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Premiere Horizon <premierehorizon@gmail.com>

SEC eFast Initial Acceptance

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Mon, Apr 15, 2024 at 11:14 PM

Greetings!

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

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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)
145	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, 2023, 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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 2023, 2022 and 2021 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.

Emmanuel G. Herbosa
Chairman of the Board
03-364-192-8

Eugenio T. Tan
President & CEO
N02-22-002154

Brandon Benito P. Leong
Treasurer
41 869 358

Signed this 12th day of April 2024

SUBSCRIBED AND SWORN to before me this APR 12 2024 at Mandaluyong City
Affiant exhibits to me her/his ______
with No. ______ as strong proof of her/his identity.

ATTY. JAMES K. ABUGAN
Notary Public
APPT. NO. 0442-23 Until 12-31, 2024
IBP No. 400022 Jan. 04, 2024 Rizal Chapter
Roll No. [illegible] Lifetime
MCLE No. [illegible]184 until 4/14/2025
TIN No. 1[illegible]6-239-95[illegible]
PTR No. 54[illegible] 01/03/2024
Rm. 314 [illegible] Bldg., 251 EDSA,
Mandaluyong City Tel. No.(02)854-523-21

DOC. NO: 16
PAGE NO. 5
BOOK NO. 155
SERIES OF 2024

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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Makati City 1226 Philippines
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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, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022, and 2021, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022, and 2021 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.

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, 2023 of ₱2,162.0 million represents 46.3 % of the total consolidated assets and the resulting unrealized gain on fair valuation of investment properties of ₱138.4 million in 2023 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 appraisers 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 ₱426.3 million represents 9.1% of the consolidated total assets and is material to the consolidated financial statements as at December 31, 2023. 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 projects as at December 31, 2023 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 projects 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, 2023, the Group recognized revenue of ₱472.5 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 a 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, 2023, 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, 2023 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.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 10072405
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash	5	**₱136,418,577**	₱69,729,594
Receivables	6	**523,833,045**	442,327,680
Current portion of contract assets	6	**384,356,917**	34,842,065
Real estate for sale	7	**739,020,978**	811,694,228
Creditable withholding taxes		**122,072,660**	117,005,107
Other current assets	8	**71,561,643**	62,826,569
Total Current Assets		**1,977,263,820**	1,538,425,243
Noncurrent Assets			
Contract assets - net of current portion	6	**3,615,315**	69,581,924
Investment properties	10	**2,161,998,400**	2,023,560,400
Property and equipment	11	**28,341,348**	71,903,816
Deferred exploration costs	9	**426,268,084**	418,042,647
Deferred tax assets	23	**71,818,005**	27,580,919
Other noncurrent assets	12	**19,499,567**	26,826,426
Total Noncurrent Assets		**2,711,540,719**	2,637,496,132
		₱4,688,804,539	₱4,175,921,375

LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	13	**₱240,468,862**	₱428,754,632
Current portion of long-term loans	13	**95,862,137**	251,892,401
Trade and other payables	14	**572,965,390**	583,342,905
Contract liabilities	6	**10,722,842**	25,107,618
Dividend payable	18	**39,800,000**	39,800,000
Total Current Liabilities		**959,819,231**	1,328,897,556
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term loans	13	**389,033,460**	127,986,999
Lease liabilities	27	**–**	192,720
Advances from third parties	15	**100,000,000**	100,000,000
Retirement liability	17	**10,421,135**	45,059,876
Deferred tax liabilities	23	**599,283,878**	518,195,465
Total Noncurrent Liabilities		**1,098,738,473**	791,435,060
Total Liabilities		**2,058,557,704**	2,120,332,616

(Forward)

		December 31	
	Note	**2023**	2022
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	18	**₱1,414,348,522**	₱1,007,496,826
Additional paid-in capital	18	**629,410,181**	499,217,638
Retained earnings	18	**132,711,701**	165,473,971
Cumulative remeasurement gains on retirement liability	17	**31,265,998**	9,792,086
		2,207,736,402	1,681,980,521
Noncontrolling Interests	18	**422,510,433**	373,608,238
Total Equity		**2,630,246,835**	2,055,588,759
		₱4,688,804,539	₱4,175,921,375

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022	2021
REVENUES	4			
Real estate sales		**₱472,498,374**	₱332,947,784	₱173,933,534
Mining-related services	30	**61,848,643**	112,144,168	174,681,141
Service income		**–**	445,030	502,880
		534,347,017	445,536,982	349,117,555
COSTS OF SALES AND SERVICES				
Cost of real estate sales	7	**226,704,988**	147,183,575	74,080,684
Cost of services	19	**100,983,786**	149,473,632	193,095,545
		327,688,774	296,657,207	267,176,229
GROSS PROFIT		**206,658,243**	148,879,775	81,941,326
GENERAL AND ADMINISTRATIVE EXPENSES	20	**191,112,441**	219,283,140	179,336,260
OTHER INCOME (CHARGES)				
Unrealized gain on fair valuation of investment properties	10	**138,438,000**	323,022,000	25,637,000
Interest expense	24	**(102,027,886)**	(113,595,767)	(114,156,340)
Impairment losses	21	**(3,448,203)**	(29,587,319)	(405,501)
Interest income	5, 6	**1,139,126**	1,711,089	2,680,377
Others - net	6, 22, 30	**(14,436,731)**	26,871,322	72,359,093
		19,664,306	208,421,325	(13,885,371)
INCOME (LOSS) BEFORE INCOME TAX		**35,210,108**	138,017,960	(111,280,305)
PROVISION FOR (BENEFIT FROM) INCOME TAX	23	**28,281,635**	89,183,676	(69,093,173)
NET INCOME (LOSS)		**6,928,473**	48,834,284	(42,187,132)
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	17	**30,685,364**	(2,039,063)	11,694,300
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱37,613,837**	₱46,795,221	(₱30,492,832)
Net income (loss) attributable to:				
Equity holders of the Parent Company		**(₱32,762,270)**	₱29,502,668	(₱47,826,957)
Noncontrolling interests	18	**39,690,743**	19,331,616	5,639,825
		₱6,928,473	₱48,834,284	(₱42,187,132)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**(₱11,288,358)**	₱28,381,183	(₱40,039,287)
Noncontrolling interests		**48,902,195**	18,414,038	9,546,455
		₱37,613,837	₱46,795,221	(₱30,492,832)
Basic and Diluted Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company	26	**(₱0.0063)**	₱0.0063	(₱0.0185)

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2023**	2022	2021
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
CAPITAL STOCK - ₱0.25 par value	18			
Balance at beginning of year		**₱1,007,496,826**	₱800,650,526	₱563,529,313
Collection of subscription receivable		**406,851,696**	53,891,798	–
Additional subscription		**–**	152,954,502	237,121,213
Balance at end of year		**1,414,348,522**	1,007,496,826	800,650,526
ADDITIONAL PAID-IN CAPITAL	18			
Balance at beginning of year		**499,217,638**	186,224,855	117,452,141
Collection of subscription receivable		**130,192,543**	17,245,376	–
Additions		**–**	297,099,865	75,878,790
Stock issuance costs		**–**	(1,352,458)	(7,106,076)
Balance at end of year		**629,410,181**	499,217,638	186,224,855
RETAINED EARNINGS	18			
Balance at beginning of year		**165,473,971**	135,971,303	183,798,260
Net income (loss)		**(32,762,270)**	29,502,668	(47,826,957)
Balance at end of year		**132,711,701**	165,473,971	135,971,303
CUMULATIVE REMEASUREMENT GAINS ON RETIREMENT LIABILITY	17			
Balance at beginning of year		**9,792,086**	10,913,571	3,125,901
Net remeasurement gains (losses)		**21,473,912**	(1,121,485)	7,787,670
Balance at end of year		**31,265,998**	9,792,086	10,913,571
		2,207,736,402	1,681,980,521	1,133,760,255
NONCONTROLLING INTERESTS	18			
Balance at beginning of year		**373,608,238**	355,194,200	345,647,745
Net income		**39,690,743**	19,331,616	5,639,825
Other comprehensive income (loss)	19	**9,211,452**	(917,578)	3,906,630
Balance at end of year		**422,510,433**	373,608,238	355,194,200
		₱2,630,246,835	₱2,055,588,759	₱1,488,954,455

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱35,210,108**	₱138,017,960	(₱111,280,305)
Adjustments for:				
Unrealized gain on fair valuation of investment properties	10	**(138,438,000)**	(323,022,000)	(25,637,000)
Interest expense	24	**102,027,886**	113,595,767	114,156,340
Depreciation and amortization	11	**51,582,738**	71,326,436	87,393,146
Retirement benefits cost	17	**6,275,079**	13,925,272	6,861,768
Impairment losses	21	**3,448,203**	29,587,319	405,501
Interest income	5, 6	**(1,139,126)**	(1,711,089)	(2,680,377)
Reversal of allowance for impairment losses	6	**–**	(20,734,364)	(2,998,581)
Loss on disposal of property and equipment	11	**–**	–	417,573
Operating income before working capital changes		**58,966,888**	20,985,301	66,638,065
Decrease (increase) in:				
Receivables and contract assets		**(365,053,608)**	(163,202,470)	4,939,174
Real estate for sale		**72,673,250**	(46,308,170)	66,348,101
Other current assets		**(7,076,310)**	46,659,612	(39,908,400)
Increase (decrease) in:				
Trade and other payables		**(64,299,197)**	(104,103,945)	(293,376,062)
Contract liabilities		**(14,384,776)**	(11,769,088)	29,057,083
Net cash used for operations		**(319,173,753)**	(257,738,760)	(166,302,039)
Interest paid		**(54,231,231)**	(50,509,868)	(121,705,551)
Income taxes paid		**(1,658,764)**	(1,582,757)	(95,221)
Interest received		**1,139,126**	1,711,089	2,680,377
Retirement benefits paid	17	**–**	(279,700)	–
Net cash used in operating activities		**(373,924,622)**	(308,399,996)	(285,422,434)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Deferred exploration costs	9	**(8,225,437)**	(4,230,044)	(10,061,103)
Property and equipment	11	**(7,256,114)**	(7,539,442)	(1,830,181)
Investment properties	10	**–**	(8,513,400)	–
Decrease in other noncurrent assets		**3,114,500**	3,366,666	3,107,775
Proceeds from sale of property and equipment	11	**–**	–	10,757,625
Net cash provided by (used in) investing activities		**(12,367,051)**	(16,916,220)	1,974,116

(Forward)

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Collection of subscriptions receivable	18	**₱537,044,239**	₱71,137,174	₱–
Availments of long-term loans	13	**253,312,684**	160,322,826	–
Availments of short-term loans	29	**15,000,000**	120,700,000	34,154,632
Advances from third parties	15	**–**	100,000,000	–
Issuances of capital stock	18	**–**	–	313,000,003
Deposits for future stock subscriptions	18	**–**	–	86,543,350
Stock issuance costs		**–**	(1,352,458)	(7,106,076)
Payments of:				
Short-term loans	29	**(181,285,770)**	(68,500,000)	(5,562,500)
Long-term loans	13	**(148,296,487)**	(75,735,173)	(128,573,346)
Callable loans	29	**(22,000,000)**	–	–
Lease liabilities	27	**(794,010)**	(845,826)	(685,000)
Obligation under finance lease		**–**	(526,646)	–
Convertible loans		**–**	–	(42,999,999)
Net cash provided by financing activities		**452,980,656**	305,199,897	248,771,064
NET INCREASE (DECREASE) IN CASH		**66,688,983**	(20,116,319)	(34,677,254)
CASH AT BEGINNING OF YEAR		**69,729,594**	89,845,913	124,523,167
CASH AT END OF YEAR	5	**₱136,418,577**	₱69,729,594	₱89,845,913

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

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 through its subsidiaries.

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, 2023, 2022 and 2021, 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
Premiere e-Teleservices, Inc. (PeTI)	Entertainment	100	–	100

**Non-operating*

Corporate Developments

In 2021, a new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in PHA at ₱0.33 a share for ₱925.0 million. PHA received ₱371.1 million of the subscription as at December 31, 2022 (see Note 18). Part of the arrangement was the infusion of the shares of SquidPay Technology, Inc. (SPTI) with the intention of making SPTI a subsidiary.

On October 13, 2022, the BOD decided it will no longer pursue the acquisition of SPTI. In February 2023, the BOD approved a call for payment on all unpaid subscriptions.

On May 11, 2023, of the 1,457,756,130 shares considered delinquent after a 30 days-compliance period, 1,389,802,253 were sold to a private investor for ₱344.8 million (see Note 18).

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2024, as recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

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 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 December 31, 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 (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, *Investment Properties,* and 28, *Financial Assets and Liabilities*.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective 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.

- 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.

The adoption of the foregoing amendments 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.

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, 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, *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.

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.

  On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of "exclusion of land in calculation of POC as discussed in PIC Q&A 2018-12-E" until December 31, 2023.

  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 noncontrolling 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 NCI in the acquiree. For each business combination, the acquirer measures the NCI 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 profit or loss.

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, *Financial Instruments*, 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 noncontrolling 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 Group 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 CGUs 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 Segments*.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs, to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs 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 CGU or group of CGUs 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 CGU 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 NCI.

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

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement 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 its contractual cash flow characteristics and the Company's business model for managing them.

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).

There were no reclassifications of financial assets in 2023 and 2022.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2023 and 2022, 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.

Classified under this category are the Group's cash, contract receivables, trade receivables, contract assets, security deposits and receivable from Philippine Amusement and Gaming Corporation (PAGCOR) (presented as part of "Other noncurrent assets" account).

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 dividend payable.

Impairment of Financial Assets at Amortized Cost and Contract Assets
The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost and contract assets 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 expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The 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
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 (CWTs)
CWTs represent the amount withheld by the Group's customers in relation to its income. CWTs 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. CWTs are stated at its net realizable amount.

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.

In accordance with the Revenue Regulations No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Pursuant to Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion Law, starting January 1, 2022, all input tax on purchases of capital goods shall already be allowed to be claimed outright upon purchase/payment and shall no longer be subject to amortization.

Unutilized input vat on capital goods purchased or imported prior to January 1, 2022 will be amortized as scheduled until fully utilized.

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.

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.

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.

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.

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.

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 is 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.

Subscriptions 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 noncontrolling shareholder of a consolidated subsidiary in excess of the noncontrolling 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, CUBES, PHMIC and PSMVI 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 statement of comprehensive income. The cumulative remeasurement gains or losses are separately presented in the equity section of the consolidated statement 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 expenses" 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 expenses". 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 makes 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 Sale. Cost of real estate sale 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 Charges. Other charges include other expenses, which are incidental to the Group's business operations, and are recognized in the consolidated statement of comprehensive income when 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.

Retirement Benefits. 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 Company 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, 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 judgments, 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.

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

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 Real Estate Held for Sale and Investment Properties. 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 amounts of real estate held for sale and investment properties are disclosed in 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 ₱472.5 million, ₱332.9 million and ₱173.9 million in 2023, 2022 and 2021, 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 were determined using the Market Approach, which 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 that were recognized in profit or loss and the carrying amount of investment properties are disclosed in Note 10 (see Note 10).

Determining the Impairment of 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 and 2021, the Group reversed allowance for impairment losses amounting to ₱20.7 million and ₱3.0 million, respectively.

In 2023 and 2022, the Group provided impairment losses on receivable from PAGCOR and other receivables, respectively, amounting to ₱3.0 million and ₱29.2 million, respectively, which were written off in the same year (see Notes 6, 12 and 21).

The Group did not recognize provision for ECL in 2021. Allowance for ECL amounted to ₱7.6 million as at December 31, 2023 and 2022. The carrying amounts of receivables and contract assets are disclosed in 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 amount 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 amount is reviewed at least annually for any decline in value.

No provision was recognized in 2023, 2022, and 2021. The carrying amounts of inventories and supplies inventory carried at lower of cost and NRV are disclosed in Notes 7 and 8.

Assessing the Impairment of Deferred Exploration Costs. The Group reviews the carrying amounts of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying amounts 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 amounts of these assets are not recoverable and exceeds their fair value. No provision for impairment loss was recognized in 2023, 2022, and 2021. The carrying amount of deferred exploration costs amounted to ₱426.3 million and ₱418.0 million as at December 31, 2023 and 2022, 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 2023, 2022 and, 2021. The carrying amount of goodwill amounted to ₱15.7 million as at December 31, 2023 and 2022 (see Note 12). 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 amount 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 2023, 2022, and 2021. The carrying amounts of property and equipment and ROU assets are disclosed in Notes 11, 12 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 2023, 2022 and 2021. The carrying amounts of nonfinancial assets are disclosed in Notes 11, 12, and 27.

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 ₱10.4 million and ₱45.1 million as at December 31, 2023 and 2022, respectively (see Note 17).

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 net deferred tax assets of the Group amounted to ₱71.8 million and ₱27.6 million as at December 31, 2023 and 2022, respectively. As at December 31, 2023 and 2022, 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 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, 2023 and 2022 are as follows:

	2023					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱30,175,595	₱42,479,458	₱–	₱63,763,524	₱–	₱136,418,577
Contract assets	–	387,972,232	–	–	–	387,972,232
Receivables	90,729,846	402,479,786	5,496	976,202,563	(945,614,646)	523,803,045
Real estate held for sale	–	378,544,523	–	353,542,363	6,934,092	739,020,978
Investment properties	–	8,513,400	–	2,153,485,000	–	2,161,998,400
Deferred exploration costs	426,268,084	–	–	–	–	426,268,084
Intangible assets	–	–	–	2,433,010	(101,374)	2,331,636
Property and equipment	19,761,293	5,064,300	–	3,515,755	–	28,341,348
Deferred tax assets	28,569,894	–	–	–	43,248,111	71,818,005
Other assets	57,657,227	115,902,340	–	21,439,489	15,803,178	210,802,234
	₱653,161,939	₱1,340,956,039	₱5,496	₱3,574,381,704	(₱879,730,639)	₱4,688,774,539
LIABILITIES						
Loans payable	₱–	₱ 484,895,597	₱–	₱240,468,862	₱–	₱725,364,459
Trade and other payables	119,455,306	195,493,968	5,454,437	1,200,249,107	(947,687,428)	572,965,390
Contract liabilities	–	10,722,842	–	–	–	10,722,842
Dividend payable	–	–	–	45,250,000	(5,450,000)	39,800,000
Retirement liability	1,841,000	7,372,150	–	1,207,985	–	10,421,135
Advances from third parties	–	–	–	100,000,000	–	100,000,000
Deferred tax liabilities	–	94,694,935	–	418,122,080	86,466,863	599,283,878
	₱121,296,306	₱793,179,492	₱5,454,437	₱1,584,464,595	(₱866,670,565)	₱2,058,557,704

	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
Deposit for future stock subscription	–	–	–	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

The revenue and profit information of the business segments for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues	₱61,848,643	₱472,498,374	₱–	₱–	₱–	₱534,347,017
Costs and expenses	(124,011,195)	(288,755,112)	(145,822)	(105,889,086)	–	(518,801,215)
Operating income (loss)	(62,162,552)	183,743,262	(145,822)	(105,889,086)	–	15,545,802
Interest expense	(2,284,842)	(41,807,979)	–	(57,935,065)	–	(102,027,886)
Impairment losses - net	–	–	–	(3,448,203)	–	(3,448,203)
Interest income	20,164	1,007,044	–	111,918	–	1,139,126
Other income (charges) - net	195,384	2,555,989	–	121,249,896	–	124,001,269
Provision for income tax	(38,760,539)	39,664,372	–	27,377,802	–	28,281,635
	(₱25,471,307)	₱105,833,944	(₱145,822)	(₱73,288,342)	₱–	₱6,928,473

	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	–	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)

Disaggregated Revenue Information

The Group's disaggregation of each source of revenue from contracts with customers in 2023, 2022 and 2021 are presented below:

	2023	2022	2021
By type of goods or services			
Real estate			
Residential dwellings	**₱349,066,820**	₱207,137,308	₱104,014,495
Lots	**123,431,554**	125,810,476	69,919,039
Mining			
Service contracts	**61,848,643**	112,144,168	174,681,141
Service income	**–**	445,030	502,880
	₱534,347,017	₱445,536,982	₱349,117,555

5. Cash

This account consists of:

	2023	2022
Cash on hand	**₱16,741,033**	₱16,027,072
Cash in banks	**119,677,544**	53,702,522
	₱136,418,577	₱69,729,594

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.2 million, ₱0.05 million and ₱0.07 million in 2023, 2022 and 2021, respectively.

6. **Receivables**

This account consists of:

	Note	**2023**	2022
Contract receivables		**₱403,009,914**	₱316,621,402
Advances to officers and employees	16	**114,926,556**	104,226,695
Trade receivables		**8,843,811**	24,426,819
Others		**4,636,569**	4,636,569
		531,416,850	449,911,485
Less allowance for ECL		**7,583,805**	7,583,805
		₱523,833,045	₱442,327,680

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 ₱1.0 million, ₱1.7 million and ₱2.6 million in 2023, 2022 and 2021, respectively.

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.

Other receivables mainly consist of nontrade receivables from various individuals, which are noninterest-bearing and are due and demandable.

<u>Contract Balances</u>
The following table presents the breakdown of contract assets by maturity dates:

	2023	2022
Due within one year	**₱384,356,917**	₱34,842,065
Due after one year	**3,615,315**	69,581,924
	₱387,972,232	₱104,423,989

Contract liabilities amounted to ₱10.7 million and ₱25.1 million as at December 31, 2023 and 2022, respectively.

Contract receivables and contract assets with a total amount of ₱216.0 million and ₱58.6 million as at December 31, 2023 and 2022, 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 13).

Movements in the allowance for ECL during 2022 are as follows:

	Note	Contract Receivables and Contract Assets	Trade Receivables	Others	Total
Balance at beginning of year		₱23,681,600	₱–	₱4,636,569	₱28,318,169
Provision	21	–	–	29,181,818	29,181,818
Write-off		–	–	(29,181,818)	(29,181,818)
Reversal	22	(20,734,364)	–	–	(20,734,364)
Balance at end of year		₱2,947,236	₱–	₱4,636,569	₱7,583,805

7. **Real Estate Held for Sale**

This account consists of:

	2023	2022
Real estate under development and subdivided lots held for sale	**₱652,429,791**	₱730,094,443
Land and land development	**86,591,187**	81,599,785
	₱739,020,978	₱811,694,228

Summary of movements in real estate under development and subdivided lots held for sale is set out below:

	2023	2022
Balance at beginning of year	**₱730,094,443**	₱580,960,307
Cost of real estate sales	**(226,704,988)**	(147,183,575)
Construction development costs incurred	**149,040,336**	296,317,711
Balance at end of year	**₱652,429,791**	₱730,094,443

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 ₱132.0 million and ₱217.1 million as at December 31, 2023 and 2022, respectively.

Certain lots and units with carrying amount of ₱52.7 million as at December 31, 2023 and 2022 are held as collateral for the Group's bank loans (see Note 13).

8. Other Current Assets

This account consists of:

	2023	2022
Input VAT	**₱56,638,743**	₱47,808,320
Advances to suppliers and contractors	**15,998,477**	16,734,933
Security deposits	**1,380,592**	1,191,592
Supplies	**1,014,277**	1,014,278
Prepayments	**215,080**	433,780
Others	**816,504**	145,696
	76,063,673	67,328,599
Less allowance for impairment losses	**4,502,030**	4,502,030
	₱71,561,643	₱62,826,569

Details of input VAT as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	Current	**Noncurrent (see Note 12)**	Current	Noncurrent (see Note 12)
Input VAT	**₱56,638,743**	**₱4,893,381**	₱47,808,320	₱8,007,881
Less allowance for impairment losses	**4,502,030**	**4,377,303**	4,502,030	4,377,303
	₱52,136,713	**₱516,078**	₱43,306,290	₱3,630,578

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.

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.

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, 2023.

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, 2023, the Group is in the process of renewing the exploration period subject to the evaluation and approval of Mines and Geosciences Bureau.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱426.3 million and ₱418.0 million as at December 31, 2023 and 2022, respectively. Additions to deferred exploration costs amounted to ₱8.2 million, ₱4.2 million and ₱10.1 million in 2023, 2022 and 2021, respectively.

No impairment loss was recognized in 2023, 2022 and 2021.

10. Investment Properties

Below are the investment properties of the Group per location as at December 31:

	2023	2022
Puerto Princesa City, Palawan		
Site I	**₱2,099,754,000**	₱1,964,770,000
Site II	**53,731,000**	50,277,000
	2,153,485,000	2,015,047,000
Cabanatuan City, Nueva Ecija	**8,513,400**	8,513,400
	₱2,161,998,400	₱2,023,560,400

Sites I and II are situated in Sitios Busay and Candes, respectively, both located within Barangay Bacungan, Puerto Princesa City.

The fair values of the investment properties were determined based on valuations performed by independent qualified appraisers 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:

	2023	
	Site I	**Site II**
Land area (square meter)	**4,999,414**	**127,932**
Price per square meter	**₱420**	**₱420**
Fair value	**₱2,099.75 million**	**₱53.73million**

	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

The investment property located in Cabanatuan City, Nueva Ecija approximates its fair value as at December 31, 2023 and 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 ₱138.4 million, ₱323.0 million and ₱25.6 million 2023, 2022 and 2021, respectively.

As at December 31, 2023 and 2022, investment properties amounting to ₱68.1 million were used as collateral for convertible loans and callable loans (see Note 13).

11. Property and Equipment

The movements of this account are as follows:

	2023						
	Office Space Building and Office Space Improvements	**Heavy Equipment**	**Leasehold Improvements**	**Furniture and Fixtures**	**Transportation Equipment**	**Office and Other Equipment**	**Total**
Cost							
Balance at beginning of year	**₱20,491,323**	**₱437,036,842**	**₱9,173,965**	**₱3,249,579**	**₱69,822,638**	**₱65,812,311**	**₱605,586,658**
Additions	**222,009**	**2,681,616**	**163,735**	**651,597**	**2,695,000**	**842,157**	**7,256,114**
Balance at end of year	**20,713,332**	**439,718,458**	**9,337,700**	**3,901,176**	**72,517,638**	**66,654,468**	**612,842,772**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**12,908,567**	**356,664,311**	**9,173,965**	**3,189,671**	**56,918,560**	**55,348,477**	**494,203,551**
Depreciation and amortization	**2,789,405**	**39,279,531**	**119,335**	**554,636**	**6,232,317**	**1,843,358**	**50,818,582**
Balance at end of year	**15,697,972**	**395,943,842**	**9,293,300**	**3,744,307**	**63,150,877**	**57,191,835**	**545,022,133**
Accumulated Impairment							
Balance at beginning and end of year	**3,645,404**	**34,515,607**	**–**	**–**	**1,318,280**	**–**	**39,479,291**
Net Carrying Amount	**₱1,369,956**	**₱9,259,009**	**₱44,400**	**₱156,869**	**₱8,048,481**	**₱9,462,633**	**₱28,341,348**

	2022						
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	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	203,941	62,011,093	161,457	53,659	5,141,371	3,173,806	70,745,327
Disposal	–	–	–	(45,692)	–	(209,391)	(255,083)
Balance at end of year	12,908,567	356,664,311	9,173,965	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	₱3,937,352	₱45,856,924	₱–	₱59,908	₱11,585,798	₱10,463,834	₱71,903,816

As at December 31, 2023 and 2022, transportation equipment with a carrying amount of ₱1.8 million and ₱2.5 million, respectively, were used as collateral for mortgage loans (see Note 13).

In 2021, the Group disposed property and equipment with carrying amount of ₱11.2 million resulting to a loss of ₱417,573.

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	Note	**2023**	2022	2021
Cost of services -	19			
Property and equipment		**₱45,298,511**	₱64,031,465	₱79,439,916
General and administrative expenses:	20			
Property and equipment		**5,520,071**	6,713,862	7,283,350
ROU assets	27	**764,156**	581,109	669,880
		6,284,227	7,294,971	7,953,230
		₱51,582,738	₱71,326,436	₱87,393,146

12. Other Noncurrent Assets

This account consists of:

	Note	**2023**	2022
Intangible assets		**₱210,135,521**	₱210,135,521
Goodwill		**15,701,804**	15,701,804
Deferred input VAT	8	**4,893,381**	8,007,881
ROU assets	27	**186,614**	950,770
Receivable from PAGCOR		**–**	3,042,702
Others		**662,061**	662,061
		231,579,381	238,500,739
Less allowance for impairment losses on:			
Intangible assets		**207,702,511**	207,297,010
Deferred input VAT	8	**4,377,303**	4,377,303
		212,079,814	211,674,313
		₱19,499,567	₱26,826,426

Intangible Assets

Intangible assets include CUBES's exclusive right to distribute specific types of thermo chillers in the Philippines with a cost of ₱150.5 million.

As at December 31, 2023 and 2022, this was fully provided with allowance for impairment losses due to discontinuance of CUBES's operations in May 2017.

Intangible assets also include film rights, with a cost of ₱59.6 million and a related allowance for impairment losses of ₱57.2 million and ₱56.8 million as at December 31, 2023 and 2022, respectively. Provision for impairment loss recognized in 2023, 2022 and 2021 amounted to ₱405,501 (see Note 21).

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, 2023 and 2022, goodwill pertaining to CUBES is fully provided with allowance for impairment.

As at December 31, 2023 and 2022, no allowance for impairment was recognized on goodwill related to PGDI and GLCI. The recoverable amounts of goodwill were determined based on value-in-use calculations using cash flow projections from financial budgets approved by management.

The pre-tax discount rate applied to the cash flow projection is 6.0%. The growth rate used to extrapolate the cash flows of until beyond the five-year period is 5.0%. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts to exceed the recoverable amounts.

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. The Group's commission from PhilWeb for the same amount was placed under the custody of PAGCOR.

In 2023, the Group provided impairment loss amounting to ₱3.0 million, which was also written off in the same year when Blue Sky Philko lost the legal case in 2023 (see Note 21).

13. Loans Payable

Short-term Loans

Short-term loans of the Group consist of:

	2023	2022
Unsecured	**₱140,468,862**	₱306,754,632
Convertible	**100,000,000**	100,000,000
Callable	**–**	22,000,000
	₱240,468,862	₱428,754,632

Unsecured

Unsecured short-term loans consist of:

	2023			
	Banks	**Officers and Shareholders**	**Third Parties**	**Total**
Balance at beginning of year	**₱9,500,000**	**₱34,025,000**	**₱263,229,632**	**₱306,754,632**
Availments (payments)	**(9,500,000)**	**3,375,000**	**(160,160,770)**	**(166,285,770)**
Balance at end of year	**₱–**	**₱37,400,000**	**₱103,068,862**	**₱140,468,862**

	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

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 unsecured short-term loans amounted to ₱21.0 million, ₱27.8 million and ₱35.9 million in 2023, 2022 and 2021, respectively (see Note 24).

Convertible
WPP has a ₱100.00 million loan agreement with Treasure Island Industrial Corporation (TIIC), subject to 6.5% interest. TIIC is a related party holding 17.33% ownership in PGDI (see Note 16).

The loan proceeds were used by the Group to finance the development activities of its properties in Palawan.

The instrument provides options that 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).

Interest expense on convertible loans recognized in profit or loss amounted to ₱9.2 million, ₱12.0 million and ₱24.7 million in 2023, 2022 and 2021, respectively (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
The callable loan pertains to a ₱22.0 million loan from Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative (KSK), subject to 8% interest. The loan was fully settled in 2023.

The loan proceeds were used to finance the Group's land developments in Nagtabon beach property and to finance the purchase of certain properties.

No interest expense was capitalized as part of land development under "Real estate held for sale" in 2023, 2022 and 2021.

Long-term Loans
Long-term loans consist of:

	Note	2023	2022
Secured by:			
Contract receivables and contract assets	6	**₱215,973,554**	₱58,563,490
Real estate mortgage		**142,623,320**	169,120,682
Unsecured		**122,989,200**	150,098,454
Mortgaged - car loans		**3,309,523**	2,096,774
		484,895,597	379,879,400
Less noncurrent portion		**389,033,460**	127,986,999
Current portion		**₱95,862,137**	₱251,892,401

Details of long-term loans as at December 31, 2023 and 2022 are as follows:

		2023		2022	
Party	Terms	Principal	Outstanding Balance	Principal	Outstanding Balance
Secured by Contract Assets and Receivables					
Bank of the Philippine Islands (BPI)	Five years; 3.08% per annum	**₱165,990,000**	**₱121,790,759**	₱42,220,000	₱42,220,000
BPI Family Savings Bank	10 years; 10.02% per annum	**86,178,684**	**86,178,684**	–	–
Security Bank	10 years; 9.02% per annum	**200,000,000**	**8,004,111**	200,000,000	16,343,490
		452,168,684	**215,973,554**	242,220,000	58,563,490
Secured by Real Estate Mortgage					
Philippine Veterans Bank (PVB)	Five years; 9.65% to 10.99% per annum	**314,000,000**	**80,285,537**	314,000,000	107,127,019
Rang-ay Bank	Three years; 8.87% per annum	**47,500,000**	**45,000,000**	47,500,000	47,500,000
Sterling Bank of Asia, Inc.	Three years; 8.00% per annum	**10,000,000**	**10,000,000**	–	–
Tanay Rural Bank	Two years; 18.00% per annum	**20,000,000**	**7,337,783**	20,000,000	14,376,212
Maybank Philippines, Inc.	Five years; 8.00% to 9.00% per annum	**–**	**–**	150,000,000	117,451
		391,500,000	**142,623,320**	531,500,000	169,120,682
Unsecured					
Individuals	Two to three years; 11.60% to 20.60% per annum	**178,022,058**	**99,000,000**	178,022,058	118,229,254
Zambales Bank	Five to 10 years; 8.00% per annum	**32,000,000**	**23,989,200**	32,000,000	31,869,200
		210,022,058	**122,989,200**	210,022,058	150,098,454
Mortgaged - Car Loans					
Security Bank	Five years; 9.93% per annum	**6,076,000**	**3,309,523**	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
		6,076,000	**3,309,523**	4,504,000	2,096,774
		₱1,059,766,742	**₱484,895,597**	₱988,246,058	₱379,879,400

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 3.08% to 10.02% (see Note 6).

Secured by Real Estate Mortgage, Unsecured and Mortgaged - Car Loans
Long-term loans secured by real estate mortgage and unsecured represent loans bearing interest at prevailing market rates ranging from 6.0% to 33.0% and are payable within two to ten years from grant date. Mortgaged loans pertain to car loans for vehicles used in operations of the Group (see Note 11).

Loan Covenants
The Group's debt instruments contain restrictive covenants. PVB 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. BPI requires maintenance of debt-to-equity ratio of 2.5:1 and debt-to-service ratio of not less than 1.1:1.

As at December 31, 2023, the Group was able to meet the required debt covenants. As at December 31, 2022, 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 the reclassification of loans payable amounting to ₱75.0 million from noncurrent liabilities to current liabilities as at December 31, 2022. Total outstanding balance of loans payable with breached debt covenants amounted to ₱107.2 million as at December 31, 2022 under current liabilities.

The schedule of maturities of long-term loans of the Group as at December 31 follows:

	2023	2022
Less than one year	**₱95,862,137**	₱251,892,401
One to two years	**389,033,460**	127,986,999
	₱484,895,597	₱379,879,400

Interest expense on long-term loans recognized in the consolidated statements of comprehensive income amounted to ₱41.8 million, ₱42.7 million and ₱36.3 million in 2023, 2022 and 2021, respectively (see Note 24).

14. Trade and Other Payables

This account consists of:

	Note	**2023**	2022
Trade payables		**₱95,769,560**	₱106,754,071
Accrued expenses		**235,003,960**	199,806,927
Customers' deposits and advances		**81,000,000**	81,000,000
Customer's refunds		**48,596,068**	55,791,003
Deferred output VAT		**41,305,572**	34,319,631
Capital gains tax payable		**26,940,000**	26,940,000
Voucher's payable		**6,126,456**	7,375,293
Output VAT payable		**463,648**	10,233,373
Current portion of lease liabilities	27	**239,478**	799,331
Advances from shareholders	16	**–**	22,053,982
Purchased land payable		**–**	5,677,930
Others		**37,520,648**	32,591,364
		₱572,965,390	₱583,342,905

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 liabilities to customers from a cancelled real estate project and for cancelled real estate sales. Certain agreements provide real property buyers to pay nonrefundable deposits.

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.

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.

15. Advances from Third Parties

As at December 31, 2023 and 2022, the Group has noninterest-bearing advances from third parties aggregating ₱100.0 million for future equity interest to the Group.

16. 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, 2023, 2022, and 2021, 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		**2023**	**₱10,702,385**	**₱115,099,078**	Due and demandable;	Unsecured
			2022	40,502,391	104,226,695	non-interest bearing	
Loans from officers and shareholders		13					
Short-term loans	Officers and shareholders		**2023**	**₱3,375,000**	**₱37,400,000**	180 days to 360 days;	Unsecured
			2022	–	34,025,000	6.00% interest rate	
Convertible loans		13					
	Related party		**2023**	**₱–**	**₱100,000,000**	3 years;	Secured by real
			2022	–	100,000,000	6.50% interest rate; convertible to WPP shares or lots of WPP real estate properties	estate properties
Trade and other payables		14					
Management fees	Officers		**2023**	**₱6,765,500**	**₱–**	Due and demandable;	Unsecured
			2022	4,907,121	–	non-interest bearing	
Payments on behalf	Officers		**2023**	**–**	–	Due and demandable;	Unsecured
			2022	11,771,567	–	non-interest bearing	
Advances from shareholders	Shareholders		**2023**	**22,053,982**	**–**	Due and demandable;	Unsecured
			2022	115,725,755	22,053,982	non-interest bearing	
			2023		**₱–**		
			2022		22,053,982		

<u>Compensation of Group's Key Management Personnel</u>

Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱51.6 million, ₱38.8 million and ₱39.8 million in 2023, 2022, and 2021, respectively. There are no post-employment benefits in 2023, 2022 and 2021. 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.

17. 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:

	2023	2022	2021
Interest expense on defined benefit obligation	**₱3,175,522**	₱1,486,500	1,401,535
Service cost	**3,099,557**	12,438,772	₱5,460,233
	₱6,275,079	₱13,925,272	₱6,861,768

Remeasurement gains (losses) on retirement liability recognized under OCI in the consolidated statements of comprehensive income:

	2023	2022	2021
Actuarial gains (losses) due to:			
Experience adjustments	**₱41,301,665**	(₱3,589,199)	₱6,144,152
Changes in:			
Financial assumptions	**(387,845)**	870,448	5,648,029
Demographic assumptions	**–**	–	396,139
Remeasurement gains (losses) on defined benefit obligation	**40,913,820**	(2,718,751)	12,188,320
Income tax effect	**(10,228,456)**	679,688	(494,020)
Remeasurement gains (losses)	**₱30,685,364**	(₱2,039,063)	₱11,694,300

Cumulative remeasurement effect recognized in OCI under equity attributable to equity holders of the Parent and equity attributable to noncontrolling interests:

	2023	2022
Equity attributable to equity holders of the Parent		
Balance at beginning of year	**₱9,792,086**	₱10,913,571
Actuarial gain (loss)	**28,631,883**	(1,495,313)
Total	**38,423,969**	9,418,258
Income tax effect	**(7,157,971)**	373,828
Balance at end of year	**31,265,998**	9,792,086
Equity attributable to noncontrolling interests		
Balance at beginning of year	**(368,246)**	549,333
Actuarial gain (loss)	**12,281,937**	(1,223,438)
Total	**11,913,691**	(674,105)
Income tax effect	**(3,070,485)**	305,859
Balance at end of year	**8,843,206**	(368,246)
	₱40,109,204	₱9,423,840

Changes in the present value of the retirement liability are as follows:

	2023	2022
Balance at beginning of year	**₱45,059,876**	₱28,695,553
Actuarial losses (gains) due to:		
Experience adjustments	**(41,301,665)**	3,589,199
Changes in financial assumptions	**387,845**	(870,448)
Interest expense on defined benefit obligation	**3,175,522**	1,486,500
Service cost	**3,099,557**	12,438,772
Benefits paid	**–**	(279,700)
	₱10,421,135	₱45,059,876

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	
	2023	2022	**2023**	2022
PHA	**6.06%**	7.14%	**5.00%**	5.00%
PGDI	**6.11%**	7.03%	**10.00%**	10.00%
GLC	**6.03%**	7.13%	**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:

	2023			
	Increase (Decrease)	**Effect on the retirement benefit obligation**		
		PHA	**PGDI**	**GLC**
Discount rate	**+100bps**	**(₱172,547)**	**(₱6,903,463)**	**(₱273,080)**
	-100bps	**205,396**	**7,914,719**	**338,906**
Salary increase	**+100bps**	**205,524**	**7,945,487**	**322,065**
	-100bps	**175,672**	**(6,867,975)**	**(266,376)**

	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)

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:

	2023	2022
More than one year to five years	**₱8,321,450**	₱11,619,395
More than five years to 10 years	**5,240,930**	12,963,724
More than 10 years to 15 years	**4,059,798**	1,661,955
More than 15 years to 20 years	**1,525,575**	1,457,797
More than 20 years	**13,736,123**	9,933,531
Total	**₱32,883,876**	₱37,636,402

18. **Equity**

Capital Stock

The details and movements of the Parent Company's number of common shares follow:

	2023		2022		2021	
	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**	6,000,000,000	₱1,500,000,000	2,254,224,000	₱563,556,000
Increase	**–**	**–**	–	–	3,745,776,000	936,444,000
	6,000,000,000	**₱1,500,000,000**	6,000,000,000	₱1,500,000,000	6,000,000,000	₱1,500,000,000
Issued and Fully Paid						
Balance at beginning of year	**3,456,388,489**	**₱864,097,122**	2,557,147,557	₱639,286,889	2,254,117,253	₱563,529,313
Shares fully paid during the year	**2,184,017,129**	**546,004,282**	287,422,924	71,855,731	–	–
Additional subscription	**–**	**–**	611,818,008	152,954,502	303,030,304	75,757,576
Balance at end of year	**5,640,405,618**	**1,410,101,404**	3,456,388,489	864,097,122	2,557,147,557	639,286,889
Subscribed but not Yet Fully Paid						
Balance at beginning of year	**2,251,971,015**	**562,992,754**	2,539,393,939	634,848,485	–	–
Shares fully paid during the year	**(2,184,017,129)**	**(546,004,282)**	(287,422,924)	(71,855,731)	–	–
Additional subscription	**–**	**–**	–	–	2,539,393,939	634,848,485
Balance at end of year	**67,953,886**	**16,988,472**	2,251,971,015	562,992,754	2,539,393,939	634,848,485
Less subscriptions receivable						
Balance at beginning of year		**419,593,050**		473,484,848		–
Collections		**(406,851,696)**		(53,891,798)		–
Additional subscription		**–**		–		473,484,848
Balance at end of year		**12,741,354**		419,593,050		473,484,848
	67,953,886	**4,247,118**	2,251,971,015	143,399,704	2,539,393,939	161,363,637
Issued and Subscribed	**5,708,359,504**	**₱1,414,348,522**	5,708,359,504	₱1,007,496,826	5,096,541,496	₱800,650,526

On May 2, 1997, the Parent Company had its shares listed at the Philippine Stock Exchange where 520.0 million common shares were offered at ₱1.00 a share. The Parent Company has 145 and 141 existing shareholders as at December 31, 2023 and 2022, respectively.

Share Subscription Agreement

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group for an equity infusion through a subscription of 2,803,030,303 shares or 55% ownership in PHA at ₱0.33 per share for ₱925.0 million. Of the consideration, ₱300.0 million was in cash and the balance of ₱625.00 million was 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. PHA received ₱371.1 million from the subscriptions.

On October 13, 2022, the BOD decided that it will no longer pursue its planned acquisition of 33% of SPTI.

Of the 2,803,030,303 shares subscribed by the investor group, 1,678,372,199 shares remained unpaid, with unpaid subscriptions of ₱553.9 million. In February 2023, the BOD approved a call for payment on the remaining unpaid shares. After a 30 days-compliance period, 1,457,756,139 shares with unpaid balance of ₱357.3 million were considered delinquent shares. On April 11, 2023, the BOD authorized the sale of the delinquent shares at a public auction on May 11, 2023.

Of the delinquent shares, 1,389,802,253 were sold to a private investor for ₱344.8 million. These were fully collected on July 7, 2023.

APIC

APIC includes paid-in capital in excess of par amounting to ₱610.7 million and ₱480.5 million as at December 31, 2023 and 2022, respectively, and the equity component of the issued convertible loans amounting to ₱18.7 million as at December 31, 2023 and 2022.

Subscriptions Receivable

Movements in subscriptions receivable, which is treated as a deduction against capital stock and APIC, are as follows:

	2023			2022		
	Capital Stock	**APIC**	**Total**	Capital Stock	APIC	Total
Balance at beginning of year	**₱419,593,050**	**₱134,269,776**	**₱553,862,826**	₱473,484,848	₱151,515,152	₱625,000,000
Collection	**(406,851,696)**	**(130,292,543)**	**(537,144,239)**	(53,891,798)	(17,245,376)	(71,137,174)
Balance at end of year	**₱12,741,354**	**₱3,977,233**	**₱16,718,587**	₱419,593,050	₱134,269,776	₱553,862,826

In 2021, the Company received an interest for late payment of subscriptions amounting to ₱12.4 million (see Note 22).

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 and recognized as part of "Interest expense" account amounted to ₱30.0 million, ₱31.0 million and ₱14.3 million in 2023, 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 ₱71.4 million was fully paid and recognized as "Deposit for future stock subscription" pending the finalization of the terms and conditions of the subscription.

In 2022, the “Deposit for future stock subscription” was converted as equity.

In 2023 and 2022, the Group recognized commitment fees to LDA amounting to ₱12.5 million and ₱18.4 million, respectively (see Note 20).

Deposit for Future Stock Subscription
Deposit for future stock subscription of ₱113.0 million was applied against the increase in PHA’s authorized capital stock in 2021. The increase in authorized capital to ₱1.5 billion, divided into 6,000,000,000 common shares at ₱0.25 par value was approved by the Philippine SEC on August 23, 2021.

In 2021, the convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest of ₱24.7 million to equity of PHA at a conversion price of ₱0.70 a share, equivalent to 540,938,008 shares. The amount was initially recognized as “Deposit for future stock subscription” and was issued on March 22, 2022 when the SEC issued the Certificate of Approval of Valuation of shares.

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, 2023 and 2022 include accumulated earnings of the subsidiaries aggregating ₱1.2 billion and ₱1.1 billion, 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, 2023 and 2022.

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 13).

No changes were made in the Group's capital management objectives, policies or processes in 2023, 2022, and 2021.

Noncontrolling Interests

Noncontrolling interests consist of the following:

	Percentage of Ownership			Equity Attributable to Noncontrolling Interest		
Name of Subsidiary	**2022**	2022	2021	**2023**	2022	2023
PGDI	**69.22%**	69.22%	69.22%	**₱167,583,718**	₱166,146,541	₱188,440,308
PHMIC	**68.44%**	68.44%	68.44%	**1,698,484**	1,714,422	1,730,360
PSMVI	**68.22%**	68.22%	68.22%	**1,849,444**	1,865,493	1,881,542
GLCI	**55.00%**	55.00%	55.00%	**225,904,741**	178,090,950	137,324,226
CUBES	**51.00%**	51.00%	51.00%	**25,753,082**	25,790,832	25,817,764
				₱422,789,469	₱373,608,238	₱355,194,200

Net income (loss) attributable to noncontrolling interest follows:

	Percentage of Ownership			Net Income (Loss) Attributable to Noncontrolling Interest		
Name of Subsidiary	**2022**	2021	2020	**2023**	2022	2021
PGDI	**69.22%**	69.22%	69.22%	**(₱8,040,122)**	(₱22,293,767)	(₱14,749,311)
PHMIC	**68.44%**	68.44%	68.44%	**(15,938)**	(15,938)	(15,780)
PSMVI	**68.22%**	68.22%	68.22%	**(16,049)**	(16,049)	(15,890)
GLCI	**55.00%**	55.00%	55.00%	**48,079,638**	41,684,302	20,445,551
CUBES	**51.00%**	51.00%	51.00%	**(37,750)**	(26,932)	(24,745)
				₱39,969,779	₱19,331,616	₱5,639,825

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Statements of Income:

	2023				
	GLCI	**PGDI**	**PHMIC**	**PSMVI**	**CUBES**
Revenues	**₱472,498,374**	**₱61,848,643**	**₱–**	**₱–**	**₱–**
Cost and expenses	**(288,755,112)**	**(123,910,195)**	**(50,500)**	**(50,500)**	**(77,040)**
Other charges	**(38,244,946)**	**(2,069,294)**	**–**	**–**	**–**
Income (loss) before income tax	**145,498,316**	**(64,130,846)**	**(50,500)**	**(50,500)**	**(77,040)**
Income tax expense	**39,664,372**	**(38,760,539)**	**–**	**–**	**–**
Net income (loss)	**₱105,833,944**	**(₱25,370,307)**	**(₱50,500)**	**(₱50,500)**	**(₱77,040)**
Net income (loss) attributable to noncontrolling interest	**₱47,625,275**	**(₱7,864,795)**	**(₱15,938)**	**(₱16,049)**	**(₱37,750)**

	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	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	₱41,684,302	(₱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)

Statements of Financial Position:

	2023				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Current assets	**₱1,323,763,024**	**₱172,534,529**	**₱–**	**₱2,400,000**	**₱2,450,000**
Noncurrent assets	**17,193,015**	**439,509,326**	**–**	**240,008,335**	**186,259,749**
Current liabilities	**(302,078,947)**	**(78,674,726)**	**(52,713,217)**	**(22,489,583)**	**(18,290,997)**
Noncurrent liabilities	**(491,100,545)**	**(1,841,000)**	**–**	**–**	**–**
Equity (capital deficiency)	**₱547,776,547**	**₱531,528,129**	**(₱52,713,217)**	**₱219,918,752**	**₱170,418,752**
Equity (capital deficiency) attributable to:					
Equity holders of the Parent	**₱322,326,169**	**₱363,799,084**	**(₱78,466,299)**	**₱218,220,268**	**₱168,569,308**
Noncontrolling interest	**225,450,378**	**167,759,045**	**25,753,082**	**1,698,484**	**1,849,444**

	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

Statements of Cash Flows:

	2023				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Operating	**(₱107,933,445)**	**₱62,203,816**	**(₱134,286)**	**(₱500)**	**₱–**
Investing	**(1,561,170)**	**(3,375,348)**	**134,286**	**500**	**1,872**
Financing	**106,549,574**	**(50,217,623)**	**–**	**–**	**–**
Net increase (decrease) in cash	**(₱2,945,041)**	**₱8,610,845**	**₱–**	**₱–**	**₱1,872**

	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	₱–	₱–	₱–

19. Cost of Services

This account consists of:

	Note	**2023**	2022	2021
Depreciation	11	**₱45,298,511**	₱64,031,465	₱79,439,916
Personnel cost	25	**34,715,612**	57,566,230	67,201,593
Repairs and maintenance		**15,476,574**	20,173,074	23,759,550
Transportation and travel		**1,383,594**	1,894,015	4,003,640
Fuel and oil		**806,940**	3,718,532	4,432,306
Utilities		**52,166**	60,651	152,545
Others		**3,250,389**	2,029,665	14,105,995
		₱100,983,786	₱149,473,632	₱193,095,545

20. General and Administrative Expenses

This account consists of:

	Note	**2023**	2022	2021
Professional and legal fees		**₱76,252,631**	₱57,426,092	₱61,484,495
Personnel cost	25	**28,267,741**	38,825,770	39,173,799
Taxes and licenses		**13,921,621**	27,696,120	6,348,475
Commitment fees	18	**12,500,000**	18,420,003	–
Commissions		**11,264,693**	8,448,019	9,886,510
Entertainment, amusement and recreation		**6,716,698**	17,746,630	9,205,178
Depreciation and amortization	11	**6,284,227**	7,294,971	7,953,230
Rentals and utilities	27	**5,544,559**	6,784,242	8,271,498
Transportation and travel		**5,201,805**	6,463,551	5,951,312
Repairs and maintenance		**1,657,304**	2,417,105	4,196,600
Outside services		**1,308,165**	2,811,593	5,384,242
Supplies and materials		**1,236,721**	761,217	577,230
Freight and handling		**1,230,124**	1,230,124	1,268,121
Advertising and promotions		**618,214**	1,048,616	1,016,304
Others		**19,107,938**	21,909,087	18,619,266
		₱191,112,441	₱219,283,140	₱179,336,260

Others pertains to penalties, surcharges, bank charges, printing and stationery and other expenses which are not individually significant amounts.

21. Impairment Losses

This account consists of:

	Note	**2023**	2022	2021
Provision for impairment loss	6, 12	**₱3,042,702**	₱29,181,818	₱–
Intangible assets	12	**405,501**	405,501	405,501
		₱3,448,203	₱29,587,319	₱405,501

22. **Other Income (Charges)**

This account consists of:

	Note	**2023**	2022	2021
Loss on a stock transaction		**(₱17,200,000)**	₱–	₱–
Reversal of impairment on receivables	6	**–**	20,734,364	–
Share in distributive profit	30	**–**	2,000,000	54,360,268
Interest on late payment of subscriptions	18	**–**	–	12,393,692
Others		**2,763,269**	4,136,958	5,605,133
		(₱14,436,731)	₱26,871,322	₱72,359,093

In January 2023, the Group acquired listed shares for ₱25.8 million. These were subsequently sold in September 2023 for total consideration of ₱8.6 million, resulting to a loss of ₱17.2 million.

Others consist of income from the cancellation of a real estate project, income from repair and maintenance, replacements, installment of additional equipment and other services rendered for the development of units.

23. **Income Taxes**

The provision for (benefit from) income tax shown in the consolidated statements of comprehensive income consists of:

	2023	2022	2021
Current	**₱1,658,764**	₱1,582,757	₱95,221
Deferred	**26,622,871**	87,600,919	(69,188,394)
	₱28,281,635	₱89,183,676	(₱69,093,173)

Provision for current income tax pertains to MCIT in 2023, 2022 and 2021.

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:

	2023	2022	2021
Provision for (benefit from) income tax expense at statutory tax rate	**₱8,802,527**	₱34,504,490	(₱24,052,227)
Tax effects of:			
Nondeductible expense	**10,064,670**	2,379,892	1,693,791
Expired excess MCIT over RCIT	**5,494,750**	423,436	471,700
Income subject to final tax	**(41,395)**	(13,124)	(12,594)
Expired NOLCO	**–**	29,873,151	19,484,045
Effect of change in income tax rate	**–**	–	(76,665,640)
Interest expense - accretion (redemption)	**–**	–	493,149
Change in unrecognized deferred tax assets	**3,961,083**	22,015,831	9,494,603
	₱28,281,635	₱89,183,676	(₱69,093,173)

The components of the Group's deferred tax assets are as follows:

	2023	2022
Deferred tax assets recognized in profit or loss:		
NOLCO	**₱49,480,474**	₱–
Difference in the tax base and accounting base of land and land development	**12,511,825**	12,511,825
Retirement liability	**5,320,844**	4,916,847
Excess of MCIT over RCIT	**3,708,097**	8,987,200
Allowance for impairment losses on receivables	**736,809**	736,809
Lease liabilities	**59,870**	248,013
Unrealized foreign exchange loss	**86**	7,890
Provisions for administrative fines	**–**	172,335
	₱71,818,005	₱27,580,919

The components of the Group's deferred tax liabilities are as follows:

	2023	2022
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on fair valuation of investment property	**₱417,875,500**	₱383,266,000
Gross profit on real estate sales	**100,716,782**	64,339,559
Increase in fair value due to purchase price allocation	**66,450,512**	66,450,512
Commission - PFRS 15	**266,182**	201,909
Right-of-use asset	**46,654**	237,693
	585,355,630	514,495,673
Deferred tax liability recognized in OCI -		
Remeasurement gain on defined benefit obligation	**13,928,248**	3,699,792
	₱599,283,878	₱518,195,465

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:

	2023	2022
NOLCO	**₱556,474,417**	₱545,795,998
Allowance for impairment losses	**177,723,623**	177,318,122
Retirement liability	**44,850,751**	40,191,656
Excess of MCIT over RCIT	**433,419**	332,102
	₱779,482,210	₱763,637,878

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
2023	–	₱208,600,316	₱–	₱208,600,316	2026
2022	218,184,232	–	–	218,184,232	2025
2021	167,502,963	–	–	167,502,963	2026
2020	160,108,803	–	–	160,108,803	2025
	₱545,795,998	₱208,600,316	₱–	₱754,396,314	

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
2023	₱–	₱649,066	₱–	₱649,066	2026
2022	1,689,199	–	–	1,689,199	2025
2021	1,803,251	–	–	1,803,251	2024
2020	5,494,750	–	(5,494,750)	–	2023
	₱8,987,200	₱1,542,844	(₱5,494,750)	₱4,141,516	

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) Act

Under the CREATE Act, the RCIT of domestic corporations was reduced from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. MCIT was changed from 2% to 1% of gross income for a period of three years up to June 30, 2023.

The rate of MCIT reverted to 2% based on gross income starting July 1, 2023. The impact of the revision is accounted for in 2023, if any.

24. Interest Expense

This account consists of:

	Note	**2023**	2022	2021
Loans payable:	13			
Long-term loans		**₱41,807,979**	₱42,710,384	₱36,325,097
Unsecured short-term loans		**21,048,268**	27,830,312	35,884,846
Convertible loans		**9,160,022**	11,975,187	24,688,107
Share lending agreement	18	**29,970,180**	31,006,694	14,325,178
Lease liabilities	27	**41,437**	73,190	63,317
Installment payable		**–**	–	2,753,478
Others		**–**	–	116,317
		₱102,027,886	₱113,595,767	₱114,156,340

Interest expense on installment payable was due to a liability arising from the purchase of heavy equipment, which was fully settled during 2021

25. **Personnel Costs**

This account consists of:

	Note	**2023**	2022	2021
Cost of services:	19			
Salaries and wages		**₱20,140,036**	₱35,200,488	₱46,300,688
Retirement benefit cost	17	**4,392,993**	11,297,717	5,181,334
Other employee benefits		**10,182,583**	11,068,025	15,719,571
		34,715,612	57,566,230	67,201,593
General and administrative expenses:	20			
Salaries and wages		**14,180,538**	22,931,782	29,671,546
Retirement benefit cost	17	**1,882,086**	2,627,556	1,680,434
Other employee benefits		**12,205,117**	13,266,432	7,821,819
		28,267,741	38,825,770	39,173,799
		₱62,983,353	₱96,392,000	₱106,375,392

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

	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company	**(₱32,762,270)**	₱29,502,668	(₱47,826,957)
Weighted average number of outstanding common shares*	**5,162,222,637**	4,703,359,131	2,587,197,970
Basic and Diluted Earnings (Loss) Per Share	**(₱0.0063)**	₱0.0063	(₱0.0185)

**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:

	2023	2022	2021
Number of shares at beginning of year	**4,703,359,131**	2,587,197,970	2,012,450,586
Weighted average number of Parent Company shares issued during the year	**458,863,506**	2,116,161,161	574,747,384
	5,162,222,637	4,703,359,131	2,587,197,970

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 2023, 2022 and 2021. Thus, the basic and diluted EPS are the same in 2023 and 2022.

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.

Movements of ROU assets are as follows:

	Note	**2023**	2022
Cost			
Balance at beginning of year		**₱1,521,233**	₱1,968,707
Derecognition		**–**	(1,968,707)
Additions		**–**	1,521,233
		1,521,233	1,521,233
Accumulated Depreciation			
Balance at beginning of year		**570,463**	1,958,061
Depreciation	11	**764,156**	581,109
Derecognition		**–**	(1,968,707)
Balance at end of year		**1,334,619**	570,463
Net Carrying Amount		**₱186,614**	₱950,770

Movements of lease liabilities are as follows:

	Note	**2023**	2022
Balance at beginning of year		**₱992,051**	₱243,454
Payments		**(794,010)**	(845,826)
Interest expense	24	**41,437**	73,190
Additions		**–**	1,521,233
Balance at end of year		**239,478**	992,051
Current portion		**(239,478)**	(799,331)
Noncurrent portion		**₱–**	₱192,720

The following are the amounts recognized in the consolidated statements of comprehensive income:

	Note	**2023**	2022	2021
Expenses relating to short-term leases	20	**₱3,519,616**	₱2,684,388	₱2,865,151
Depreciation expense of ROU assets	11	**764,156**	581,109	669,880
Interest expense on lease liabilities	24	**41,437**	73,190	63,317
		₱4,325,209	₱3,338,687	₱3,598,348

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, 2023 and 2022 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.

	2023			
	120 days	**121-360 days**	**>360 days**	**Total**
Financial Liabilities				
Trade and other payables*	**₱385,496,044**	**₱–**	**₱–**	**₱385,496,044**
Loans payable:				
Long-term loans	**39,942,557**	**55,919,580**	**389,033,460**	**484,895,597**
Short-term loans	**142,116,720**	**–**	**–**	**142,116,720**
Convertible loan	**100,000,000**	**–**	**–**	**100,000,000**
Lease liabilities	**239,478**	**–**	**–**	**239,478**
	₱667,794,799	**₱55,919,580**	**₱389,033,460**	**₱1,112,747,839**

** Excluding lease liabilities, statutory and other nonfinancial liabilities aggregating ₱187.5 million.*

	2022			
	120 days	121-361 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.*

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:

	2023					
	Neither Past Due nor Impaired			**Past Due but**		
	High Grade	**Medium Grade**	**Total**	**not Impaired**	**Impaired**	**Total**
Cash in banks	**₱119,677,544**	**₱–**	**₱119,677,544**	**₱–**	**₱–**	**₱119,677,544**
Receivables:						
Contract receivables	**400,062,678**	**–**	**400,062,678**	**–**	**2,947,236**	**403,009,914**
Trade	**–**	**8,843,811**	**8,843,811**	**–**	**–**	**8,843,811**
Others	**–**	**–**	**–**	**–**	**4,636,569**	**4,636,569**
Other assets						
Security deposits	**–**	**1,380,592**	**1,380,592**	**–**	**–**	**1,380,592**
	₱519,740,222	**₱10,224,403**	**₱529,964,625**	**₱–**	**₱7,583,805**	**₱537,548,430**

	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

The Group has determined that the credit quality of all neither past nor impaired financial assets as at December 31, 2023 and 2022 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.

	2023					
	Neither Past Due nor Impaired	**Past Due but not Impaired**				
		120 days	**121-360 days**	**>360 days**	**Impaired**	**Total**
Cash in banks	**₱119,677,544**	**₱–**	**₱–**	**₱–**	**₱–**	**₱119,677,544**
Receivables:						
Contract receivables	**400,062,678**	**–**	**–**	**–**	**2,947,236**	**403,009,914**
Trade	**8,843,811**	**–**	**–**	**–**	**–**	**8,843,811**
Others	**–**	**–**	**–**	**–**	**4,636,569**	**4,636,569**
Other assets						
Security deposits	**1,380,592**	**–**	**–**	**–**	**–**	**1,380,592**
	₱529,964,625	**₱–**	**₱–**	**₱–**	**₱7,583,805**	**₱537,548,430**

	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

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 ₱296.3 million and ₱165.8 million as at December 31, 2023 and 2022, 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
2023	**4.03%**	**₱8,877,687**
	(4.03%)	**(8,877,687)**
2022	2.43%	4,029,133
	(2.43%)	(4,029,133)

29. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	2023						
		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	**Conversion**	**Interest Accretion**	**Addition**	**Proceeds**	**Payments**	**Balance at end of year**
Long-term loans	**₱379,879,400**	**₱–**	**₱–**	**₱–**	**₱253,312,684**	**(₱148,296,487)**	**₱484,895,597**
Short-term loans	**306,754,632**	**–**	**–**	**–**	**15,000,000**	**(181,285,770)**	**140,468,862**
Convertible loans	**100,000,000**	**–**	**–**	**–**	**–**	**–**	**100,000,000**
Lease liabilities	**992,051**	**–**	**41,437**	**–**	**–**	**(794,010)**	**239,478**
Callable loans	**22,000,000**	**–**	**–**	**–**	**–**	**(22,000,000)**	**–**
	₱809,626,083	**₱–**	**₱41,437**	**₱–**	**₱268,312,684**	**(₱352,376,267)**	**₱725,603,937**

	2022						
		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Addition	Proceeds	Payments	Balance at end of year
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
Deposit for future stock subscription	465,231,457	(465,231,457)	–	–	–	–	–
	₱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
Deposit for future stock subscription	₱113,000,000	(₱113,000,000)	₱–	₱378,688,107	₱86,543,350	₱–	₱465,231,457
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
Convertible loans	495,006,168	(354,000,000)	1,993,831	–	–	(42,999,999)	100,000,000
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

30. Commitments and Contingencies

Service Contract with Cagdianao Mining Corporation (CMC)

The Group has a Saprolite Mining Contract (the Contract) with CMC for the hauling and extraction of mineral ores in the Municipality of Cagdianao, Province of Dinagat Islands. The Contract has been yearly extended by both parties since 2014, 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 ₱61.8 million, ₱112.1 million and ₱174.7 million in 2023, 2022 and 2021, respectively. This includes equipment rental amounting to ₱666,830 and ₱518,314 in 2023 and 2021, respectively.

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 the 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.

The agreement with Home Trenz ended in 2022.

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.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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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 December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 12, 2024. 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 December 31, 2023 and 2022 and for the years ended December 31, 2023, 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
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 10072405
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 and 2022

Ratio	Formula		2023	2022
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		**2.06**	1.16
	Total Current Assets	₱1,977,263,820		
	Divide by: Total Current Liabilities	959,819,231		
	Current Ratio	2.06		
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		**1.09**	0.41
	Total Current Assets	₱1,977,263,820		
	Less: Inventories	739,020,978		
	Other Current Assets	71,561,643		
	Quick Assets	1,044,608,539		
	Divide by: Total Current Liabilities	959,819,231		
	Acid Test Ratio	1.09		
Debt-to-Equity Ratio	**Total Interest-Bearing Debt divided by Total Equity**		**0.28**	0.67
	Total Interest-bearing Debt	₱725,364,459		
	Total Equity	2,630,246,835		
	Debt to Equity Ratio	0.28		
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		**1.78**	2.03
	Total Assets	₱4,688,804,539		
	Total Equity	2,630,246,835		
	Asset to Equity Ratio	1.78		
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		**1.33**	2.20
	Net Income Before Income Tax	₱35,210,108		
	Less: Interest Income	1,139,126		
	Add: Interest Expense	102,027,886		
	Earnings Before Interest and Taxes	136,098,868		
	Divide by: Interest Expense	102,027,886		
	Interest Rate Coverage Ratio	1.33		

Ratio	Formula		2023	2022
Return on Equity	**Net Income divided by Average Total Equity**		**0.30%**	2.76%
	Net Income	₱6,928,473		
	Average Total Equity	2,342,917,797		
	Return on Equity	0.30%		
Return on Assets	**Net Income divided by Average Total Assets**		**0.16%**	3.33%
	Net Income	₱6,928,473		
	Average Total Assets	4,432,362,957		
	Return on Assets	0.16%		
Solvency Ratio	**Net Income Before Non-cash Expenses divided by Total Liabilities**		**3.01%**	6.74%
	Net Income	₱ 6,928,473		
	Add: Non-cash Expenses	55,030,941		
	Net Income Before Non-cash Expenses	61,959,414		
	Total Liabilities	2,058,557,704		
	Solvency Ratio	3.01%		
Net Profit Margin	**Net Income divided by Total Revenue**		**1.30%**	10.96%
	Net Income	₱6,928,473		
	Total Revenue	534,347,017		
	Net Profit Margin	1.30%		

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 December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 12, 2024. 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
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 10072405
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2023

	Amount
Unappropriated retained earnings, beginning of reporting period	(₱519,900,337)
Net loss for the current year	(118,988,829)
Total retained earnings, end of the reporting period available for dividend	(₱638,889,166)

PREMIERE HORIZON ALLIANCE CORPORATION
AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY
PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2023

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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	₱104,226,695	₱10,699,861	₱–	₱–	₱114,926,556	₱–	₱114,926,556

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	Amounts Written Off	Current	Not Current	Balance at End of Period
Premiere Georesources and Development Inc.	₱–	₱58,053,142	₱–	₱–	₱58,053,142	₱–	₱58,053,142
Pyramid Hill Mining & Industrial Corp.	14,988,045	1,127,422	–	–	16,115,467	–	16,115,467
PH Mining and Development Corporation	14,490,750	147,658	–	–	14,638,408	–	14,638,408
Palawan Star Mining and Ventures, Inc.	11,533,427	874,835	–	–	12,408,262	–	12,408,262
Concepts Unplugged Business Environment Solutions (CUBES), Inc.	1,089,577	134,285	–	–	1,223,862	–	1,223,862
PH Agriforest Corporation	18,022	139,900	–	–	157,922	–	157,922
PH Big Bounty Entertainment, Inc.	2,500	134,534	–	–	137,034	–	137,034
Digiwave Solutions Incorporated	–	8,134	–	–	8,134	–	8,134
	₱42,122,321	₱60,619,910	₱–	₱–	₱102,742,231	₱–	₱102,742,231

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:			
Bank of the Philippine Islands (BPI)	₱165,990,000	₱–	₱121,790,759
BPI Family Savings Bank	86,178,684	17,235,737	68,942,947
Philippine Veterans Bank	314,000,000	32,167,936	48,117,601
Rang-ay Bank	47,500,000	3,758,036	41,241,964
Zambales Bank	32,000,000	4,920,000	19,069,200
Sterling Bank of Asia, Inc.	10,000,000	10,000,000	–
Security Bank	200,000,000	1,594,256	6,409,855
Tanay Rural Bank	20,000,000	3,284,804	4,052,979
Security Bank	6,076,000	901,368	2,408,155
Other Financing Institutions	178,022,058	22,000,000	77,000,000
	₱1,059,766,742	**₱95,862,137**	**₱389,033,460**

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	5,708,359,504	–	–	2,500,087,998	3,208,271,506

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

MAP OF GROUP STRUCTURE

DECEMBER 31, 2023 and 2022