	**₱20,445,551**	**(₱15,488,045)**	**(₱15,890)**	**(₱15,890)**	**(₱24,745)**

	2020 GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱479,301,585	₱241,736,071	₱–	₱–	₱–
Cost and expenses	(367,517,731)	(251,548,910)	(61,600)	(61,600)	(159,696)
Other income (charges)	(77,257,432)	(8,035,636)	–	–	–
Income (loss) before income tax	34,526,422	(17,848,475)	(61,600)	(61,600)	(159,696)
Provision for (benefit from) income tax	(6,844,578)	986,353	–	–	–
Net income (loss)	₱41,371,000	(₱18,834,828)	(₱61,600)	(₱61,600)	(₱159,696)
Net income (loss) attributable to noncontrolling interest	₱18,616,950	(₱5,797,360)	(₱19,442)	(₱19,442)	(₱78,251)

	2019				
	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱79,101,295	₱341,660,557	₱–	₱–	₱–
Cost and expenses	(188,302,041)	(318,368,046)	(61,600)	(61,600)	(62,876,181)
Other income (charges)	(230,868,454)	(1,798,215)	–	–	–
Income (loss) before income tax	(340,069,200)	21,494,296	(61,600)	(61,600)	(62,876,181)
Provision for (benefit from) income tax	(27,560,751)	6,702,081	–	–	
Net income (loss)	(₱312,508,449)	₱14,792,215	(₱61,600)	(₱61,600)	(₱62,876,181)
Net income (loss) attributable to noncontrolling interest	(₱140,628,802)	₱4,553,044	(₱19,438)	(₱19,579)	(₱30,809,329)

Statement of Financial Position:

	2021				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Current assets	**₱822,556,445**	**₱189,803,285**	**₱4,964**	**₱2,400,000**	**₱2,450,000**
Noncurrent assets	**67,024,722**	**526,204,139**	–	**233,464,069**	**180,348,534**
Current liabilities	**(461,603,174)**	**(93,505,633)**	**(52,586,178)**	**(15,844,317)**	**(12,278,782)**
Noncurrent liabilities	**(95,830,762)**	**(24,229,913)**	**(75,302)**	–	–
Equity (Capital deficiency)	**₱332,147,231**	**₱598,271,878**	**(₱52,656,516)**	**₱220,019,752**	**₱170,519,752**
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	**₱194,823,005**	**₱410,570,304**	**(₱78,474,280)**	**₱218,289,392**	**₱168,638,210**
Noncontrolling interest	**137,324,226**	**187,701,574**	**25,817,764**	**1,730,360**	**1,881,542**

	2020				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱860,039,579	₱151,183,630	₱84,964	₱–	₱–
Noncurrent assets	68,281,863	621,749,323	–	230,188,197	178,413,302
Current liabilities	(554,923,409)	(108,908,988)	(52,535,676)	(10,118,446)	(7,843,550)
Noncurrent liabilities	(96,970,157)	(28,385,910)	(75,302)	–	–
Equity (Capital deficiency)	₱276,427,876	₱635,638,055	(₱52,526,014)	₱220,069,751	₱170,569,752
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱160,290,035	₱435,614,232	(₱78,448,523)	₱218,323,611	₱168,672,320
Noncontrolling interest	116,137,841	200,023,823	25,842,509	1,746,140	1,897,432

Statement of Cash Flow:

	2021				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Operating	**₱88,585,484**	**₱9,235,958**	**₱–**	**(₱5,675,871)**	**(₱4,385,232)**
Investing	**(407,192)**	**10,819,281**	–	–	–
Financing	**(92,398,444)**	–	–	**5,675,871**	**4,385,232**
Net increase (decrease) in cash	**(₱4,220,152)**	**₱20,055,239**	**₱–**	**₱–**	**₱–**

	2020				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱283,492,277	₱99,794,404	₱231,824	₱–	₱–
Investing	6,826,481	(67,169,498)	–	230,188,197	–
Financing	(314,825,443)	(11,484,479)	–	–	50,000
Net increase (decrease) in cash	(₱24,506,685)	₱21,140,427	₱231,824	₱230,188,197	₱50,000

	2019				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱269,537,325	₱101,418,936	(₱84,790)	₱–	₱–
Investing	(8,156,866)	(96,571,993)	–	–	–
Financing	(239,030,573)	(9,280,001)	–	–	–
Net increase (decrease) in cash	₱22,349,886	(₱4,433,058)	(₱84,790)	₱–	₱–

24. Cost of Services

This account consists of:

	Note	2021	2020	2019
Depreciation	11	**₱79,439,916**	₱83,436,748	₱97,277,092
Personnel cost	30	**67,201,593**	73,579,844	83,174,170
Repairs and maintenance		**23,759,550**	32,822,359	41,500,673
Professional and legal fees		**6,466,386**	6,135,665	5,333,778
Taxes and licenses		**6,060,814**	4,631,539	5,835,624
Fuel and oil		**4,432,306**	3,410,568	9,613,569
Transportation and travel		**4,003,640**	5,122,926	7,342,103
Entertainment, amusement and recreation		**311,700**	117,806	–
Utilities		**152,545**	190,243	–
Others		**1,267,095**	1,145,392	2,028,292
		₱193,095,545	₱210,593,090	₱252,105,301

25. General and Administrative Expenses

This account consists of:

	Note	2021	2020	2019
Professional and legal fees		**₱61,484,495**	₱44,421,791	₱57,395,392
Personnel cost	30	**39,173,799**	48,330,204	39,768,056
Commissions		**9,886,510**	15,161,389	18,998,256
Entertainment, amusement and recreation		**9,205,178**	10,591,872	9,049,237
Rentals and utilities	32	**8,271,498**	8,252,143	8,894,883
Depreciation and amortization	11,13,32	**7,283,350**	9,278,110	17,807,698
Taxes and licenses		**6,348,475**	4,586,276	14,840,595
Transportation and travel		**5,951,312**	6,972,176	10,244,544
Outside services		**5,384,242**	5,431,678	9,178,447
Repairs and maintenance		**4,196,600**	4,407,282	4,136,199
Filing and listing fees		**2,387,237**	9,955,246	14,051,791
Freight and handling		**1,268,121**	1,782,285	1,566,224
Advertising and promotions		**1,016,304**	140,309	408,276
Supplies and materials		**577,230**	766,250	1,192,925
Others		**17,307,410**	8,687,409	1,359,100
		₱179,741,761	₱178,764,420	₱208,891,623

Others pertains to penalties, surcharges, bank charges, printing and stationery and other expenses which are not individually significant amounts.

26. Impairment Losses

This account consists of:

	Note	2020	2019
Input VAT	8	₱5,296,083	₱66,000
Receivables	6	5,113,430	–
Advances to supplier	8	1,256,703	35,867,759
Property and equipment	11	–	22,595,049
		₱11,666,216	₱58,528,808

27. Income Taxes

The provision for income tax shown in the consolidated statement of comprehensive income consists of:

	2021	2020	2019
Current	**₱95,221**	₱5,379,120	₱9,764,236
Deferred	**(69,188,394)**	99,111,477	214,717,825
	(₱69,093,173)	₱104,490,597	₱224,482,061

Provision for current income tax pertains to MCIT in 2021 (and 2020). In 2019, provision for current income tax consists of MCIT and RCIT amounting to ₱3.06 million and ₱6.70 million, respectively.

The reconciliation of provision for (benefit from) income tax expense computed at the statutory income tax rate to the provision for (benefit from) income tax follows:

	2021	2020	2019
Provision for (benefit from) income tax expense at statutory tax rate	**(₱24,052,227)**	₱64,359,403	₱88,703,670
Tax effects of:			
Effect of change in income tax rate	**(76,665,640)**	–	–
Expired NOLCO	**19,484,045**	–	–
Nondeductible expense	**1,693,791**	7,642,066	3,353,650
Interest expense - accretion (redemption)	**493,149**	891,766	(2,067,503)
Expired excess MCIT over RCIT	**471,700**	–	–
Income subject to final tax	**(12,594)**	(32,722)	(33,171)
Stock issuance cost	–	(197,728)	–
Change in unrecognized deferred tax assets	**9,494,603**	31,827,812	134,525,415
	(₱69,093,173)	₱104,490,597	₱224,482,061

The components of the Group's deferred tax assets are as follows:

	2021	2020
Deferred tax assets recognized in profit or loss:		
Difference in the tax base and accounting base of land and land development	**₱12,511,825**	₱15,014,190
Allowance for impairment losses on receivables	**5,920,400**	7,104,481
Pension liabilities	**5,013,098**	5,863,643
Excess of MCIT over RCIT	**2,089,436**	7,229,946
Provisions for administrative fines	**172,335**	206,802
Lease liability	**216,209**	259,541
Unrealized foreign exchange loss	**988**	–
	₱25,924,291	₱35,678,603

The components of the Group's deferred tax liabilities are as follows:

	2021	2020
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on fair valuation of investment property	**₱358,415,573**	₱355,321,500
Increase in fair value due to purchase price allocation	**66,450,513**	79,740,615
Right-of-use asset	**170,132**	204,158
Commission - PFRS 15	**201,909**	242,291
Gross profit on real estate sales	**–**	68,625,444
Unrealized gain on foreign exchange	**–**	78,794
	425,238,127	504,212,802
Deferred tax liabilities recognized in OCI:		
Remeasurement gain on defined benefit obligation	**4,379,480**	5,134,989
	₱429,617,607	₱509,347,791

In 2017, PHA and WPP entered into a contract to sell to transfer and convey PHA's investment property with a total area of 499.99 hectares, for a consideration of ₱450.00 million. Prior to the transfer, the investment property's carrying value amounted to P399.95 million, which is also the fair value as at December 31, 2016. As a result of the transfer, a deferred tax asset amounting to ₱15.01 million arising from the difference of the investment property's carrying amount and the cost of the transferred land in the books of WPP amounted to ₱50.05 million. Capital gains tax recognized by the Group amounted to ₱26.94 million in 2017, which is outstanding as at December 31, 2021 (and 2020).

The Group has deductible temporary differences that are available for offset against future taxable income or income tax payable for which deferred tax assets have not been recognized. These deductible temporary differences are as follows:

	2021	2020
NOLCO	**₱587,674,447**	₱386,774,049
Allowance for impairment losses	**243,019,789**	242,479,271
Pension liabilities	**25,831,296**	31,529,647
Excess of MCIT over RCIT	**9,634,687**	1,713,028

The details of the Group's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2021	₱–	₱155,660,753	₱–	₱6,508,727	2026
2020	159,638,615	–	–	159,638,615	2025
2019	143,860,838	–	(57,402,947)	86,457,891	2022
2018	83,274,596	–	(83,274,596)	–	2021
	₱386,774,049	₱155,660,753	(₱140,677,543)	₱252,605,233	

Under the Republic Act No. 11494, also known as *"Bayanihan to Recover As One Act"*, and as implemented by the BIR under RR No. 25-2020, the Group is allowed to carry-over the NOLCO incurred for taxable years 2021 and 2020 as a deduction from gross income for the next five taxable years.

The details of the Group's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2021	₱–	₱6,508,727	₱–	₱6,508,727	2024
2020	5,409,119	–	–	5,409,119	2023
2019	3,260,615	–	–	3,260,615	2022
2018	273,240	–	(273,240)	–	2021
	₱8,942,974	₱6,508,727	(₱273,240)	₱15,178,461	

NOLCO and MCIT presented in the above tables include the amount of NOLCO and MCIT of GLCI.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act") was approved and signed into law by President Rodrigo Duterte. Under the CREATE Act, the Regular Corporate Income Tax (RCIT) of domestic corporations was revised from 30% to 25% and 20%, depending on the amount of total assets or total amount of taxable income. In addition, the Minimum Corporate Income Tax (MCIT) was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

The changes in the income tax rates retrospectively became effective beginning July 1, 2020. However, the income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. As provided by PAS 12, *Income Taxes*, components of current tax expense may include any adjustments recognized in the period for the income tax of prior period. For the year ended December 31, 2021, current tax expense decreased by ₱1.34 million as a result of adjustment for changes in the tax rates in 2020, while the increase in deferred tax benefit due to change in tax rate amounted to ₱78.09 million.

28. Interest Expense

This account consists of:

	Note	2021	2020	2019
Loans payable	15	**₱36,325,097**	₱68,769,379	₱217,164,554
Short-term loans	14	**35,884,846**	61,127,580	60,032,838
Share lending agreement	23	**14,325,178**	–	–
Convertible loans	18	**24,688,107**	33,669,773	32,423,042
Installment payable	17	**2,753,478**	8,760,215	7,512,759
Obligation under finance lease	17	**116,317**	31,692	703,603
Lease liability	31	**63,317**	105,713	128,095
		₱114,156,340	₱172,464,352	₱317,964,891

29. Personnel Costs

This account consists of:

	Note	2021	2020	2019
Cost of services:	24			
Salaries and wages		**₱46,300,688**	₱53,040,104	₱64,100,237
Pension expense	22	**5,181,334**	4,346,048	1,947,881
Other employee benefits		**15,719,571**	16,193,692	17,126,052
		67,201,593	73,579,844	83,174,170
General and administrative expenses:	25			
Salaries and wages		**29,671,546**	38,472,344	31,983,863
Pension expense	22	**1,680,434**	1,636,367	1,221,912
Other employee benefits		**7,821,819**	8,221,493	6,562,281
		39,173,799	48,330,204	39,768,056
		₱106,375,392	₱121,910,048	₱122,942,226

30. Basic/Diluted EPS

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company for the year over the weighted average number of common shares outstanding during the year.

Basic EPS Attributable to Equity Holders of the Parent Company

	2021	2020	2019
Net income (loss) attributable to equity holders of the Parent Company	**(₱47,826,957)**	₱97,338,426	₱238,120,942
Weighted average number of outstanding common shares*	**2,188,586,397**	2,012,450,586	1,880,980,593
Basic Earnings (Loss) Per Share	**(₱0.0219)**	₱0.0484	₱0.1266

**The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and new subscriptions during the year.*

The weighted average number of common shares outstanding are computed as follows:

	2021	2020	2019
Number of shares at beginning of year	**2,012,450,586**	1,990,480,889	1,990,480,889
Weighted average number of Parent Company shares issued during the year	**176,135,811**	21,969,697	–
Weighted average number of Parent Company shares held by a subsidiary	**–**	–	(109,500,296)
	2,188,586,397	2,012,450,586	1,880,980,593

Diluted EPS Attributable to Equity Holders of the Parent Company

	2019
Net income attributable to equity holders of the Parent Company	₱238,120,942
Interest expense attributable to convertible loans	32,423,042
	270,543,984
Weighted average number of outstanding common shares	1,880,980,593
Dilutive shares attributable to convertible loans	490,940,355
	2,371,920,948
Diluted EPS	₱0.1141

Diluted EPS is computed similar to the computation of the basic EPS except that the net income attributable to equity holders of the parent and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential common shares. The effect of the conversion option of the convertible loans is anti-dilutive in 2021 (anti-dilutive 2020 and dilutive in 2019). Thus, the basic and diluted EPS are the same in 2021 (and 2020).

31. Leases

The Group has a lease contract for office space used in its operations which has a lease term of four years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group applies the short-term lease recognition exemption for these leases.

The rollforward analysis of right-of-use asset are as follows:

	Note	2021	2020
Cost			
Balance at beginning and end of year		**₱1,968,707**	₱1,968,707
Accumulated Depreciation			
Balance at beginning of year		**1,288,181**	618,301
Depreciation	26	**669,880**	669,880
Balance at end of year		**1,958,061**	1,288,181
Net Carrying Amount		**₱10,646**	₱680,526

The rollforward analysis of lease liabilities are as follows:

	Note	2021	2020
Balance at beginning of year		**₱865,137**	₱1,444,423
Payment		**(685,000)**	(684,999)
Interest expense	29	**63,317**	105,713
Balance at end of year		**₱243,454**	₱865,137

As at December 31, 2021, the current and noncurrent portion of lease liabilities amounted to ₱0.19 million and ₱0.68 million, respectively (₱0.86 million and ₱0.58 million, respectively, as at December 31, 2020).

The following are the amounts recognized in the consolidated statement of comprehensive income:

	Note	2021	2020	2019
Expenses relating to short-term leases	25, 26	**₱2,865,151**	₱2,469,674	₱1,740,809
Depreciation expense of right-of-use assets	26	**669,880**	669,880	618,301
Interest expense on lease liabilities	29	**63,317**	105,713	128,095
		₱3,598,348	₱3,245,267	₱2,487,205

32. Financial Assets and Financial Liabilities

Financial Risk Management Objectives and Policies

The Group's principal financial assets and financial liabilities comprise of loans payable and due to and from related parties. The main purpose of these financial assets and financial liabilities is to finance the Group's operations. The Group has other financial assets and financial liabilities such as trade and other receivables and trade and other payables which arise directly from its operations.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The main risks arising from the Group's financial assets and financial liabilities are liquidity risk, credit risk and interest rate risk. Exposure to these risks arises in the normal course of business activities. The Group's BOD reviews and approves actions for managing each of these risks which are summarized below:

Liquidity Risk. Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The major liquidity risk confronting the Group pertains to the daily calls on its available cash resources in respect of claims arising from trade and other payables and the maturity of loans payable. In this regard, the Group maintains a level of cash deemed sufficient to finance its operations.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2021 (and 2020) based on contractual undiscounted cash flows. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

	2021			
	<120 days	**121-360 days**	**>360 days**	**Total**
Financial Liabilities				
Trade and other payables*	**₱381,839,557**	**₱–**	**₱–**	**₱381,839,557**
Short-term loans**	**234,204,632**	**20,350,000**	**–**	**254,554,632**
Loans payable**	**29,271,776**	**88,928,115**	**177,091,858**	**295,291,749**
Purchased land payable	**5,677,930**	**–**	**–**	**18,102,930**
Obligation under finance lease	**714,769**	**–**	**–**	**528,206**
Convertible loan**	**–**	**–**	**100,000,000**	**100,000,000**
Lease liability**	**243,454**	**–**	**–**	**901,228**
Callable loans**	**880,000**	**23,440,000**		**24,320,000**
	₱652,832,118	**₱132,718,115**	**₱277,091,858**	**₱1,075,538,302**

** Excluding statutory and other nonfinancial liabilities amounting to ₱193.81 million*
*** Including future interest*

	2020			
	<120 days	121-361 days	>360 days	Total
Financial Liabilities				
Trade and other payables*	₱439,493,541	₱–	₱–	₱439,493,541
Short-term loans**	206,287,500	52,926,250	–	259,213,750
Loans payable**	276,774,915	47,017,126	47,549,078	371,341,119
Loans from third parties	–	–	8,640,000	8,640,000
Loans from officers and shareholders	–	–	70,660,000	70,660,000
Purchased land payable	18,102,930	–	–	18,102,930
Installment payable	19,809,064	–	–	19,809,064
Obligation under finance lease	528,206	–	–	528,206
Convertible loan**	309,120,128	5,290,646	100,035,393	414,446,167
Lease liability**	355,292	363,957	181,979	901,228
Callable loans**	880,000	15,880,000	7,560,000	24,320,000
Cash dividends payable	2,950,000	–	–	2,950,000
	₱1,274,301,576	₱121,477,979	₱234,626,450	₱1,630,406,005

** Excluding statutory and other nonfinancial liabilities amounting to ₱309.43 million*
*** Including future interest*

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group's credit risks are primarily attributable to cash in banks, receivables, due from related parties and security deposits. The Group's receivables and due from related parties are monitored on an ongoing basis.

With respect to credit risk arising from cash in banks, receivables, due from related parties, and other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit quality of the Group's financial assets are as follows:

	2021					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	not Impaired	Impaired	Total
Cash in banks	₱89,845,913	₱–	₱89,845,913	₱–	₱–	₱89,845,913
Receivables						
Contract receivables	33,352,852	–	33,352,852	–	1,834,079	35,186,931
Trade	–	1,388,982	1,388,982	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱123,198,765	₱2,241,004	₱125,439,769	₱3,042,702	₱6,470,648	₱134,953,119

	2020					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	not Impaired	Impaired	Total
Cash in banks	₱123,538,336	₱–	₱123,538,336	₱–	₱–	₱123,538,336
Receivables						
Contract receivables	24,735,281	–	24,735,281	–	1,834,079	26,569,360
Trade		8,930,119	8,930,119	3,250,815	1,787,649	13,968,583
Others	1,087,037	–	1,087,037	–	5,847,501	6,934,538
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱149,360,654	₱9,782,141	₱159,142,795	₱6,293,517	₱9,469,229	₱174,905,541

The Group has determined that the credit quality of all neither past nor impaired financial assets as of December 31, 2021 (and 2020) are classified as high grade based on the following:

Cash - based on the financial and credit standing of the counterparty.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment. All receivables are deemed high grade by the Group.

Security deposits - based on the credit standing/reputation of counterparty.

The table below shows the Group's aging analysis of financial assets.

	2021					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		<120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	₱89,227,003	₱–	₱–	₱–	₱–	₱89,227,003
Receivables						
Contract receivables	33,352,852	–	–	–	1,834,079	35,186,931
Trade	1,388,982	–	–	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	852,022	–	–	–	–	852,022
	₱124,820,859	₱–	₱–	₱3,042,702	₱6,470,648	₱134,334,209

	2020					
	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		<120 days	121-360 days	>360 days		
Cash in banks	₱123,538,336	₱–	₱–	₱–	₱–	₱123,538,336
Receivables						
Contract receivables	24,735,281	–	–	–	1,834,079	26,569,360
Trade	8,930,119	3,250,815	–	–	1,787,649	13,968,583
Others	1,087,037	–	–	–	5,847,501	6,934,538
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	852,022	–	–	–	–	852,022
	₱159,142,795	₱3,250,815	₱–	₱3,042,702	₱9,469,229	₱174,905,541

Interest Rate Risk. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The Group has interest bearing loans with floating interest rate subject to repricing amounting to ₱155.73 million as at December 31, 2021 (₱230.29 million as at December 31, 2020).

The Group's loans payable to local banks subject to floating rates are exposed to cash flow interest rate risk. The re-pricing of these instruments is done on intervals of three months.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax.

	Increase (Decrease)	Effect on Income Before Income Tax
2021	**4.03%**	**₱8,877,687**
	(4.03%)	**(8,877,687)**
2020	4.03%	8,877,687
	(4.03%)	(8,877,687)

33. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	2021						
		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Addition	Proceeds	Payments	Balance at end of year
Convertible loans	₱495,006,168	(₱354,000,000)	₱1,993,831	₱–	₱–	(₱42,999,999)	₱100,000,000
Loans payable	351,365,093	–	–	–	–	(56,073,346)	295,291,747
Short-term loans	225,962,500	–	–	–	28,592,132	–	254,554,632
Deposit for future stock subscription	113,000,000	352,231,457	–	–	–	–	465,231,457
Callable loans	22,000,000	–	–	–	–	–	22,000,000
Lease liability	865,137	–	63,317	–	–	(685,000)	243,454
Obligations under finance lease	528,206	–	–	186,563	–	–	714,769
	₱1,208,727,104	(₱1,768,543)	₱2,057,148	₱186,563	₱28,592,132	(₱99,758,345)	₱1,138,036,059

	2020					
		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Sale in Exchange of Loans	Interest Accretion	Proceeds	Payments	Balance at end of year
Convertible loans	₱494,533,615	₱–	₱4,972,553	₱–	(₱4,500,000)	₱495,006,168
Loans payable	992,103,643	(397,482,489)	–	–	(243,256,061)	351,365,093
Short-term loans	233,025,000	–	–	–	(7,062,500)	225,962,500
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Callable loans	22,000,000	–	–	–	–	22,000,000
Lease liability	1,444,423	–	105,713	–	(684,999)	865,137
Obligations under finance lease	2,360,827	–	–	–	(1,832,621)	528,206
	₱1,745,467,508	(₱397,482,489)	₱5,078,266	₱113,000,000	(₱257,336,181)	₱1,208,727,104

	2019					
		Noncash transactions		Cash Transactions		
	Balance at beginning of year	Sale in Exchange of Loans	Interest Accretion	Proceeds	Payments	Balance at end of year
Convertible loans	₱515,425,292	₱–	(₱6,891,677)	₱–	(₱14,000,000)	₱494,533,615
Loans payable	1,041,263,317	–	–	–	(49,159,674)	992,103,643
Short-term loans	217,720,000	–	–	31,500,000	(16,195,000)	233,025,000
Callable loans	15,000,000	–	–	7,000,000	–	22,000,000
Lease liability	–	1,968,707	128,095	–	(652,379)	1,444,423
Obligations under finance lease	7,822,404	–	–	–	(5,461,577)	2,360,827
	₱1,797,231,013	₱1,968,707	(₱6,763,582)	₱38,500,000	(₱85,468,630)	₱1,745,467,508

34. Agreements

Service Contract with Cagdianao Mining Corporation (CMC)

In December 2014, the Group entered into a Saprolite Mining Contract with CMC for the hauling and extraction of mineral ores in Municipality of Cagdianao, Province of Dinagat Islands. The Contract shall be for a period of three years, from January 1, 2015 to December 31, 2017, which may be extended by written mutual agreement of the parties.

If the Group fails to deliver the required tonnage, CMC shall impose a penalty upon the Group computed based on the required WMT multiplied by $0.50 per WMT of materials not delivered.

In April 2018, the Group renewed its agreement with CMC effective April 1, 2018 to October 31, 2018. Under the scope of work indicated in the contract, the Group shall perform mining services which include loading and hauling, road and bench maintenance and barge loading services.

In May 2019, the Group has secured a 3-year contract with CMC covering the periods of 2019 until 2021, with the Group rendering services to CMC starting March 1 until October 31 of each year.

The Group shall render mining services that include loading and hauling, road and bench maintenance, barge loading services and rental of heavy equipment.

Mining related services recognized by the Group amounted to ₱174.16 million in 2021 (₱241.74 million and ₱341.17 million in 2020 and 2019, respectively). This includes equipment rental amounting to ₱518,314 million in 2021 (₱1.27 million and ₱2.89 million in 2020 and 2019, respectively).

Agreement with Home Trenz Realty Corp. (Home Trenz)
In October 2021, the GLCI and Home Trenz entered into a deed of assignment with the following terms (a) GLCI will provide ₱25.2 million to acquire certain properties while Home Trenz will subdivide, market and sell the properties under its name; and (b) GLCI is entitled to 300% of its contribution as its share of profits and Home Trenz is entitled to any surplus profits and proceeds on the sale of the properties.

In 2021, Home Trenz transferred its rights and interest over the amount of ₱54.3 million to GLCI which constitute as initial distributive share of GLCI on the agreed profit share of the project. The initial distributive share was included in "Other income (charges) in the consolidated statement of comprehensive income.

Letter Agreement
On December 24, 2019, PGDI entered into an agreement, which was further amended on January 22, 2020, with another entity that intends to put up or establish a cement plant with power plant, port and limestone quarry in Palawan.

As of December 31, 2021 (and 2020), the Group is currently under negotiation to finalize the sale of PHMIC and PSMVI, in relation to this Letter Agreement.

35. Registration with Board of Investments

CUBES
CUBES is registered with the BOI as a new operator of Thermo Chilling System under the heading Energy Efficiency Projects of the 2014 IPP on a Non-Pioneer Status under the provision of Executive Order (EO) No. 226, otherwise known as the *Omnibus Investments Code of 1987.*

Under CUBES' registration, it is entitled to certain tax and nontax incentives which include, among others, ITH for four (4) years from November 2015 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration.

The ITH incentives shall be limited only to the revenues generated from the new activity.

Under the terms of CUBES' registration, it is subject to certain requirements, principally that of following a specified sales volume and sales revenue schedule and securing prior permission from the BOI before performing certain acts.

Under CUBES' application with the BOI, it can avail of a bonus year in each of the following cases but the aggregate ITH availment (basic and bonus years) shall not exceed eight (8) years:

a. The ratio of the total imported and domestic capital equipment to the number of workers for the project does not exceed US$10,000 to one (1) worker;

b. The net foreign exchange savings or earnings amount to at least US$500.000 annually during the first three (3) years of operation; and

c. The indigenous raw materials used in the manufacture of the registered product must at least be fifty (50%) of the total cost of raw materials for the preceding years prior to the extension unless the BOI prescribes a higher percentage.

In May 2017, CUBES' operations was discontinued and was put on hold due to operational issues. As of December 31, 2021, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone +632 8 982 9100
Fax +632 8 982 9111
Website www.reyestacandong.com

INDEPENDENT AUDITORS REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at and for the year ended December 31, 2021 and have issued our report thereon dated May 16, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at and for the year ended December 31, 2021 and no material exceptions were noted.

REYES TACANDONG & CO.

Emmanuel V. Clarino

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2019
Valid until October 16, 2022
PTR No. 8851704
Issued January 3, 2022, Makati City

May 16, 2022
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 and 2020

Ratio	Formula		2021	2020
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		**0.78**	0.76
	Total Current Assets	₱1,365,507,797		
	Divide by: Total Current Liabilities	1,758,940,014		
	Current Ratio	0.78		
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		**0.21**	0.23
	Total Current Assets	1,365,507,797		
	Less: Inventories	(765,386,058)		
	Other Current Assets	(226,491,288)		
	Quick Assets	373,630,451		
	Divide by: Total Current Liabilities	1,758,940,014		
	Acid Test Ratio	0.21		
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		**0.46**	0.99
	Total interest-bearing debt	₱678,239,078		
	Total Equity	1,488,954,455		
	Debt to Equity Ratio	0.46		
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		**2.53**	3.21
	Total Assets	₱3,770,249,977		
	Total Equity	1,488,954,455		
	Asset to Equity Ratio	2.53		
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		**0.00**	2.22
	Net Loss Before Income Tax	(₱111,280,305)		
	Less: Interest income	(2,680,377)		
	Add: Interest Expense	114,156,340		
	Earnings Before Interest and Taxes	195,658		
	Divide by: Interest Expense	114,156,340		
	Interest Rate Coverage Ratio	0.00		

Ratio	Formula		2021	2020
Return on Equity	**Net Income (Loss) divided by Average Total Equity**		**(3.12%)**	9.86%
	Net Loss	(₱42,187,132)		
	Average Total Equity	1,351,253,908		
	Return on Equity	(3.12%)		
Return on Assets	**Net Income (Loss) divided by Average Total Assets**		**(2.99%)**	3.98%
	Net Income	(₱42,187,132)		
	Average Total Assets	1,412,760,279		
	Return on Assets	(2.99%)		
Solvency Ratio	**Net Income (Loss) Before Non-Cash Expenses divided by Total Liabilities**		**2.33%**	8.29%
	Net Loss	(₱42,187,132)		
	Add: Non-Cash Expenses	95,448,136		
	Net Income Before Non-Cash Expenses	53,261,004		
	Total Liabilities	2,281,295,522		
	Solvency Ratio	2.33%		
Net Profit Margin	**Net Income (Loss) divided by Total Revenue**		**(12.08%)**	15.23%
	Net Loss	(₱42,187,132)		
	Total Revenue	349,117,555		
	Net Profit Margin	(12.08%)		

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation and Subsidiaries
Unit E-1705, 17F, East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at and for the year ended December 31, 2021 and have issued our report thereon dated May 16, 2022. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management.

These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2021
- Schedules Required by Annex 68-J as at December 31, 2021
- Conglomerate Map as at December 31, 2021

These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic financial statements. The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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May 16, 2022
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

PARENT COMPANY'S RECONCILIATON OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2021

	Amount
Unappropriated retained earnings, as at December 31, 2020	(₱196,230,090)
Add (less) -	
Deferred tax liabilities	403,578
Unappropriated retained earnings available for dividend distribution as at January 1, 2021, as adjusted	(195,826,512)
Net income during the period closed to retained earnings	(127,331,442)
Unappropriated retained earnings as adjusted to available for dividend declaration, at end of year	(₱323,157,954)

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68 DECEMBER 31, 2021

Table of Contents

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Interest Received and Accrued
Financial Assets at Amortized Costs				
Cash	₱89,845,913	₱89,845,913	₱–	₱–
Receivables			–	–
Contract receivables	35,186,931	35,186,931	–	–
Contract assets	315,378,037	315,378,037	–	–
Trade	1,388,982	1,388,982	–	–
Other noncurrent assets			–	–
Receivable from PAGCOR	3,042,702	3,042,702	–	–
Security deposits	852,022	852,022	–	–
	₱445,694,587	₱445,694,587	₱–	₱–

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

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at End of Period
Officers and employees	₱50,468,382	₱13,255,922	₱–	₱–	63,724,304	₱–	₱63,724,304

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

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at End of Period
Premiere Horizon Alliance Corporation	₱308,390,091	₱–	₱–	₱–	₱–	₱–	₱–
Goshen Land Capital Inc.	–	–	–	–	–	–	–
Premiere Georesources and Development Inc.	–	–	–	–	–	–	–
West Palawan Premiere Development Corp.	55,674,560	–	–	–	–	–	–
Treasure Cove at Nagtabon Beach, Inc.	3,493,974	–	–	–	–	–	–
Concepts Unplugged Business Environment Solutions (CUBES), Inc.	941,237	–	–	–	–	–	–
PH Big Bounty Entertainment, Inc.	203,695	–	–	–	–	–	–
PH Agriforest Corporation	1,341,090	–	–	–	–	–	–
Premiere Horizon Business Services, Inc.	1,183,680	–	–	–	–	–	–
PH Mining and Development Corporation	14,411,009	–	–	–	–	–	–
Digiwave Solutions Incorporated	7,062,862	–	–	–	–	–	–
Palawan Star Mining and Ventures, Inc.	5,864,652	–	–	–	–	–	–
PH Mining and Development Corporation	7,689,548	–	–	–	–	–	–
	₱406,256,398	–	–	–	₱0	₱0	₱0

Schedule D. Long-term debt

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Long-term Debt" in Related Balance Sheet"
Loans Payable			
BPI Family Savings Bank	₱6,000,000	₱6,000,000	₱–
Other Financing Institutions	558,135,372	340,507,217	217,628,155
Loans and advances			
Andres Del Rosario	17,050,000	17,050,000	–
Augusto Antonio Serafica Jr.	26,486,007	26,486,007	–
Manolo Tuason	7,500,000	7,500,000	–
Meletina G. Aquino	6,000,000	6,000,000	–
Raul Ma. F. Anonas	14,325,000	14,325,000	–
Siso M. Lao	14,350,000	14,350,000	–
Callable loans - KSK SMP Corp.	22,000,000	22,000,000	–
	₱671,846,379	**₱454,218,224**	**₱217,628,155**

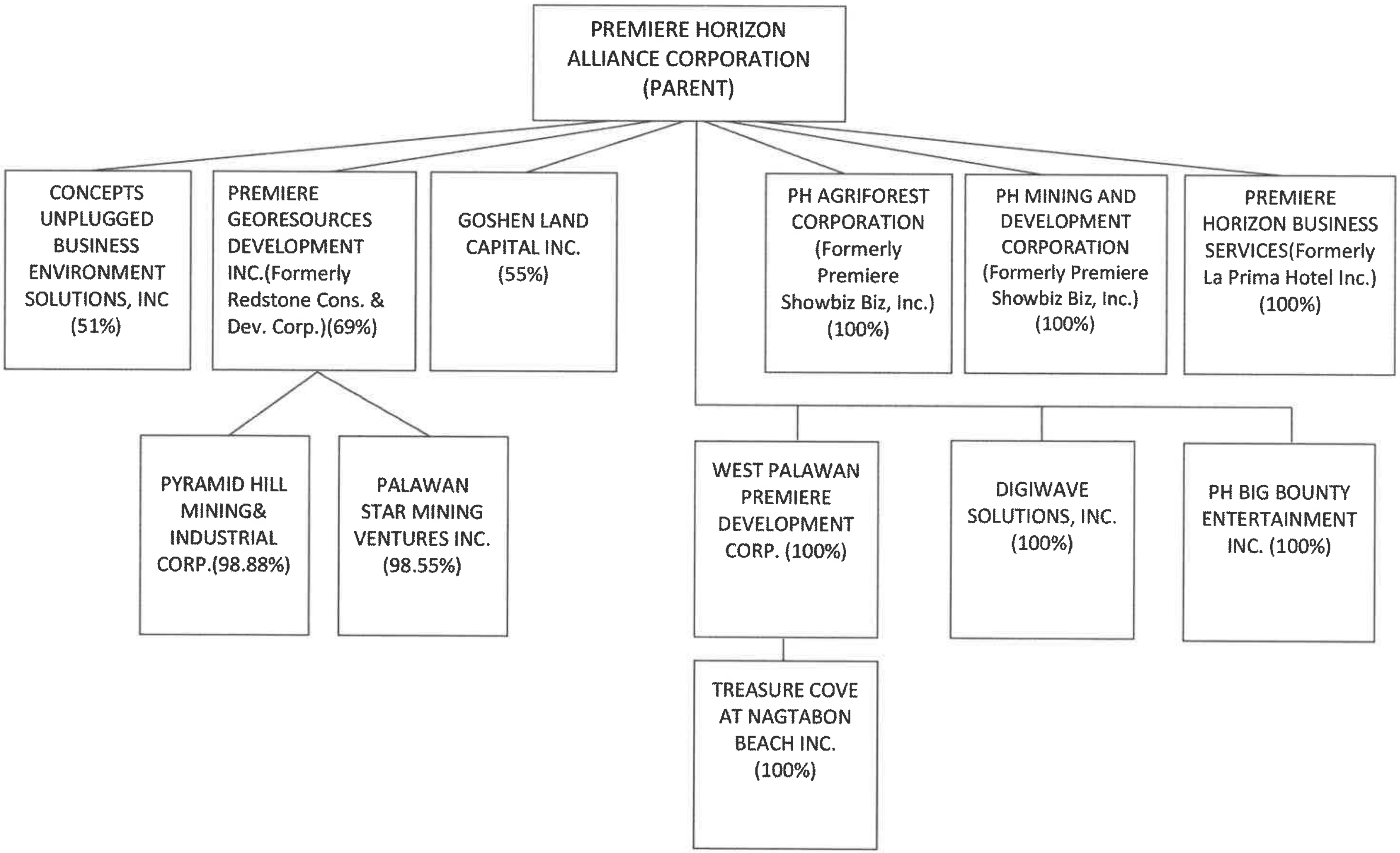
Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	6,000,000,000	2,596,541,501	–	–	436,822,647	2,159,718,854

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

MAP OF GROUP STRUCTURE

DECEMBER 31, 2021 and 2020



ANNEX "G"

SECRETARY'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

I, **MA. ALLEN M. ARBIS**, Filipino, of legal age, and with office address at 30/F 88 Corporate Center, Sedeño corner Valero Streets, Salcedo Village, Makati City, being the duly elected Corporate Secretary of **PREMIERE HORIZON ALLIANCE CORPORATION** (the **"Corporation"**), a publicly listed domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Unit 1705, 17th Floor, East Tower, Philippine Stock Exchange Center, Ortigas Center, Pasig City, hereby certify that at the meeting of the Board of Directors held on February 27, 2023, the following resolution was approved:

> "**WHEREAS,** the Board of Directors of **PREMIERE HORIZON ALLIANCE CORPORATION** (the "Corporation") previously set the holding of the Annual Stockholders' Meeting on March 31, 2023 with the record date of March 10, 2023.
>
> **RESOLVED**, that the Board of Directors authorize, as it hereby authorizes, the resetting of the Annual Stockholders' Meeting to be held on May 15, 2023 and the record date to April 25, 2023;
>
> **RESOLVED, FURTHER** that the Board of Directors, confirm as it hereby confirms, the holding of the Annual Stockholders' Meeting by remote communication or *in absentia*, and the authority of the stockholders to vote by proxy and/or through a secure online voting system, according to the procedures and rules that the Corporate Secretary may determine.
>
> **RESOLVED FINALLY**, that the foregoing resolutions shall remain valid until the Corporation issues a subsequent resolution revoking, repealing, or otherwise amending them."

IN WITNESS WHEREOF, I have hereunto set my hand this FEB 28 2023 day of ____ 2023 at MAKATI.

Ma. Allen M. Arbis

MARIA ALLEN M. ARBIS
Corporate Secretary

FEB 2 8 2023

SUBSCRIBED AND SWORN to before me this ___ day of ___ 2023. Affiant exhibited to me her Passport No. P7867887A issued at DFA Manila on July 10, 2018 and expiring on July 9, 2028.

Doc. No. 146;
Page No. 31;
Book No. I;
Series of 2023.

ANNE BEATRICE N. MARAÑON
Notary Public for Makati City
Appointment No M-345 until December 31, 2023
Roll of Attorney No. 81568
PTR No. 9568386; 1/5/2023; Makati City
IBP No. 293002; 1/10/2023; Rizal (RSM) Chapter
30th Floor 88 Corporate Center
Sedeño corner Valero Streets
Salcedo Village, Makati City 1227