SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
   Dec 31, 2022
2. SEC Identification Number
   147584
3. BIR Tax Identification No.
   002-727-376-000
4. Exact name of issuer as specified in its charter
   PREMIERE HORIZON ALLIANCE CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
   Postal Code
   1605
8. Issuer's telephone number, including area code
   (02) 8632-7715
9. Former name or former address, and former fiscal year, if changed since last report
   Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P 0.25 PAR VALUE	5,708,359,504

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange Common Shares
12. Check whether the issuer:

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

◉ Yes ○ No

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

◉ Yes ○ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

○ Yes ◉ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

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Premiere Horizon
Invigorating the Countryside

Premiere Horizon Alliance Corporation
PHA

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2022

Currency	Php 000

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Current Assets	1,538,425	1,365,508
Total Assets	4,175,921	3,770,250
Current Liabilities	1,328,898	1,293,709
Total Liabilities	2,120,333	2,281,296
Retained Earnings/(Deficit)	165,474	135,971
Stockholders' Equity	2,055,589	1,488,954
Stockholders' Equity - Parent	1,681,981	1,133,760
Book Value Per Share	0.29	0.22

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Gross Revenue	445,537	349,118
Gross Expense	515,940	446,918
Non-Operating Income	322,423	100,676
Non-Operating Expense	113,596	114,156
Income/(Loss) Before Tax	138,018	-111,280
Income Tax Expense	89,184	-69,093
Net Income/(Loss) After Tax	48,834	-42,187
Net Income/(Loss) Attributable to Parent Equity Holder	29,503	-47,827
Earnings/(Loss) Per Share (Basic)	0.01	-0.01
Earnings/(Loss) Per Share (Diluted)	0.01	-0.01

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2022	Dec 31, 2021
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.16	1.06
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.41	0.29
Solvency Ratio	**Total Assets / Total Liabilities**	1.97	1.65
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.22	0.18
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.44	0.46
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	2.2	0
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	2.03	2.53
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.33	0.23
Net Profit Margin	**Net Profit / Sales**	0.11	-0.12
Return on Assets	**Net Income / Total Assets**	0.01	-0.01
Return on Equity	**Net Income / Total Stockholders' Equity**	0.02	-0.03
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	29	-60.74

Other Relevant Information

The amendment is to attach the Parent Financial Statements and to correct the page 52 in the attached consolidated FS.

Filed on behalf by:

Name	Raul Ma. Anonas
Designation	Executive Vice President, Chief Operating Officer, Chief Information Officer (CIO) and SEC Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2022.

2. SEC Identification Number 147584.

3. BIR Tax Identification Number 002-727-376-000.

4. Exact Name of Registrant as specified in its charter.

   PREMIERE HORIZON ALLIANCE CORPORATION.

5. Philippines
   Province, Country or other jurisdiction of
   Incorporation or organization

6. __________ (SEC Use Only)
   Industry Classification Code

7. Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City — 1605
   Address of Principal Office — Postal Code

8. (02) 8632-7715
   Registrant's Telephone Number, including Area Code

9. N/A
   Former Name, former Address, and Former Fiscal Year, if changed since last report

10. Securities Registered pursuant to Sections 8 and 12 of the SRC.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	5,708,359,504 common shares

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

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

    Philippine Stock Exchange — Common shares

12. Check whether the issuer:

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

Yes [X] No [ ]

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

Yes [ ] No [X]

13. Aggregate market value of the voting stock held by non-affiliates:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] Not Applicable [X]

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:
(a) Any annual report to security holders;
(b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1 (b);
(c) Any Prospectus filed pursuant to SRC Rule 8.1-1.

Not Applicable

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1: Description of Business

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

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

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

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

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

**Non-operating subsidiaries*

WPP

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

PGDI

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

GLCI

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

Premiere Horizon Alliance Corporation (formerly Premiere Entertainment Philippines, Inc.) ("PHA" or the "Company") was incorporated on 13 January 1988 and was then known as Premiere Films International, Inc. On 20 June 1996 the Corporation's name was amended to Premiere Entertainment Productions Inc.

On 5 May 1997, PHA was listed at the Philippine Stock Exchange ("PSE") and thus, became the first public company engaged in the production of motion pictures. The Company envisioned a two-pronged thrust: a major presence in the local and international entertainment industry and an initial venture into gaming to round up its total entertainment offer.

On 16 May 2008, the Company's shareholders and board of directors approved the change in the Company's name to "Premiere Entertainment Philippines, Inc.", increase in authorized capital stock, and the acquisition of Digiwave Solutions Inc. ("DSI"), a corporation engaged in the development of gaming software and the operation of internet casino stations.

On December 29, 2011, the company's name was changed to Premiere Horizon Alliance Corporation and added the business of mining, real estate, information technology and other related business. The company also lowered the par value of its shares from P1.00 to P0.25, thus decreasing its authorized capital stock from Php 1,800,000,000.00 to Php 563,556,000.00.

In April 24, 2012, the Company obtained the approval of the Board of Directors to acquire 66.9% of Redstone Construction and Development Corporation (RCDC). RCDC is engaged in the business of providing hauling and other services for construction works for mining, real estate development, environmental protection & remediation, dam, dikes, flood control and reclamation including quarrying, hauling, earthmoving and heavy equipment. The acquisition is implemented through subscription of 25.8 million shares of RCDC's outstanding capital stock at Php 1.50 per share.

On December 18, 2012, the Company obtained the approval of the Board of Directors to invest in 40% of the equity of First Ardent Development Corporation (FADC), a company engaged in real estate development. As of December 31, 2012, the Company owns 25.6 million shares for a total cost of Php 32.0 million.

On May 22, 2014, the Palawan property was transferred in the name of PHA.

Year 2015

On February 9, 2015, PHA completed the 51% acquisition of Concepts Unplugged Business Environment Solutions, Inc. (CUBES) amounting to Php 40.0 million.

In February 24, 2015, the PHA Board of Directors approved the increase of its ownership in RCDC from 66.9% to 80.0%. At the same time the Board approved the 2015 capital expenditure budget of RCDC amounting to Php 366.55 million for the acquisition of additional 44 trucks and 36 heavy equipment. These will be used for its new mining contract with Cagdianao Mining Corporation (CMC), Benguet Nickel Mining Corp. (BNMI) and Marcventures Mining & Development Corp. (MMDC) to service the additional volume (WMT).

On May 11, 2015, the Securities and Exchange Commission (SEC) approved PHA's application for conversion of 133,511,111 at Php 0.36 per share or Php 48.064 million corresponding to PHA's convertible loan agreements issued on 2012.

In June 04, 2015, PHA bought 55% of Goshen Land Capital Inc. (GLCI) for Php 440.0 million, Php 140.0 million secondary and Php 300.0 million primary. GLCI is a premier real estate development company in Northern Luzon based in Baguio City. GLCI was incorporated in April, 2007 with an authorized capital stock of Php 250.0 million broken down into Php 100.0 million common shares and Php 150.0 million of preferred shares. An increase in authorized capital stock has already been filed with the SEC.

On June 24, 2015, PHA Board of Directors approved the issuance of Exchangeable Notes via private placement consisting of Php 350.0 million (Main Tranche for on going expansion plans and an Optional Tranche of Php 250.0 million to accelerate certain strategic development in the existing businesses as well as new acquisitions.

In July 29, 2015, the Board of Directors of PHA approved the stock rights offering with accompanying nil-paid detachable warrants. The proceeds will be used mainly for capital expenditures of CUBES and development expenses for the Palawan property. Each shareholder shall be entitled to one (1) right share for every ten (10) common shares held as of record date at offer price of Php 0.45 per share. The detachable warrants shall entitle the holder to subscribe to one (1) share at an exercise price of Php 1.20 per share exerciseable from January 1, 2018 to December 31, 2018. In addition to the stock rights offer, the Board also approved an additional 150 million warrants to be offered to existing investors in connection with the option to increase the offering of the Exchangeable Notes by Php 250.0 million or a top-up offering of up to same amount. It will have the same terms and conditions as the warrants issued from the stock rights offer.

On October 5, 2015, the placement of Php 400.0 million Exchangeable Notes was completed which included an oversubscription of Php 50.0 million on the Php 350.0 million Main Tranche. The excess of Php 50.0 million triggered the Optional Tranche and the proceeds will be used for the initial development initiative of its Palawan property.

In October 20, 2015, PHA announced the Stock Rights Offering tentatively scheduled for October has been moved to a later date pending approval by the SEC.

On December 11, 2015, the Board approved the increase in authorized capital stock from Php 564.556 million consisting of 2,254.224 million common shares with a par value of Php 0.25 per share to Php 750.00 million consisting of 3,000 million common shares at Php 0.25 per share to be implemented by way of stock rights offering previously approved.

In December 14, 2015, SEC approved the request for exemption from registration requirements of the 199,048,088 unclassified common shares with a par value of Php 0.25 per share to be issued out of the increase in authorized capital stock by way of a stock rights offering as previously approved.

Year 2016

In March 16, 2016, the Company sold its shareholdings in First Ardent Development Corporation (FADC) for Php 45.0 million.

On August 9, 2016 the Company established a 100% subsidiary West Palawan Premiere Development Corp. (WPPDC) to subsidiarize the land holdings PHA owned. WPPDC has an authorized capital stock of Php 700.0 million, subscribed capital of Php 175.0 million and a paid-up capital of Php 43.75 million. The primary purpose of WPPDC is a real estate development company initially focused on Puerto Princesa Palawan.

Year 2017

In January, 2017, WPPDC acquired an additional 5-hectare beachfront property in Nagtabon to complement its landmark beachfront development attraction. On August 3, 2018, in line with its planned development in Nagtabon, WPPDC has signed a Memorandum of Agreement with the Dusit Group for potential participation and partnership for the development of the tourism estate project.

Year 2018

In 2018, PHA entered into a Memorandum of Agreement (MOA) with the shareholders of Pyramid Hill Mining & Industrial Corp. (PHMIC) and Palawan Star Mining Ventures, Inc. (PSMVI) which gives the PHA the sole and exclusive right to acquire shares of up to 100% of the total issued and outstanding common shares of PHMIC and PSMVI. PHA subsequently assigned its rights to Premiere Georesources and Development Inc. (PGDI) formerly Redstone Construction and Development Corp., a majority-owned subsidiary.

On March 20, 2018, the BOD of the Parent Company has approved property dividend consisting of 268.0 million shares of stock with the new par value of Php 0.10 per share of the Parent Company's subsidiary, Premiere Georesources and Development Inc. (PGDI) and a cash dividend of Php 0.001482 per share or a total of Php 2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared.

Furthermore, the BOD of the PHA also approved the grant of 268.0 million detachable nil-paid warrants that will entitle the warrant holder to acquire one PGDI share from the PHA for each warrant held. The warrants shall be applied for listing in the PSE. As at December 31, 2018, the SEC approval on the property and cash dividends is still pending.

Furthermore, the BOD of PGDI approved the amendment of the Parent Company's Articles of Incorporation. The amendment includes the following:

a.) Change of name from Redstone Construction & Development Corporation to Premiere Georesources and Development, Inc.

b.) Amendment of primary and secondary purposes;

c.) Change in number of directors from five (5) to nine (9);

d.) Additional provisions regarding pre-emptive rights and lock-up requirements; and

e.) Increase in the authorized capital stock from Php 100.00 million divided into 100.00 million shares with par value of Php 1 per shares, to Php 650 million divided into 6.5 billion shares with par value of Php 0.10 per share.

Out of the Php 550.00 million increase in authorized capital stock, Php 137.5 million worth of shares were subscribed of which Php 55.0 million was fully paid through stock dividends and Php 82.5 million was paid through conversion of advances to equity. The amendment was approved on September 13, 2018 by the SEC.

Furthermore, PGDI entered into a Deed of Assignment (DOA) with PHMIC and PSMVI wherein PGDI assigned advances to PHMIC and PSMVI amounting to Php 220.00 million and Php 170.00 million, respectively, for conversion to equity through application of advances as payment for PGDI subscription. The valuation of advances converted to equity was approved by the SEC on July 11, 2018.

On August 28, 2018, the BOD of the Parent Company approved the conversion of its advances to PGDI to equity shares allowing PGDI to own up to 100% of PHMIC and PSMVI. As of December 31, 2018, PGDI has acquired 98.88% of PHMIC and 98.55% of PSMVI through conversion of its advances to equity amounting to Php 220.0 million and Php 170.0 million, respectively. The valuation of advances converted to equity was approved by the SEC on November 20, 2018.

In connection with the planned listing by way of introduction of PGDI and the attendant SEC guidelines requiring a minimum public ownership of 20% for companies applying for listing, the Parent Company has completed the private placement of 523.0 million PGDI shares owned by the Parent Company, representing 9.6% of PGDI's 5,454.0 million outstanding shares. As at December 31, 2018, the transaction closing documents are still being completed.

Year 2019

In January 17, 2019, PHA entered into a Memorandum of Agreement with Sama Global Investments for a EUR 250 million investment with an interest rate of 1.25% p.a. to be paid by the year 2027. Beginning

March 23, 2019 a series of remittance efforts begun. Follow-ups and communication letters were sent to Sama for the remittance of the funds as agreed upon in the MOA. By August 17, 2019, a final notice was sent by PHA to Sama with regard to their failure to deliver their obligation under the MOA. On August 26, 2019 an official notification was sent by Sama to PHA stating among others the renegotiation of the MOA Since then no communication has been received by PHA on the status of the MOA.

Year 2020

On March 16, 2020, PHA complied to the SEC Notice to Publicly Listed Companies regarding the COVID-19 pandemic response, risk assessment and business impact on the operations of the Company. It implemented work from home, shifting schedules and skeletal workforce.

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Mr. Marvin Dela Cruz for the equity infusion through subscription of 2,803,030,303 shares or up to 55% ownership of PHA at Php 0.33 per share for a total consideration of Php 925.0 million, Php 300.00 million will be in cash and the balance of Php 625.0 million will be via a combination of cash and/or infusion of Squidpay Technology, Inc. (SPTI) shares over a period of 2 years, with the intent of making SPTI a subsidiary of PHA.

The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock of PHA and 2,539,393,939 shares to be subscribed out of the increase in authorized capital stock.

Payment of the subscription shall be:

1. Php 87.0 million upon execution of the agreement;
2. Php 113.0 million on or before December 18, 2020
3. Php 100.0 million before the filing of the increase of authorized capital stock
4. Php 625.0 million consisting of cash and/or assets, including shares held by investors in SPTI to be paid or delivered not later than twenty-four (24) months from signing of the agreement or at a mutually agreed period of the parties

On the same day, the Board of Directors of PHA approved the amendment of the articles of incorporation and increase of the authorized capital stock from Php 563,556,000.00 divided into 2,254,224,000 shares with a par value of Php 0.25 per share, to Php 1,500,000,000.00 divided into 6,000,000,000 shares at a par value of Php 0.25 per share. The Board also approved the issuance of 303,030,304 shares worth up to Php 100.0 million out of the increase in authorized capital stock to existing creditors at a price of Php 0.33 per share.

Payment of Php 113.0 million was made and received by PHA on December 17, 2020 bringing the total payment as of date to Php 200.0 million the balance of Php 100.0 million will be completed by first quarter of 2021.

Year 2021

On March 2, 2021, the Board approved the issuance of 2,539,393,939 shares to the following Squidpay Technology Inc. shareholders and 303,030,303 shares to the following creditors, out of the increase in authorized capital stock of the Company to Php1,500,000,000.00 divided into 6,000,000,000 common shares with a par value of Php0.25 per share:

	TOTAL SUBSCRIBED SHARES
MARVIN DELA CRUZ	1,389,802,253
RAISSA ABAINZA QUERI	191,735,537
ENRICO ALFONSO TAMAYO	200,826,447
HARRISON YAP	200,826,446
ROGELIO DE RAMA	200,826,446
KENNETH SEE	101,930,830
AUGUSTO M. COSIO, JR.	33,976,943
ROBERTO B. ORTIZ	33,976,943
CHRISTINA PENA LEONG	69,734,519
LESLIE SZE TAN	20,000,000
CHARMAINE N. COBANKIAT	25,757,575
EUGENE TAN	20,000,000

MARIAN PENA	50,000,000
TOTAL	2,539,393,939
CREDITOR GROUP	
AUGUSTO ANTONIO C. SERAFICA, JR.	200,000,000
PAUL DAVID P. JAMLANG	15,151,516
RAUL MA. F. ANONAS	37,272,728
KATHRYN YU CHENG SEE	25,303,030
ANDRES A. DEL ROSARIO	25,303,029
TOTAL	303,030,303
TOTAL SUBSCRIPTION	2,842,424,243

On the same date, The Board also approved the conversion of all or a portion of the outstanding principal of about Php355.0 million and capitalized interest of about Php35.0 million of existing convertible loans for a total amount of Php390 million, to fully paid PHA shares at an issue price of Seventy Centavos (Php0.70) per share. The new shares will be issued out of the authorized capital stock, post-increase, in the amount of up to 557,142,857 common shares as may be finalized by the President.

On July 21, 2021, Convertible Noteholders have exercised their right to convert principal and accrued interest to equity of the Company at a conversion price of Php0.70 per share. The amount of principal of Php354,000,000.00 and accrued interest Php24,688,107.56 for a total of Php378,688,107.56 which is equivalent to 540,983,008 shares.

Also on July 21, 2021, the PHA Board of Directors approved a Put Option Agreement (POA) with LDA Capital Limited (LDA), a global investment group, to provide PHA with up to Two Billion Five Hundred Million Pesos (PhP2,500,000,000) in committed equity capital over the next thirty-six months. In addition, the Board also approved the grant of a Call Option to LDA, which allows the Investor to purchase up to 133 million (133,000,000) common shares of the Company at an exercise price of PhP2.26 per share exercisable any time during the term of the Agreement.

Subsequently, PHA has signed on 15 October 2021 a Subscription Agreement with LDA, wherein LDA has agreed to subscribe 70,835,000 new primary shares of PHA at a subscription price of Php1.01 per share. LDA has remitted to PHA a total of Php71,543,350 as full payment for the subscribed shares.

On August 31, 2021, PHA entered into a Deed of Assignment (DOAS) with Squidpay Technology, Inc. (SPT) with the conformity of Philippine Regional Investment Development Corporation (PRIDE), a wholly-owned subsidiary of AbaCore Capital Holdings, Inc., and Philstar Development Bank, Inc. (PHILSTAR), a subsidiary of PRIDE.

Under the DOAS, SPT assigned to PHA 40% of the 60% share that it would invest in PHILSTAR subject to the fulfillment of the conditions precedent of the Memorandum of Agreement (MOA) entered into by PRIDE, PHILSTAR, and SPT last April 8, 2021. This assignment would formally make PHA a party to the MOA.

The MOA provides that SPT will infuse up to Nine Hundred Million Pesos (Php900,000,000.00) for a 60% stake in Philstar Development Bank, subject to certain conditions and subsequent implementing agreements. Following the DOAS, PHA will invest Six Hundred Million Pesos (Php600,000,000.00) for a 40% stake, while SPT will continue to hold its investment of Three Hundred Million Pesos (Php300,000,000.00) for a 20% stake. PRIDE and the current stockholders, will retain at least 40%.

On October 7, 2021, the Board of Directors accepted of the resignation of Mr. Victor Y. Lim, Jr., and election of Mr. Eugene T. Tan as replacement regular director. The BOD also approved the change of external auditors from Sycip, Gorres, Velayo & Co. to Reyes Tacandong & Co.

On November 17, 2021, the PHA Board approved the acquisition of thirty-three percent (33%) of SquidPay Technology Inc. (SPT) for Php561 million equivalent to two hundred sixty-four million (264 million) existing and outstanding shares of SPT owned by the group led by Mr. Marvin Dela Cruz. The acquisition will give SPT a Php1.7B Equity Value.

PHA will be entitled to three (3) out of the seven (7) Board of Directors' seats in SPT. PHA and Mr. Marvin Dela Cruz shall also jointly nominate the Chairman of the Board of SPT as well as the Executive Committee Chairman, President, CEO, CFO, and Treasurer.

The Board also accepted the resignation of Ms. Elisa May Arboleda-Cuevas as Independent Director of PHA. The Board likewise authorized, subject to stockholders' approval, the increase of the authorized capital stock from Php 1,500,000,000.00 divided into 6 billion common shares with a par value of Php 0.25 per share, to up to Php 2,500,000,000.00 divided into 10 billion common shares with a par value of Php 0.25 per share.

During the annual stockholders' meeting held on December 17, 2021, the stockholders approved the following matters:

1. Approval of the acquisition of 264,000,000 shares representing 33% of the outstanding capital stock of Squidpay Technology, Inc. upon terms and conditions to be approved by the Board of Directors;

2. Increase in the Company's authorized capital stock from Php1,500,000,000.00 divided into 6,000,000,000 common shares with a par value of Php0.25 per share, to up to Php2,500,000,000.00 divided into 10,000,000,000 common shares with a par value of Php0.25 per share, as may be fixed by

the Board of Directors (the “Increase”), and the corresponding amendment to the Seventh Article of the Company’s Amended Articles of Incorporation;

3. Amendment of the 2020 Stockholders’ Resolution, to approve, ratify and confirm the subscription by Existing Creditors (as defined) from 303,030,303 common shares to 303,030,304 common shares;

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

5. Approval, confirmation and ratification of options issued to LDA Capital Limited to subscribe to 133,000,000 common shares at a subscription price of Php2.26 per share payable in cash; and

6. Appointment of Reyes Tacandong & Co. as the Company’s external auditor for the current year 2021-2022.

During the organizational meeting of the new Board of Directors of Premiere Horizon Alliance Corporation following the Annual Stockholders’ Meeting, the following matters were approved:

1. The retirement of Mr. Augusto Antonio C. Serafica, Jr. as President/CEO was accepted by the Board. Mr. Serafica will continue as a Director of the Company.

2. The appointment of Mr. Roberto B. Ortiz as the new President/CEO.

Year 2022

On February 24, 2022, the Board of Directors of PHA approved a convertible loan amounting to Php150M. The convertible loans are for a period of 2 years with an interest rate of 8% per annum. The interest will be paid quarterly and the principal will be paid in full at maturity. Within the life of the loan, the investors shall have the option to convert the outstanding loan principal and accrued interest to shares of PHA coming from PHA's unsubscribed capital at a conversion strike price of Php0.95 per share. The strike price of Php0.95 is based on a 54% premium over the 30-day as of February 17, 2022

On Feb 9, 2022, PHA’s stock transfer agent, issued 70,835,000 common shares to LDA Capital Limited, a global investment group, as part of the subscription agreement signed by both parties on October 15, 2021. LDA Capital Limited’s subscription price was at Php1.01 which resulted to an increase in equity by Php71,543,350.00.

On April 12, 2022, PHA issued a total of 540,983,008 common shares in favor of convertible notes holders at a conversion price of Php.70/ share. This resulted to an increase in equity by Php377,335,648.08, net of the documentary stamp tax and the total outstanding shares reaching 5,708,359,504.

On October 6, 2022, PHA received a notice from Nuovo Gran CT Inc. (NGCTI) through its counsel, the Divina Law Office, alleging that NGCTI's application for a Writ of Preliminary Attachment (WPA) against the properties of SquidPay Technology Inc. (SPTI) and Marvin C. Dela Cruz (MDC) has been granted by the Regional Trial Court, Manila, Branch 45 on September 28, 2022. Related to this, PHA received a copy of the following on October 7, 2022: Amended Summons dated October 6, 2022 for the case entitled Nuovo Gran CT, Inc. vs. Squidpay Technology, Inc., Marvin C. Dela Cruz and Premiere Horizon Alliance Corporation, the corresponding Amended Complaint for the same case, the Writ of Preliminary

Attachment dated October 6, 2022, and the Notice of Garnishment dated October 6, 2022. PHA reiterated in its disclosure on October 14, 2022 that these legal proceedings do not affect the operations and plans of PHA.

On October 14, 2022, PHA announced that in the company's October 13, 2022 special board meeting, the Board decided to no longer pursue its planned acquisition of 33% in SquidPay Technology, Inc. (SPTI). The decision of the Board of Directors has been made following the determination that purchasing SPTI is no longer in the best interest of PHA and its shareholders given SPTI's inability to operate a viable business. The planned acquisition of 33% of SPTI was announced on 18 November 2021, at a time when the demand for e-wallets was rapidly rising. SPTI was earlier granted its Operator of Payment System ("OPS") license, followed by its Electronic Money Issuer ("EMI") license.

On the November 2, 2022, the PHA Board also approved the extension of the deadline to pay the unpaid subscription balances under the Memorandum of Agreement dated October 29, 2020 from October 29, 2022 to December 27, 2022. As previously disclosed on October 29, 2020, PHA and an investor group led by Mr. Marvin Dela Cruz entered into a Memorandum of Agreement for an equity infusion through a total subscription of 2,803,030,303.

As of December 31, 2022, PHA has the following subsidiaries and affiliates:

Operating subsidiaries and affiliates:

a) Premiere Georesources and Development, Inc. (formerly Redstone Construction and Development Corporation (RCDC)) – its primary purpose is to engage in, conduct, manage, operate, and carry on the business of construction works for mining, real estate development, environmental protection and remediation, dam, dikes, flood control, and reclamation and to engage in quarrying, hauling, earthmoving, and heavy equipment rentals and all other earthmoving works.

   PGDI owns 98.88% of Pyramid Hill Mining and Industrial Corp. (PHMIC) and 98.55% of Palawan Star Mining Ventures Inc. (PSMVI). Both mining companies are located south of Palawan province.

b) West Palawan Premiere Development Corp (WPPDC) – its primary purpose is to acquire by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, equipment, and other structures of whatever kind, together with their maintenances.

c) Goshen Land Capital Inc. (GLCI) – a PHA subsidiary based in Baguio City is engaged in real estate development in Northern Luzon. Incorporated in 2007, GLCI focused initially on residential subdivisions in prime locations all over the city. To further provide affordable yet quality homes for the ordinary Filipino, GLCI added master planned condominium communities in its home offerings. These maximized land use and better living for residents because Goshen's master-planned communities provide security, convenient access to commercial districts and property management services.

Non-operating subsidiaries and affiliates

d) Concepts Unplugged Business Environment Solutions, Inc. (CUBES)
e) Digiwave Solutions Inc.- DSI (formerly Digigames Inc.-DSI)
f) PH Big Bounty Entertainment, Inc., Premiere Horizon Business Services, Inc. (Formerly La Prima Hotel Imperiale, Inc.), PH Agriforest Corporation, PH Mining and Development Corporation (PHMDC)– the foregoing subsidiaries are still in their pre-operating stages.
g) Premiere e-Teleservices, Inc. (PeTI) – This subsidiary is in the process of liquidation.

The Group revenues in 2022 were driven by the following subsidiaries:

Company	(In Php Mlln)	Percentage Contribution
GLCI	Php314.67	71%
PGDI	Php112.14	25%
WPP	Php 18.28	4%
TNCBI	Php 0.44	0.1%
TOTAL	**Php445.54M**	**100%**

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

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

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

In 2022, the group has undertaken the following initiatives:

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

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

- PHA raised additional funding through borrowings from its shareholder.

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

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

In 2021, the Group has undertaken the following initiatives:

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

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

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

Other initiatives are:

- Negotiate principal payment extensions and deferrals with creditors;

- Secure loans with the Group assets; and

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

Status of Operations and Management Plans

In 2021 and 2022 respectively, the Group reported liquidity gap on currently maturing liabilities amounting to Php1.20 billion and Php2.09 respectively. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. The 2021 financial position and financial performance of the Group were significantly impacted by the effect of COVID-19 pandemic subsequent to the end of the financial year, as disclosed to the 2021 consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

a. Reduction and efficient management of operating expenses;
b. Negotiate interest reduction and/or principal payment extensions and deferrals;
c. Secure all the unsecured loans with the assets of the Group;
d. Divest a portion of the Group's assets and investments to generate cash;
e. Abstain financial support from shareholders and/or officers for gap funding of operations; and
f. Actively seek out partnerships and new investors as a way of generating funds.

Plan of Operations for Year 2023

West Palawan Premiere Development Corp. (WPPDC)

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

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

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

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

Goshen Land Capital Inc.

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

Other Developmental Business Activities/ Subsequent Events.

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

Item 2. Description of Property

PHA purchased its present office headquarters at Unit 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City on August 14, 2014.

The Company has accumulated a total of four hundred thirty-eight (438) titles in its Film Library since December 31, 2003, with a total production and acquisition cost of Php235.8 million.

On May 22, 2014, PHA completed the transfer of the foreclosed 500 hectare property in Brgy. Bacungan, Puerto Princesa, Palawan in its name. PHA sold the land to its 100% subsidiary West Palawan Premiere Development Corp. (WPPDC) and is currently valued at about Php 1.2 billion. The land in Palawan are carried at fair value. The Company through its subsidiary WPPDC has acquired a 5-hectare beachfront property in Nagtabon Puerto Princesa.

As of December 31, 2022, the hauling and mineral extraction operation of PGDI has 38 heavy equipment, 75 dump trucks and 26 service vehicles.

Item 3: Legal Proceedings

Involvement in Certain Legal Proceedings

Premiere Horizon Alliance Corporation (PHA)

(a) SEC Case No. 12-22-549, Complainant Mr. Marvin Dela Cruz, a shareholder of PHA filed a complaint to compel PHA to conduct a stockholders' meeting. The SEC case is in progress.

(b) A show cause letter was issued by the Markets and Securities Regulation department of the SEC asking for an explanation as to why there was no ASM in 2022. The show cause is in-progress.

(c) Civil Case No. R-QZN-22-11507-CV, Sps. Cruz v. PGDI, PHA, et al. , RTC Br. 92, Quezon City. Civil case for damages and injunctive relief by Carlos C. Cruz and spouse.

(d) Criminal Case No. R-PSG-23-00208-CR, People v. Serafica and Dela Cruz, RTC Br. 155, Pasig City. Case for Estafa filed by PHA against Serafica and Dela Cruz in their capacity as former President and as shareholder, respectively, of the Corporation.

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

Digiwave Solutions Inc. (DSI)

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

(a) Civil Case No. Q-10-68354 filed by E-MPA Fires Company against Blue Skies Philko, Inc.and DSI for Specific Performance and Damages with the Regional Trial Court ("RTC") of Quezon City, Branch 224. The case is still in the trial stages.

Goshen Land Capital, Inc. (GLCI)

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

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

(b) LRC Case Number 10-LRC-0033,RTC Br. 10
LRC Case Number 10-LRC-0036, RTC Br. 8
LRC Case Number 10-LRC- 0034, RTC Br. 10
LRC Case Number 10-LRC-0035, RTC Br. 62

These cases are petitions for judicial titling filed by certain private persons. GLCI is a party-in-interest due to an existing Memorandum of Agreement with the lot-owner of the Blue Ridge Mountains Project. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of Management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Corporation.

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

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

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

3. any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities

or banking activities a director, person nominated to become a director, executive officer, promoter or control person of the Corporation; and

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

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of the fiscal year covered by this Report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATION AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Price and Dividends

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

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

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

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

(2) Dividends

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

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

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

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

Page No. 1

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

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

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

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

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

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

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

Item 6. Management's Discussion and Analysis or Plan of Operation

MANAGEMENT REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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I. Revenues

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

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

II. Net Income

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

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

III. Debt to Equity Ratio

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

IV. Current Ratio

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

Results of Operations for the last three (3) years

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

2022

- The real estate sales in 2022 and 2021 amounted to Php332.95 million and Php173.93 million, respectively, posting an increase of Php159.02 million or 91.43%. The increase arose from the higher percentages of completion met for construction projects in 2022 relative to 2021.
- The revenue from mining related services in 2022 and 2021 amounted to Php112.14 million and Php174.16 million, respectively, which shows a decrease of Php62.02 million or 35.60%. The decrease is primarily due to lower tonnages hauled due to mine facility and equipment destruction by typhoon Odet and inclement weather at the mine site.

- The Group cost of real estate sales in 2022 and 2021 amounted to Php147.18 million and Php74.08, respectively, which shows an increase of Php73.10 or 98.68%. The increase in cost of real estate sales was due to higher percentages of completion met for construction projects in 2022 relative to 2021.
- The Group costs of services in 2022 and 2021 amounted to Php149.47 million and Php193.09 million, respectively, which shows a decrease of Php43.62 million or 22.59%. The decrease is due to lower operating cost resulting from production volume.
- The Group professional and legal fees in 2022 and 2021 amounted to Php61.18 million and Php71.37 million, respectively, which shows a decrease of Php10.19 million or 14.28%. The decrease is due to higher fees paid for professionals in 2022 relative to 2021.
- The Group taxes and licenses in 2022 and 2021 amounted to Php27.69 million and Php12.41 million, respectively, which shows an increase of Php15.28 million or 123.13%. The increase primarily arose from higher taxable transactions in 2022 relative to 2021.
- The Group Rentals and Utilities in 2022 and 2021 amounted to Php4.69 million and Php8.42 million, respectively, which shows a decrease of Php3.73 million or 44.30%. The decrease is due to reclassification from expense account to right of use account. This account is presented in the 2022 financial statements as follows: Cost of Services – Php0.061 million, and General and Administrative Expense – Php4.63 million.
- The Group supplies and materials in 2021 and 2020 amounted to Php0.81 million and Php0.58 million, respectively, which shows a decrease of Php0.24 million or 41.38%. The increase came from additional office supplies requirements of the group in 2022 relative to 2021.
- The Group transportation and travel in 2022 and 2021 amounted to Php7.67 million and Php5.95 million, respectively, which shows a decrease of Php1.72 million or 28.82%. This account increased due to additional travel expenses during the year 2022.
- The Group Entertainment, amusement and recreation in 2022 and 2021 amounted to Php17.74 million and Php9.52 million, respectively, which shows an increase of Php8.22 million or 86.34%. This arose from higher expenses of the group in 2022 relative to 2021.
- The Group repairs and maintenance in 2022 and 2021 amounted to Php3.12 million and Php4.20 million, respectively, which shows a decrease of Php1.07million or 25.52%. The decrease primarily arose from the lower maintenance costs of the machinery and equipment of PGDI.
- The Group's other expenses in 2022 and 2021 amounted to Php49.84 million and Php23.96 million, respectively, which shows an increase of Php25.88 million or 108.03%. The increase primarily came from service fees paid to LDA in 2022 relative to 2021.
- The Group’s unrealized gain on revaluation of land in 2022 and 2021 amounted to Php323.02 million and Php25.64, respectively, which shows an increase of Php297.38 million or 1,160%. The changes in this account pertain to yearly changes in the fair valuation of the group’s investment properties in Palawan and are presented under Other Income (Charges).

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL POSITION

2022

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

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

- Cash as of December 31, 2022 and 2021 amounted to Php69.73 million and Php89.85 million, respectively, which shows a decrease of Php20.12 million or 22.39%. Cash flows used in operating activities amounted to Php324.43 million. Cash flows used in investing activities amounted to Php8.40 million. Cash flows generated by financing activities amounted to Php312.72 million. The net decrease in cash flow for the year amounted to Php20.12 million.
- Contract assets - net as of December 31, 2022 and 2021 amounted to Php34.84 million and Php207.17 million, respectively, which shows a decrease of Php172.32 million or 83.18%. The decrease is due to completion of development projects.
- Receivables - net as of December 31, 2022 and 2021 amounted to Php442.34 million and Php76.62 million, respectively, showing an increase of Php365.72 million or 477.33% due to the increase in sold real estate for sale properties in 2022 relative to 2021.
- Real estate held for sale as of December 31, 2022 and 2021 amounted to Php811.69 million and Php765.39 million, respectively, which shows an increase of Php46.66 million or 7.16%. The increase is primarily due to completed development projects of GLCI.
- Investment property as of December 31, 2022 and 2021 amounted to Php2,023.56 million and Php1,692.03 million, respectively, which shows an increase of Php331.53 million or 19%. The increase came from the increase in the valuation of investment property of WPP in 2022 relative to 2021.
- Property and equipment - net as of December 31, 2022 and 2021 amounted to Php71.90 million and Php135.11 million, respectively, which shows a decrease of Php63.21 million or 47%. The decrease primarily came from depreciation of equipment in 2022.
- Right of use asset- net as of December 31, 2022 and 2021 amounted to Php.95 million and Php.011 million, respectively, showing a decrease of Php.94 million or 8,830% primarily due to reclassification of rent expense to right of use asset.
- Other noncurrent assets as of December 31, 2022 and 2021 amounted to Php7.34 million and Php10.70 million, respectively, which shows a decrease of Php3.37 million or 31.46%. The decrease primarily came from the reclassification on non-current input VAT to current.

- Trade and other payables as of December 31, 2022 and 2021 amounted to Php549.74 million and Ph575.66 million, respectively, which shows a decrease of Php25.91million or 4.50%. The net decrease primarily came from the application of customer's deposit to realized sale of real property held for sale.
- Short term loans as of December 31, 2022 and 2021 amounted to Php306.75 million and Php254.55 million, respectively, which shows an increase of Php52.20 million or 20.51%. The increase primarily came from additional loans made in 2022.
- Loans payable-current as of December 31, 2022 and 2021 amounted to Php251.89 and Php231.25 million, respectively, which shows an increase of Php20.64 million or 8.93%. The increase came from the additional loans made to finance the GLCI development projects in 2022.
- Obligations under finance lease as of December 31, 2022 and 2021 amounted to Php0.19 million and Php0.71 million, respectively, which shows a decrease of Php0.53 million or 73.24%. The decrease is due to payments made in 2022.
- Lease liability as of December 31, 2022 and 2021 amounted to Php0.80 million and Phpp0.24 million, which shows an increase of Php0.55 or 228.33%. The increase primarily came from reclassification from rent expense and long term portion of lease liability in 2022.
- Loans from officers and shareholders as of December 31, 2022 and 2021 amounted to -nil- and Php64.04 million respectively, which shows a decrease of Php64.04 or 100%. The decrease came from reclassification of account in 2022.
- Loans payable- Non-current as of December 31, 2022 and 2021 amounted to Php127.99 million and to -nil-, respectively, showing an increase of Php127.99 million or -100%. The increase came from additional loans made in 2022.
- Deposit for future stock subscription as of December 31, 2022 and 2021 amounted to –nil- and Php465.23 million, respectively showing a decrease of Php465.23. The decrease is due to conversion to capital stock in 2022.
- Deferred Tax Liability as of December 31, 2022 and 2021 amounted to Php518.20 million and Php429.62 million, respectively showing an increase of Php88.58 or 20.62% The increase primarily came from the deferred tax liability on increase in valuation of investment property in 2022.
- Capital stock as of December 31, 2022 and 2021 amounted to Php1,007.43 million and Php800.65 million, respectively, which shows an increase of Php206.78 million or 25.83%. The increase came from subscriptions to common shares in 2022.
- Additional paid-in capital as of December 31, 2022 and 2021 amounted to Php499.22 million and Php186.22 million, respectively, which shows an increase of Php312.99 million or 168.07%. The increase came from subscriptions to common shares in 2022.
- Cumulative remeasurement gain on pension liabilities as of December 31, 2022 and 2021 amounted to Php9.80 and Php10.92 million, respectively, which shows a decrease of Php1.12

million or 10.28%. The decrease primarily came from the additional pension liability during 2022.

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 7: Financial Statements

The Company's Consolidated Financial Statements are duly filed and annexed as part of this Annual Report.

Item 8. Information on Independent Auditor and Other Related Matters

(1) External Auditor's Fees and Services

a) Audit Fees

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

b) Tax Fees

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

c) All Other Fees

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

d) Audit Committee's Approval Policies and Procedures

- Review the financial reporting and disclosures
- Ensure accounting policies and principles are adhered to
- Review the internal control process used
- Ensure regulatory requirements have been complied with

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9: Directors and Officers

1. Directors

NAME	AGE	CITIZENSHIP	POSITION HELD	TERM OF OFFICE
Augusto M. Cosio, Jr.	70	Filipino	Chairman/Regular Director	December 18, 2021-Present
Roberto B. Ortiz	71	Filipino	President &CEO/Regular Director	December 18, 2021-Present
Augusto Antonio C. Serafica, Jr. (replace by Esteban Sy)	61	Filipino	Regular Director	Jan 01, 2015 -Jan 16, 2023 (Resigned)
Esteban G. Pena Sy	75	Filipino	Regular Director	January 26, 2023-Present
George Edwin Y. Sycip (replace by Geronimo B. Halili)	66	American	Regular Director	Feb 06, 2018 -Jan 12, 2023 (Resigned)
Geronimo B. Halili	54	Filipino	Regular Director	January 26, 2023-Present
Eugene T. Tan	60	Filipino	Regular Director	July 28, 2015 - Present
Raul Ma. F. Anonas	60	Filipino	EVP/COO/Regular Director	Jan 01, 2015 / Sept 2012 - Present
Brandon Benito P. Leong	38	Filipino	Treasurer/Regular Director	December 18, 2020-Present

Felipe A. Judan (replace by Emmanuel Herbosa)	74	Filipino	Independent Director	December 13, 2019 - December 31, 2022 (Resigned)
Emmanuel Herbosa	70	Filipino	Independent Director	February 3, 2023-Present
Elizabeth C. Timbol (replace by Gloria Victoria Taruc)	53	Filipino	Independent Director	December 18, 2021-Jan 16, 2023 (Resigned)
Gloria Victoria Y. Taruc	61	Filipino	Independent Director	February 3, 2023-Present

Augusto M. Cosio, Jr.
Chairman

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

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

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

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

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

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

Roberto B. Ortiz
Director

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

Securities Development Corporation. At present, he is the Chairman of the Board of the Philippine Telegraph & Telephone Co. (PT&T).

Raul Ma. F. Anonas
Director

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

Brandon P. Leong
Director

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

Eugenio T. Tan
Director

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

– Asia, ex-Japan of Salomon Smith Barney (1999 – 2002), Director and Head, Equity Capital Markets of ING Barings (1995 – 1998), Associate/Vice President, Global Finance/Corporate Finance. (New York) of Goldman, Sachs & Co. (1990 – 1994), Management Associate/Manager, Institutional Bank of Citibank, N.A. (1985 – 1988). Mr. Tan is also currently the Industrial Zone Task Force Director of Hong Kong Trade and Development Council which advises the Hong Kong government on SME businesses.

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

Atty. Geronimo B. Halili
Director

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

Esteban G. Pena Sy
Director

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

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

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

He was also the Assistant Secretary General of the Federation of Filipino-Chinese Chambers of Commerce and Industry from 1972-79, before becoming its Executive Director from 1980-86. Shortly after, Esteban co-founded the Pan Asian Management Group (Hong Kong). Over the next few decades, he served as Managing Director for its various subsidiaries, such as AI Financial Services Ltd., Pan Asian Management

Ltd., and Pan Asian Oasis Telecom Ltd; as well as Director for Jiangsu Pan Asian Cable Co. Ltd. Owing to his work with the group, he was accredited by the Hong Kong Securities and Futures Commission as an Investment Adviser. Prior to his work with PHA, he was the Director and Chairman of Philippine InfraDev Holdings, Inc. (formerly IRC Properties, Inc.)

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

Emmanuel Herbosa
Independent Director

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

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

Gloria Victoria Yap Taruc
Independent Director

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

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

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

Jess Raymund M. Lopez
Corporate Secretary

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

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

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

Andrea E. Katipunan
Assistant Corporate Secretary

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

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

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

2. Executive Officers

The officers of the company are as follows:

1. Augusto M. Cosio, Jr. - Chairman
2. Roberto B. Ortiz - President & CEO

3. Raul Ma. F. Anonas - Executive Vice President & COO
4. Adrian Geovanni F. Luzuriaga - Group CFA
5. Brandon Benito P. Leong - Treasurer
6. Andres A. Del Rosario - Senior Vice President & Asst. Treasurer
7. Ana Liza G. Aquino - First Vice President & investor Relations
8. Joseph Jeeben R. Segui - First Vice President & Corp Fin Head

3. **Family Relationship**

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

4. Involvement in Certain Legal Proceedings

A complaint was filed against Atty. Gloria Victoria Y. Taruc before the Office of the Ombudsman stating that the Special Fact-Finding Panel investigated TWO (2) specific procurement contracts entered into by the ERC: a) individual "consultancy contracts", and b) the contract with Luis Morelos for the audio-visual presentation (AVP). A reading of the Complaint tacks criminal liability for Sec. 3(e) of R.A. No. 3019 for purportedly entering into "consultancy contracts". Relative to this, an Order from the office of the Ombudsman was received December 15, 2022 and a counter-affidavit has been filed in accordance with the said Order.

Item 10: Compensation of <u>Directors and Executive Officers</u>

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

EXECUTIVES

NAME	POSITION	YEAR	SALARIES/BONUSES/ FEES
Augusto M. Cosio, Jr.	Chairman	2022	1,625,000.00
	Chairman	2021	1,500,000.00
	N/A	2020	N/A
Roberto B. Ortiz	President/CEO	2022	4,810,000.00
	President/CEO	2021	1,500,000.00
	Group CFO	2020	N/A
	N/A	2022	N/A
Augusto Antonio C. Serafica, Jr.	President/CEO	2021	4,810,000.00
Resigned Dec 17 2021	President/CEO	2020	4,810,000.00
Raul Ma. F. Anonas	EVP & COO	2022	1,860,000.00
		2021	2,210,000.00
		2020	2,210,000.00
Manolo B. Tuason	SVP & COO	2022	350,000.00
Resigned Feb 23 2022	SVP & COO	2021	3,200,000.00
	SVP & COO	2020	2,600,000.00
Brandon Benito P. Leong	Treasurer	2022	1,500,000.00
	Treasurer	2021	1,125,000.00
	Treasurer	2020	N/A
Andres Del Rosario	SVP & Asst Treasuer	2022	2,600,000.00
	SVP & Asst Treasuer	2021	3,200,000.00
	SVP & Asst Treasuer	2020	2,600,000.00

DIRECTORS

NAME	POSITION	YEAR	PER DIEM
George Y Sycip	Director	2022	166,666.67
		2021	222,222.23
Resigned Jan 12 2023		2020	102,614.38
Augusto Antonio Serafica, Jr.	Director	2022	138,888.89
		2021	N/A
Resigned Jan 16 2023		2020	N/A
Eugenio Tan	Director	2022	166,666.67
		2021	N/A
		2020	N/A
Elizabeth Timbol	Independent I	2022	138,888.89
Resigned Jan 16 2023		2021	N/A
		2020	N/A
Felipe Judan	Independent I	2022	180,555.56
Resigned Dec 31 2022		2021	111,111.12
		2020	102,614.38
Elisa May A. Cuevas	Independent I	2022	55,555.56
Resigned Nov 17 2021		2021	138,888.89
		2020	N/A
Roberto San Jose	Corporate Se	2022	55,555.56
Resigned Nov 2 2022		2021	66,666.66
		2020	45,751.64
Ana Maria Katigbak	istant Corpora	2022	55,555.56
Resigned Nov 16 2022	Secretary	2021	66,666.66
		2020	45,751.64
Maria Allen Arbis	istant Corpora	2022	55,555.56
Resigned March 31, 2023	Secretary	2021	N/A
		2020	N/A
Krstine Ninotschka Evangelista	istant Corpora	2022	55,555.56
Resigned March 31, 2023	Secretary	2021	N/A
		2020	N/A

Directors and Key Corporate Officers

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

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

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

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

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

Nomination and Election of Independent Directors

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

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

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

Item II: Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners and Management

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

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

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

(2) Security Ownership of Management

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

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

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

(3) Voting trust Holders of 5% or More

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

(4) Changes in Control

There has been no change in control as of the date of this Information Statement

Item 12: Certain Relationships and Related Transaction

Certain Relationships and Related Transactions.

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

Related Party Transactions

1. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company.

Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties.

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

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

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

PART IV: CORPORATE GOVERNANCE

Item 13: The Company's Integrated Annual Corporate Governance Report (I-ACGR) shall be submitted on or before May 31, 2023, in compliance with SEC Memorandum Circular No. 15 series of 2017.

PART V: EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits: None

(b) Reports on SEC Form 17-C,

The Company filed reports with the following dates under SEC Form 17-C within the calendar year ending December 31, 2022.

April 17, 2023	Update on the Call for Payment on all Unpaid Subscriptions
March 27, 2023	Results of the Special Board Meeting
February 27, 2023	Result of the Special Board Meeting
February 3, 2023	PHA Annual Stockholders' Meeting
February 3, 2023	Results of Special Board Meeting
January 25, 2023	Updates on the Legal Case against Marvin C. Dela Cruz and Augusto Antonio C. Serafica, Jr.
January 23, 2023	Updates on the Legal Case against Marvin C. Dela Cruz and Augusto Antonio C. Serafica, Jr.
December 28, 2022	Update on the SEC Summons
December 20, 2022	SEC Summons
December 20, 2022	Extension of Capital Call
December 6, 2022	Legal Case against Marvin C. Dela Cruz and Augusto Antonio C. Serafica, Jr.
November 17, 2022	Postponement of Annual Stockholders' Meeting
November 2, 2022	PHA Annual Stockholders' Meeting
November 2, 2022	Matters Approved by the Board of Directors
October 13, 2022	Premiere Horizon Withdraws from the Acquisition of SquidPay Technology
October 10, 2022	Receipt of Writ of Preliminary Attachment (WPA)
October 5, 2022	Notice of Receipt of Writ of Preliminary Attachment (WPA)
May 16, 2022	Postponement of Annual Stockholders' Meeting
April 21, 2022	Change in Number of Issued and Outstanding Shares
April 12, 2022	Approval of the Securities and Exchange Commission (SEC) Valuation
March 3, 2022	Update on Corporate Actions / Material Transactions/Agreements
February 24, 2022	Results of Special Board Meeting of the Board of Directors of Premiere Horizon Alliance Corporation (PHA)

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of ~~17 APR 2023~~ on ______________, 2023.

PREMIERE HORIZON ALLIANCE CORPORATION

Issuer

SIGNATURES

AUGUSTO M. COSIO, JR

Chairman of the Board

ROBERTO B. ORTIZ

President & CEO

ADRIAN GEOVANNI F. LUZURIAGA

Group Financial Adviser

BRANDON BENITO P. LEONG

Treasurer

JESS RAYMUND M. LOPEZ

Corporate Secretary

SUBSCRIBED AND SWORN to before me this 17 day of APR 2023, affiant(s) exhibiting to me his ______________________, as follows:

NAME	COMPETENT IDENTIFICATION NO.
AUGUSTO M. COSIO, JR	168-603-906
ADRIAN GEOVANNI F. LUZURIAGA	K1138018Z Thru Lynne Jerah D. Nambang Driver's License No. 3-00-291567
ROBERTO B. ORTIZ	122-071-821
BRANDON BENITO P. LEONG	411-869-368
JESS RAYMUND M. LOPEZ	288-170-267

NOTARY PUBLIC

YVES PETER CARLO D. MEDINA
Notary Public, Makati City
Appointment No. M 325 until December 31, 2023
Roll of Attorney No. 78783
PTR No 9568401, 1/5/2023; Makati City
IBP No 293001, 1/10/2023; Pampanga Chapter
30th Floor ...
Sa...
Salcedo Village, Makati City 1227

Doc No. 416
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Book No. 1
Series of 2023

PREMIERE HORIZON ALLIANCE CORPORATION

2022 Sustainability Report in compliance with the SEC Sustainability Reporting Guidelines for Publicly Listed Companies

Contextual Information

Company Details	
Name of Organization	Premiere Horizon Alliance Corporation ("PHA")
Location of Headquarters	1705 East Tower Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
Location of Operations	PHA and its subsidiaries conduct businesses in the Philippines particularly in Metro Manila, Baguio City and Dinagat Islands.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report covers PHA and its operating subsidiaries, Goshen Land Capital, Inc. ("GLCI"), West Palawan Premiere Development Corp. ("WPP"), and Premiere Georesources and Development Inc. ("PGDI"). The other subsidiaries, namely, (i)Concepts Unplugged Business Environment Solutions ("CUBES"), Inc. (ii) Treasure Cove at Nagtabon Beach, Inc. ("TCNBI"), (iii) Pyramid Hill Mining & Industrial Corp. ("PHMIC"), (iv) Palawan Star Mining Ventures, Inc. (v) Premiere Horizon Business Services, Inc. ("PHBSI"), (vi) PH Mining and Development Corporation ("PHMDC"), (vii) PH Agriforest Corporation ("PHAC"), (viii) PH Big Bounty Entertainment, Inc. ("PBBEI"); and (ix) Digiwave Solutions Incorporated ("DSI") do not have commercial operations at this point. Hence, this report did not include them except for the consolidated figures presented in the direct economic value generated and distributed. Data from the operating subsidiaries – GLCI, WPP, and PGDI for the calendar years 2021 and 2020 were consolidated as applicable. The limitations and the boundaries are specified in the disclosures.
Business Model, including Primary Activities, Brands, Products, and Services	PHA operates as a holding company with business interests in corporate finance, real estate development, tourism estate development and mining services.
Reporting Period	January 1, 2022 to December 31, 2022
Highest Ranking Person responsible for this report	Raul Ma. F. Anonas Corporate Information and Compliance Officer

	Ana Liza G. Aquino Investor Relations

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

The company conducted focused group discussions as part of its process to assess and determine the materiality of information forming part of and within the scope of this Sustainability Report.
As a result of the focused group discussion activity, key areas with material relevance to the Group's operations were identified forming part of this sustainability report.

Stakeholder Engagement

PHA (referred to as the "Group") acknowledges the support and contribution of its different stakeholders so the Group continuously engages with the former through formal and informal feedback mechanism as part of its efforts to give back to its stakeholders and at the same time improve its operations. The Group's stakeholders include stockholders, officers and employees, customers/clients, creditors, oversight governing bodies and suppliers. The Group responds and gives feedback to comments and queries with merits or with impact on its operations.

As the group moves forward, it continues to improve and expand its stakeholder engagement activities through the concerted efforts of its investor relations and corporate affairs officers.

Report Boundary

This report only covers the activities of the operating companies under Group within the calendar year 2022. Those that are non-operating subsidiaries – not yet operational or have stopped operations as of reporting date, are not discussed in this report. Only the identified key areas relevant to the Group's operations is included in this report.

Process Prioritization

Back in 2020, the Group set baseline information, which was used as basis for measuring performance on each of the key materiality topics identified. The GRI Reporting Standards and the SEC Guidelines were closely followed by the Group. Existing management approaches and corporate policies of the Group were captured and formed part of the baseline information.

A gap analysis on each key materiality topic was conducted and the noted gaps were used in the target setting and in establishing the qualitative Key Performance Indicators (KPIs). The same KPIs are still used by the group to date.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	445,536,982	PhP
Direct economic value distributed:		
a. Operating costs	296,657,207	PhP
b. Employee wages and benefits	96,392,000	PhP
c. Payments to suppliers, other operating costs	272,770,273	PhP
d. Dividends given to stockholders and interest payments to loan providers	113,595,767	PhP
e. Taxes given to government	27,696,120	PhP
f. Investments to community (e.g. donations, CSR)	895,000.00	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The direct impact is through the Group's Sales and Operations. The Group's revenue is distributed through payment to contractors, suppliers, salaries and wages and benefits to employees and taxes due to the government.	*Employees, suppliers and the government*	*The Group has adopted the following priority approach:* *1) Identify the long-term growth targets of the Group so that the yearly targets are anchored to the achievement of the long-term targets* *2) Develop policies and actionable items to meet the targets and regularly review the policies for any improvements* *3) Continuously identify and quantify all risks related to the policies and actions* *4) Regularly track results against targets and constantly improve projected results.*

The direct economic value is distributed to the community through the increased spending capacity of the stakeholders - suppliers and employees receiving economic value from the group. In the same manner, the said stakeholders pass on the same value to its stakeholders.	*Community, government*	*The Group will continue to develop community-focused residential projects, provide employment and revenues to the local community and nearby communities. True to its commitment to continue invigorating the countryside, the Group also contributes to the local community and local government unit in Dinagat Island through donations and CSR activities, local employment, small enterprise opportunities and the business and other taxes paid.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Changes in the rules and laws governing the industries within which the Group operates continue to pose a threaten the operations and even the going concern of some business lines. The most vulnerable is the mining servicing company since the mining industry has been constantly subjected to resistance from environmental advocate groups. *Health risks such as a pandemic have also been proven as a real threat that can put any business operations to a halt.*	Customers, Suppliers, Creditors, Employees, Government	Compliance to the changing government rules and laws is a top priority of the Group and the management is constantly apprised of any changes and takes these changes into consideration in the future plans and actions. Learning from the recent Covid-19 pandemic, corresponding health and safety protocols are put in place including work from home arrangements, alternate working schedule and provisions for safety materials and supplies.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There are also corresponding changes in government policies that present opportunities for the Group's businesses such as incentives on mass housing projects that can generate a sustainable rate of growth and potential expansion of operations. *There is also an opportunity to sell or develop into a tourist destination the biggest*	Customers, Suppliers, Creditors, Employees, Shareholders, Government, Partners	The Group is currently studying and developing a comprehensive strategic approach to seize the opportunities and mitigate the risks identified. Regular review and continuous improvement of these approaches is being done.

asset of the group – the white sand beach-front properties in Palawan. The properties continue to appreciate in value as the proximate properties were already acquired by big companies.		

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities PHA's Board of Directors currently do not have specified roles and functions as it relates to climate-related risks. But the Group is working on adopting a policy that will include a committee with roles and responsibilities for the Board of Directors to oversee climate-related risks. However, in the event of an extreme weather condition, the Group ensures the safety of its employees and other stakeholders within its area of operations.	*Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material* Extreme weather condition affects the Group's mining service operating days Which consequently affects the revenue generated by the Group. Extreme weather conditions can also affect the development projects implementation in the beach-front properties in Palawan. It can cause delays in the project implementation and may result to a higher project cost.	*Disclose how the organization identifies, assesses, and manages climate-related risks* Climate-related risks are assessed early on based on previous year's experience. Work volume are front-loaded and started as early as possible during the dry season to mitigate the financial impact of the of the rainy season.	*Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material* The Group is still in the process of putting together metrics and targets are it relates to climate-related risks and opportunities.
Recommended Disclosures			

a) *Describe the board's oversight of climate-related risks and opportunities* The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	a) *Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term* The Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	a) *Describe the organization's processes for identifying and assessing climate- related risks* The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks.	a) *Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process* The Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.
b) *Describe management's role in assessing and managing climate related risks and opportunities* The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	b) *Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.* The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	b) *Describe the organization's processes for managing climate - related risks* The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for	b) *Describe the targets used by the organization to manage climate related risk and opportunities and performance against targets* The Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.

		reduction and mitigation.	
	c)*Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario* The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a formal process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	c)*Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management* The Group currently has no formal process in identifying and assessing climate-related risks. But the Group is working on formulating a process to identify and assess these climate-related risks including coming up with corresponding metrics and targets for reduction and mitigation.	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	85%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Impact is on primary business operations of GLCI and PGDI. Procurement is done mostly from local communities and suppliers.	*Suppliers, contractors, service providers*	*Management approach used by the Group is the accepted ethical business practices applicable to the procurement of supplies and materials.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Insufficient volume from local suppliers, poor quality and delays in delivery.	*Suppliers, contractors, service providers*	*Sourcing from outside the local communities and also work with the local suppliers by providing them the needs of the Group ahead of time to allow them to source and stock up enough inventory.* .
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Availability of supplies in the locality where the Group operates creates savings on the delivery and transportation charges for the Group.	*Suppliers, contractors, service providers, Shareholders*	*Work with the local suppliers by providing them the needs of the Group ahead of time to allow them to source and stock up enough inventory.*

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of directors and management that have received anti-corruption training	50%	%
Percentage of employees that have received anti-corruption Training	30%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Anti-corruption policies and procedure helps the Group and the company from engaging in corrupt practices that may affect the integrity of the Group, its management and employees.	*Employees, Suppliers, Service Providers, Government*	*The Group ensures adherence to ethical business practices and compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Involving in corrupt practices can affect the Group's integrity and reputation within the business community and can potentially increase financing and operational costs. This can also lower share price as investors will shy away from the stock.	*Employees, Suppliers, Service Providers, Government, Shareholders*	As specified in the Group's Manual on Corporate Governance, corruption, dishonesty and other unlawful activities are not condoned by the Group. The Group is strictly implementing the corporate governance's code of conduct at all levelss of the organization - from the directors, management down to the staff level
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities identified are improvement of the Group's current process and policies which can lead to better reputational image for the Group.	*Employees, Suppliers, Service Providers, Government, Shareholders*	The Group will continue to work on improving the current anti-corruption policies and procedures especially as it relates to the procurement process.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Any corrupt practices in violation of the corporate governance's code of	*Employees, Suppliers, Service Providers, Government, Shareholders*	*The Group ensures adherence to ethical business practices and*

conduct can affect the reputation and integrity of the Group.		*compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations.*

What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Any corrupt practices in violation of the corporate governance's code of conduct can affect the reputation and integrity of the Group.	*Employees, Suppliers, Service Providers, Government, Shareholders*	*The Group ensures adherence to ethical business practices and compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities for improvement of the Group's policies and processes as it relates to anti-corruption practices.	*Employees, Suppliers, Service Providers, Government, Shareholders*	*The Group ensures adherence to ethical business practices and compliance to all applicable laws, rules and regulations in order to prevent corruption and bribery from occurring in the Group's business operations*

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy consumption (electricity)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy reduction (LPG)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy reduction (diesel)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ
Energy reduction (electricity)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kWh
Energy reduction (gasoline)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Consumption and use of electricity, gasoline, LPG and diesel has a direct impact on the environment as it relates to greenhouse CO2 emissions and corresponding air pollutants.	*Community, employees, suppliers, shareholders, government*	*The Group is formulating and will be closely monitoring its energy usage and will ensure that the business operations will focus on energy efficient measures.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Continuous high usage of these non-renewable energy sources poses risk on the environment and the Group's business operations as it relates to the costs of energy prices.	*Community, employees, suppliers, shareholders, government*	*The Group is formulating and will be closely monitoring its energy usage and will ensure that the business operations will focus on energy efficient measures.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Review of the Group's energy efficiency will lead to potential identification of other energy sources and plans to transition to renewable energy for long term sustainability.	*Community, employees, suppliers, shareholders, government*	*The Group will work on reviewing and identifying renewable energy alternatives for its current operations.*

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters
Water consumption	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters
Water recycled and reused	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group's water consumption directly impacts the water supply of the locales and communities where the Group operates. Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations.	*Community, employees, suppliers, shareholders, government*	*Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations. Policies and procedures will be put in place to assure compliance.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Risks posed are water shortage which can impact continuous operations and potentially increase operational costs.	*Community, employees, suppliers, shareholders, government*	*Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations. Policies and procedures will be put in place to assure compliance.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities identified are review and improvement of current water consumption, waste water management and other environmental conservation measures. These, when properly implemented, can lead to lower environmental footprint and potential lower costs for the Group.	*Community, employees, suppliers, shareholders, government*	*Water conservation is highly important in its environmental impact on the community and the ecosystem. The Group will ensure that water conservation measures are in place in all its operations. Policies and procedures will be put in place to assure compliance.*

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
renewable	0	kg/liters

non-renewable	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
The Group is currently not engaged in any manufacturing activities that use any substantial material.	*Community, employees, suppliers, shareholders, government*	*The Group is working on reducing its reliance on physical documents in order to reduce paper usage. The Group is also looking into using recyclable and biodegradable materials in its everyday office operations.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group is currently not engaged in any manufacturing activities.	*Community, employees, suppliers, shareholders, government*	*The Group is working on reducing its reliance on physical documents in order to reduce paper usage. The Group is also looking into using recyclable and biodegradable materials in its everyday office operations.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group is currently not engaged in any manufacturing activities.	*Community, employees, suppliers, shareholders, government*	*The Group is working on reducing its reliance on physical documents in order to reduce paper usage. The Group is also looking into using recyclable and biodegradable materials in its everyday office operations.*

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	ha
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*

[17] International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not Applicable	*Not Applicable*	*Not Applicable*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*

Air pollutants

Disclosure	Quantity	Units
NO_x	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
SO_x	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Persistent organic pollutants (POPs)	No sufficient data can be provided at this point but the Group is	kg

	working on gathering the information for future reports.	
Volatile organic compounds (VOCs)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Hazardous air pollutants (HAPs)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Particulate matter (PM)	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
The Group's business operations have negligible contribution to air pollutants. But the Group recognize the fact that air pollution can affect the health of the community and its employees.	*Employees, Community, Shareholders*	*The Group ensures that all its operations are in compliance to the standards mandated by the Clean Air Act. Regular maintenance is done to all the Groups machineries and vehicles to ensure reduction and mitigation of air pollutants.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group recognize the fact that air pollution can affect the health of the community and its employees	*Employees, Community, Shareholders*	*The Group ensures that all its operations are in compliance to the standards mandated by the Clean Air Act. Regular maintenance is done to all the Groups machineries and vehicles to ensure reduction and mitigation of air pollutants.*

What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group is working on improving its processes and policies and ensure that better technology and materials are used to reduce any potential harm to the environment as it relates to air pollution.	*Employees, Community, Shareholders*	*The Group ensures that all its operations are in compliance to the standards mandated by the Clean Air Act. Regular maintenance is done to all the Groups machineries and vehicles to ensure reduction and mitigation of air pollutants.*

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Reusable	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Recyclable	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Composted	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Incinerated	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg
Residuals/Landfilled	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group makes sure that all wastes generated by the operations of each company are disposed of properly and follows the standard environmental practices. Any deviation from the said standards may result to regulatory sanctions which can lead to business cessation	*Employees, Community, Suppliers, Government, Shareholders*	*The Group ensures that proper waste management and disposal are followed according to environmental and regulatory standards.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group makes sure that all wastes generated by the operations of each company are	*Employees, Community, Suppliers, Government, Shareholders*	*The Group ensures that proper waste management and disposal are followed according to*

disposed of properly and follows the standard environmental practices. Any deviation from the said standards may result to regulatory sanctions which can lead to business cessation..		*environmental and regulatory standards.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group can work on reviewing and improving its waste disposal processes and be able to help in mitigating negative environmental impact.	*Employees, Community, Suppliers, Government, Shareholders*	*The Group ensures that proper waste management and disposal are followed according to environmental and regulatory standards.*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	None	kg
Total weight of hazardous waste transported	None	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not Applicable	*Not Applicable*	*Not Applicable*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	Cubic meters

Percent of wastewater recycled	No sufficient data can be provided at this point but the Group is working on gathering the information for future reports.	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Group recognize the negative impact of effluents in contaminating water supply if disposal is not properly done.	*Community, employees, shareholders*	*The Group ensures compliance to proper waste water disposal according to accepted environmental standards. The Group is also ensuring use of recycled water and set up of rainwater harvesting facilities in its projects.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group recognize the negative impact of effluents in contaminating water supply if disposal is not properly done.	*Community, employees, shareholders*	*The Group ensures compliance to proper waste water disposal according to accepted environmental standards. The Group is also ensuring use of recycled water and set up of rainwater harvesting facilities in its projects.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Group identifies the opportunity of reviewing and implementing better waste water disposal and improvement of its facilities as it relates to waste water.	*Community, employees, shareholders*	*The Group ensures compliance to proper waste water disposal according to accepted environmental standards. The Group is also ensuring use of recycled water and set up of rainwater harvesting facilities in its projects.*

Environmental compliance

Non-compliance with Environmental Laws and Regulations

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Any non-compliance to environmental laws and regulations can directly impact the Group's operations through work stoppage, penalties, sanctions and litigation.	*Community, employees, shareholders, government*	*The Group ensures that all its operations are in compliance with applicable environmental laws and regulations.*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Any non-compliance to environmental laws and regulations can directly impact the Group's operations through work stoppage, penalties, sanctions and litigation.	*Community, employees, shareholders, government*	*The Group ensures that all its operations are in compliance with applicable environmental laws and regulations.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunities identified are improvement of the Group's policies and management control as it relates to environmental compliance of all its operations.	*Community, employees, shareholders, government*	*The Group ensures that all its operations are in compliance with applicable environmental laws and regulations.*

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	301	
a. Number of female employees	29	#
b. Number of male employees	272	#
Attrition rate[19]	2.73	rate
Ratio of lowest paid employee against minimum wage	1.2	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0%	0.00%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	N	N/A	N/A
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	N/A	N/A
(Others)	N	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the importance of good employee management as this directly impacts productivity and company growth.	*The Group ensures compliance to all labor standards and policies as stipulated by the Department of Labor and Employment (DOLE). All mandatory benefits are provided to all employees including additional ones as approved by the board.*

What are the Risk/s Identified?	Management Approach
Risk of attrition is a reality for the Group and losing the company's best employees will negatively affect productivity and growth.	Constant performance appraisals and evaluation are being done on all employees and corresponding benefits and incentives are identified.
What are the Opportunity/ies Identified?	**Management Approach**
Opportunities relate to improvement in the current company policies with regards to better employee benefits and incentives.	Improvement in the current company policies as it relates to better employee benefits and incentives in order to retain the Group best people and improve productivity and ensure long-term growth.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	58	hours
b. Male employees	217	hours
Average training hours provided to employees		
a. Female employees	4	hours/employee
b. Male employees	4	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the importance and impact of training and development as this will upgrade he employees skills thereby improving productivity and ensuring long-term growth.	*Constant training and development is provided to all employees in order to keep their knowledge and skills up to date especially as it relates to new technology and practices.*
What are the Risk/s Identified?	**Management Approach**
Each hour of training outside an employee's regular work can affect work schedules and potential target achievements.	Trainings can be scheduled outside working hours and corresponding incentives can be given to employees to motivate them to attend these.
What are the Opportunity/ies Identified?	**Management Approach**
All trainings and skills development can lead to better productivity and result in business growth.	*Constant training and development is provided to all employees in order to keep their knowledge and skills up to date especially as it relates to new technology and practices.*

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes that good labor management relations and practices will ensure productivity and business growth.	*The Group maintains an open door policy as it relates to the concerns, suggestions and opinions of its employees. The Group ensures that these are discussed and addressed.*
What are the Risk/s Identified?	**Management Approach**
Unaddressed grievances and concerns can lead to labor suits and work stoppage thereby reducing productivity and business growth.	*The Group maintains an open door policy as it relates to the concerns, suggestions and opinions of its employees. The Group ensures that these are discussed and addressed.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	*The Group maintains an open door policy as it relates to the concerns, suggestions and opinions of its employees. The Group ensures that these are discussed and addressed.*

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	10	%
% of male workers in the workforce	90	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes that diversity and equality in the workforce impact the business operations which leads to productivity improvement and long-term growth.	*The Group is an equal opportunity employer and do not discriminate based on gender, age, race or religion. Hiring and promotion assessments are done based on skills and performance. Disciplinary cases are decided based on the facts of the case and applicable company policies and labor laws.*

What are the Risk/s Identified?	Management Approach
Potential risks involve are conflicts and miscommunication brought about by diversity.	The Group will ensure that everyone is aware of the equal opportunity employer position of the companies and that continuous awareness trainings will be done to educate employees on diversity acceptance.
What are the Opportunity/ies Identified?	**Management Approach**
Improvement in the Group's policies as it relates to diversity and equality in the Group's human capital	*The Group is an equal opportunity employer and do not discriminate based on gender, age, race or*

which can result in better productivity and business growth.	*religion. Hiring and promotion assessments are done based on skills and performance. In fact, two of the Group's employees are PWDs.*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	0	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Work-related injuries can materially affect the Group's business operations. But the Group assures that all work set-ups follow the existing health and safety protocols.	*The Group ensures that all work set-ups follow the existing health and safety protocols, and that all are compliant to existing rules and regulations as set forth by the government.*
What are the Risk/s Identified?	**Management Approach**
The Group's failure to meet health and safety standards and follow all existing laws and regulations can result in work stoppage and corresponding lawsuits.	*The Group ensures that all work set-ups follow the existing health and safety protocols, and that all are compliant to existing rules and regulations as set forth by the government.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	*The Group ensures that all work set-ups follow the existing health and safety protocols, and that all are compliant to existing rules and regulations as set forth by the government.*

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	The Group ensures compliance to existing labor standards and policies as it relates to forced labor.

Child labor	N	The Group ensures compliance to existing labor standards and policies as it relates to child labor.
Human Rights	N	The Group ensures compliance to existing labor standards and policies as it relates to human rights

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

Supply Chain Management

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

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	The Group does not have a formal supplier accreditation policy yet but we are in the process of formulating one that will ensure best practice and sustainability compliance of all suppliers who will be accredited.
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the fact that good supply chain management will materially impact the business operations.	*The Group is in the process of formalizing its policies with regards to sustainable supply chain practices and ensures that its employees comply to responsible sourcing for all its supplies.*

What are the Risk/s Identified?	Management Approach
Risks associated with this material topic is non-delivery of the needed goods and services which can result in work stoppage and impact revenues and costs.	*The Group is in the process of formalizing its policies with regards to sustainable supply chain practices and ensures that its employees comply to responsible sourcing for all its supplies.*

What are the Opportunity/ies Identified?	Management Approach
The Group recognizes the opportunity of reviewing and improving its supply chain management.	*The Group is in the process of formalizing its policies with regards to sustainable supply chain practices and ensures that its employees comply to responsible sourcing for all its supplies.*

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Not Applicable	Not Applicable	Not Applicable	N	Not Applicable	Not Applicable

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

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

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

What are the Risk/s Identified?	Management Approach
Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	Not Applicable

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	None	No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not Applicable	*Not Applicable*
What are the Risk/s Identified?	**Management Approach**
Not Applicable	*Not Applicable*
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	*Not Applicable*

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not Applicable	*Not Applicable*
What are the Risk/s Identified?	**Management Approach**
Not Applicable	*Not Applicable*
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	*Not Applicable*

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

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

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
Not Applicable	*Not Applicable*
What are the Risk/s Identified?	**Management Approach**
Not Applicable	*Not Applicable*
What are the Opportunity/ies Identified?	**Management Approach**
Not Applicable	*Not Applicable*

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

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

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
PHA as a holding company do not have any direct customers. It is the customer management and satisfaction for GLCI that can potentially affect the Group’s business and reputation.	*The Group ensures that customer experience is positive and that any concerns and complaints are speedily addressed.*
What are the Risk/s Identified?	**Management Approach**
Complaints can lead to back-outs and loss in sales especially for GLCI with regards to its real estate projects.	*The Group ensures that customer experience is positive and that any concerns and complaints are speedily addressed.*
What are the Opportunity/ies Identified?	**Management Approach**
Satisfied customers can lead to upsells for other products and positive word of mouth.	*The Group ensures that customer experience is positive and that any concerns and complaints are speedily addressed. Dedicated employees and teams handle customer service.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the vital importance of data security to its business operations.	*The Group ensures compliance to all existing laws, rules and regulations as it relates to data privacy and the operations ensure implementation of the Data Privacy Act.*

What are the Risk/s Identified?	Management Approach
Any data breach will pose operational risks to the Group. Sensitive and confidential information once leaked will affect not only the company's reputation but also its future operations and plans.	*The Group ensures compliance to all existing laws, rules and regulations as it relates to data privacy and the operations ensure implementation of the Data Privacy Act. Corresponding data security measures are also being put in place.*
What are the Opportunity/ies Identified?	**Management Approach**
Opportunity to constantly improve the Group's data management system and security.	*The Group ensures compliance to all existing laws, rules and regulations as it relates to data privacy and the operations ensure implementation of the Data Privacy Act. Corresponding data security measures are also being put in place.*

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Horizontal and Vertical Projects (Lots and Housing)	The Group through GLCI provide families the opportunity of owning a home and in the cool climes of Baguio City which is considered to be the summer capital of the Philippines. The homes that were built by the Company not only provide shelter for the buyers but also passive income for those who choose to rend them out.	Apart from the environmental, social, and economic impacts identified above, the Group sees no further material impacts of this product to SDGs.	Nothing material that the Group could identify

Master planned mixed-use developments and townships	The Group through GLCI created master planned communities providing not only shelter but communities fostering to specific groups and demographics. The company's North Cambridge project put together a community catering to students while the Courtyards project is a master-planned resort-style community for families and retirees.	Apart from the environmental, social, and economic impacts identified above, the Group sees no further material impacts of this product to SDGs.	Nothing material that the Group could identify

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

Gmail

Premiere Horizon <premierehorizon@gmail.com>

SEC eFast Initial Acceptance

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

Greetings!

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

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

Thank you.

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

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

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 4 7 5 8 4

COMPANY NAME

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON'S ADDRESS

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

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

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

Premiere Horizon
Invigorating the Countryside

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Premiere Horizon Alliance Corporation and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

AUGUSTO M. COSIO JR.
Chairman of the Board

ROBERTO B. ORTIZ
President & CEO

BRANDON BENITO P. LEONG
Treasurer

Signed this 12th day of April 2023

SUBSCRIBE AND SWORN TO BEFORE ME THIS
AT PASIG CITY APR 1 4 2023 BY THE
ABOVE AFFIANTS
DOC. NO. 466
PAGE NO. 95
BOOK NO. 8
SERIES OF 2023

ATTY. LETICIA M. AMON
Notary Public
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22168
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04266
Official Receipt No. 574709, IBP Chapter
MCLE Compliance No. VII-0000050/6-18-2019
Ground Flr. Arnal Centre, U. Velasco, Ave.,
Malinao, Pasig City

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

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Other Matter

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

Key Audit Matters

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(With Comparative Figures for 2020)

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(With Comparative Figures for 2020)

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(With Comparative Figures for 2020)

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

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

1. **General Information**

Corporate Information

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

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

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

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

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

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

**Non-operating*

Status of Operations and Corporate Initiatives

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

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

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

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

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

- Other initiatives are:

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

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

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

2. Summary of Significant Accounting Policies

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

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

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

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

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

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

- Annual Improvements to PFRS 2018 to 2020 Cycle:

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

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

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

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, 2023:

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

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

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

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

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

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

Deferred effectivity:

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

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

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

  The Group availed of the SEC relief with respect to accounting for significant financing component and exclusion of land in determining the POC. The adoption of this guidance would have an impact to the interest income (expense), revenue from real estate sales, contract assets, income tax and the opening balance of retained earnings in the year of adoption. The Group is still assessing if the mismatch between the POC and right to an amount of consideration constitutes a significant financing component.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS and PIC issuances, except for the potential impact of assessing if the transaction price includes a significant financing component and the exclusion of land in determining the POC, is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance.

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

NCI represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combinations and Goodwill. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in "General and administrative expenses" account in the consolidated statement of comprehensive income.

For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Group at their carrying amounts as if the combinations had occurred from the date when the acquired companies first became under the control of the Group. The excess of the net carrying amounts of the assets and liabilities of the acquired companies over the cost of business combinations is recognized under "Excess of net assets over acquisition cost of acquired subsidiaries" account in the equity section of the consolidated statement of financial position.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of comprehensive income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group measures in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group also recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

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

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. When the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the CGUs to which the goodwill is allocated. These budgets and forecasts calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

When goodwill has been allocated to a cash generating unit or group of cash generating units and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

When business combination involves more than one exchange transaction (occurs in stages), each exchange transaction is treated separately by the Group, using the cost of transaction and fair value information at the date of each exchange transactions, to determine the amount of goodwill associated with that transaction. Any adjustment to fair value relating to the previously held interest is a revaluation and is accounted for as such.

When subsidiaries are sold, the difference between the selling price and the net assets plus goodwill is recognized in profit or loss.

Asset Acquisition. If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, *Business Combinations*, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Current versus Noncurrent Classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as

the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

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

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

As at December 31, 2022 and 2021, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

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

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group's loans payable, trade and other payables (excluding statutory liabilities), and dividends payable.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

Trade Receivables and Contract Assets. The Group has applied the simplified approach in measuring the ECL on trade receivables and contract assets. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Real Estate for Sale and Land and Development Costs
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;
- Construction and development costs; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Creditable Withholding Taxes (CWT)
CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount. CWT that are expected to be utilized as payment for income taxes beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

Other Current Assets
This account mainly consists of excess of input value-added tax (VAT) over output VAT, advances to suppliers and contractors, and supplies, among others.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statement of financial position.

Deferred input VAT represents input VAT on purchase of capital goods exceeding ₱1.0 million prior to 2022. The related input VAT is recognized over five years or the useful life of the capital goods whichever is shorter. Input VAT is stated at its estimated realizable value.

Advances to Suppliers and Contractors. Advances to suppliers and contractors represent advance payments on goods and services to be incurred in connection with the Group's projects and operation. These are charged to expense or capitalized to projects in the consolidated statement of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Refundable advances to contractors and suppliers are classified as financial assets. Advance payments to suppliers and contractors that will be applied against future billings or expected to be refunded beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

Supplies. Supplies consist of spare parts for the day to day repairs and maintenance of the Group's property and equipment. These are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. Net realizable value is the current replacement cost.

Investment Properties

Investment properties comprise of land for future development held by the Group for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date, as determined by independent appraisers. Gains and losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which these arise.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Deferred Exploration Costs

Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource) are deferred as incurred and included under "Deferred exploration costs" account in the consolidated statement of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures, and subsequent mine development costs are capitalized as part of the mine and mining properties account classified under property, plant and equipment.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and impairment losses, if any. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Office space building and office space improvements	5 - 10 years
Heavy equipment	5- 8 years
Leasehold improvements	5 years or the term of the lease, whichever is shorter
Furniture and fixtures	2- 5 years
Transportation equipment	5 years
Office and other equipment	3 - 5 years

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization is consistent with the expected pattern of economic benefits from items of property and equipment.

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

Construction in progress, which includes cost of construction and other direct costs, is stated at cost and is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the year the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from the indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Film Rights. Film rights include the unamortized cost of completed theatrical films and television projects and film rights acquired. Film rights principally consist of direct production costs, production overhead, development and pre-production costs and are stated at cost less accumulated amortization and any impairment in value. Amortization of film and television production costs starts when a film is released and revenues on that film are recognized. Amortization is made in proportion to the actual income earned during the year as against total estimated income. The total estimated income is subject to periodic evaluation by management based on actual income generated from those films.

Exclusive Distribution Right. Exclusive distribution right pertains to the exclusive right to distribute the Thermo Chiller system which was acquired as a result of a business combination. Exclusive distribution right is amortized on a straight-line basis over its estimated useful life of 10 years.

Impairment of Nonfinancial Assets (excluding Goodwill)
Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Convertible Loans Payable

Convertible loans payable is separated into liability and equity components based on the terms of the contract.

On issuance of the convertible loans payable, the fair value of the liability component is determined using the market rate for an equivalent non-convertible loan. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity as part of additional paid-in capital. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible loan payable based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

When the convertible loans payable is extinguished before maturity, through an early redemptions or repurchase in which the original conversion privileges are unchanged an allocation is made for the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of transaction. The method of allocating the consideration paid and the transaction costs to the separate component is consistent with that used in the original allocation to the separate components or the proceeds received by the entity when the convertible loan payables were issued.

Deposit for Future Stock Subscription

Deposit for future stock subscription represents funds received by the Parent Company from an existing stockholder to be applied as payment for subscription of unissued shares or shares from the increase in authorized capital stock.

The Parent Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

b) There is BOD and stockholders approval on the proposed increase in the authorized capital stock (for which a deposit was received by the corporation); and

c) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If the foregoing conditions are not met, the deposit for future stock subscription is presented as a liability.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Equity component of convertible instruments are also included in additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

Subscription Receivable

Subscriptions receivable pertain to the uncollected portion of the subscribed shares.

NCI

NCI represent the portion of profit or loss and the net assets not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from total equity attributable to owners of the Parent Company. Any losses applicable to a non-controlling shareholder of a consolidated subsidiary in excess of the non-controlling shareholder's equity in the subsidiary are charged against the NCI even if this results in NCI having a deficit.

NCI represent the equity interest in PGDI, GLCI and CUBES not held by the Parent Company.

Retained Earnings

Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends declared to date.

Cumulative Remeasurement Gains on Retirement Liability

This pertains to accumulated remeasurement gains on retirement liability, which are not recognized in profit or loss. Remeasurement gain or loss when earned or incurred during the year are classified as other comprehensive income or loss and presented after net income in the consolidated statements of comprehensive income. The cumulative remeasurement gains or losses are separately presented in the equity section of the consolidated statements of financial position.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Sale of Real Estate. The Group derives its real estate revenue from real estate development and subdivided lots. Revenue from sales of substantially completed real estate projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion).

Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of construction cost, construction management cost, land development, planning cost, permits and land cost. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Contract Balances

Receivables (Including Installment Receivables). A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced and payments in excess of percentage of completion.

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "General and administrative expense" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, Derecognition and Impairment of Capitalized Costs to Obtain a Contract. The Group amortizes capitalized costs to obtain a contract over the expected construction period using the percentage of completion following the pattern of real estate revenue recognition. The amortization of cost to obtain a contract is included within "General and administrative expense". A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Mining-related Services. Revenue from mining-related services represents earnings from the operation of the Group's hauling services and equipment rental which are recognized over time as the services are rendered. The Group bills a fixed amount for every output delivered and recognizes revenue in the amount for which it has the right to invoice.

Service Income. Revenue from service income is recognized over time as the services are rendered.

Penalty. Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when buyers have defaulted in paying their dues and the collectability is reasonably assessed. This is recognized by the Group as part of "Other income" account in the consolidated statement of comprehensive income.

Interest Income. Interest income is recognized as the interest accrues using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount. Interest income from bank deposits is recognized as it accrues.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sold. Cost of real estate sold is recognized consistent with the revenue recognition method applied. Cost of real estate sold includes all direct materials and labor costs, and those indirect costs related to contract performance. Cost of real estate sold before the completion of the development includes estimated costs for future development work, all estimated by the Parent Company's project engineers. When it is probable that the labor contract cost will exceed total contract revenue, the expected loss is recognized immediately. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins, are recognized in the year in which the revisions are determined. The cost of inventory recognized in profit or loss in the consolidated statement of comprehensive income upon sale is determined with reference to the specific costs incurred on the property, allocated to the saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Cost of Services. Cost of services is recognized as expense when services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Other Income (Charges). Other income (charges) includes interest income on contract receivables, other income and expenses which are incidental to the Group's business operations and are recognized in the consolidated statement of comprehensive income when earned (as incurred).

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
b) the right to direct the use of the identified asset.

At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;
b) any lease payments made at or before the commencement date less any lease incentives received;
c) any initial direct costs; and
d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

a) fixed payments, including in-substance fixed payments;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable by the lessee under residual value guarantees; and
d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Group as a Lessor. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Pension Costs. The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

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

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

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the Parent Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

Operating Segments

The Group is organized into business units wherein operating results are regularly monitored by the chief operating decision maker (CODM) for the purpose of making decisions about resource allocation and performance assessment. As permitted by PFRS 8, *Operating Segments*, the Group has aggregated these segments into a single operating segment to which it derives its revenues and incurs expenses as these segments have the same economic characteristics and are similar in the following respects:

- the nature of products and services;
- the nature of production processes;
- the type or class of customer for the products and services; and
- the methods used to distribute their products and services.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

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

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

Recognizing Revenue and Cost of Sale from Real Estate Sales:

- *Assessing the Existence of a Contract*. The Group documents sale of real estate properties in a signed contract to sell, which meets the revenue recognition criteria as provided under PFRS 15. Moreover, the Group assesses the collectability of the consideration as part of its revenue recognition policy based on the buyer's substantial initial and continuing investments for the buyer to put a stake on the property and to honor its obligation. Collectability is also assessed by considering factors such as previous experience with the buyer and the pricing of the property. Management regularly evaluates the historical cancellations to support its current threshold of customers' equity.

- *Recognizing Revenue Method and Measuring Progress*. The Group has assessed that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that the input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customer.

- *Identifying the Performance Obligation.* The Group has identified its performance obligation in each of its contracts to sell. For subdivided lot, the developer integrates the lots it sells with the associated infrastructure to transfer the serviced land promised in the contract. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into serviced land in accordance with the approved plan.

- *Determining the Actual Cost Incurred as Cost of Sales.* In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

- *Assessing the Transfer of Control to Buyer.* In assessing the transfer of control to the buyer, the Group considers the transfer of the legal title of the property through the conveyance of real estate properties to the buyers. The Group initiates the execution of a contract in public instrument that constitutes constructive delivery of the property where ownership was already considered transferred.

Classifying Leases - Group as a Lessor. The Group has entered into operating leases on its heavy equipment. These leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and the related lease terms do not approximate the estimated useful life of the assets being leased. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classifying Investment Properties and Real Estate Held for Sale. The Group determines whether a property will be classified as real estate held for sale, or investment property. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate held for sale). All other properties that are not yet determined to be sold in the normal operating cycle and are held for capital appreciation are classified as investment properties. The Group considers each property separately in making its judgment.

The carrying value of real estate held for sale amounted to ₱811.7 million and ₱765.4 million as at December 31, 2022 and 2021, respectively, while the carrying value of investment properties as at December 31, 2022 and 2021 amounted to ₱2,023.6 million and ₱1,692.0 million, respectively (see Notes 7 and 10).

Evaluating Contingencies. There are ongoing legal proceedings involving the Group which management believes would not have a material adverse impact on the Group's financial position and results of operations. The estimate of probable costs for the resolution of possible claims have been developed in consultation with legal counsel handling the Group's defense in these matters and is based upon an analysis of potential results (see Note 30).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognizing Revenue on Real Estate Sales. The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate is recognized based on the proportion of cost incurred to date over total estimated cost of the real estate project.

Real estate sales amounted to ₱332.9 million and ₱173.9 million in 2022 and 2021, respectively (₱479.3 million in 2020) (see Note 4).

Determining the Fair Value of Investment Properties. The Group engaged an independent appraiser to determine the fair value of its investment properties. The fair values of investment properties as of report date were based on the detailed appraisal performed on December 14, 2019 and repriced in accordance with prevailing market prices prevailing as at September 28, 2022, November 7, 2022 and December 22, 2022. The fair values of investment properties were determined using the Market Approach. Market Approach involves the comparison of the land to those that are located within the vicinity of the appraised property and are subject of recent sales and offerings.

Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

Fair value changes which were recognized in profit or loss amounted to ₱323.0 million and ₱25.6 million in 2022 and 2021, respectively (₱367.9 million in 2020). The carrying value of investment properties as at December 31, 2022 and 2021 amounted to ₱2,023.6 million and ₱1,692.0 million, respectively (see Note 10).

Determining the Impairment of Trade Receivables and Contract Receivables. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The impairment assessment also takes into consideration that titles to real estate properties are not transferred to the buyers until full payment is made.

In 2022, the Group reversed allowance for impairment losses amounting to ₱20.7 million pertaining to contract receivables and contract assets. Further in 2022, the Group provide impairment losses on other receivables ₱29.2 million, which was written-off in the same year (see Notes 6 and 22).

The Group did not recognize provision for ECL in 2021 and 2020. Allowance for ECL amounted to ₱7.6 million and ₱28.3 million as at December 31, 2022 and 2021, respectively. The aggregate carrying values of receivables and contract assets amounted to ₱542.2 million and ₱392.0 million as at December 31, 2022 and 2021, respectively (see Notes 6 and 7).

Determining the NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Group writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell. The carrying value is reviewed at least annually for any decline in value.

No provision was recognized in 2022, 2021 and 2020. The carrying values of inventories and supplies inventory carried at lower of cost and NRV are as follows:

	Note	2022	2021
Real estate for sale and land held for future development	7	**₱811,694,228**	₱765,386,058
Supplies*	8	**1,014,278**	2,309,750

**Included under "Other current assets" account in the consolidated statements of financial position.*

Assessing the Impairment of Deferred Exploration Costs. The Group reviews the carrying values of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves.

An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. No provision for impairment loss was recognized in 2022, 2021 and 2020. Deferred exploration costs amounted to ₱418.0 million and ₱413.8 million as at December 31, 2022 and 2021, respectively (see Note 9).

Estimating the Impairment of Goodwill. The Group is required to annually test the amount of goodwill for impairment. The recoverable amounts of CGUs have been determined based on the higher of fair value less cost of disposal and value-in-use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. Estimating the value-in-use require the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a company having substantially the same risks and characteristics. Current and historical transactions have been used as indicators of future transactions.

The Group did not recognize an impairment loss on goodwill in 2022, 2021 and 2020. The carrying value of goodwill amounted to ₱15.7 million as at December 31, 2022 and 2021 (see Note 13). Management believes that any reasonable change in any of the above key assumptions on which the recoverable amount is based on would not cause the carrying value of the goodwill to materially exceed its recoverable amount.

Estimating the Useful Lives of Property and Equipment and ROU Assets. The Group estimates the useful lives of the property and equipment and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment and ROU assets in 2022, 2021 and 2020. The aggregate carrying amount of property and equipment and ROU assets amounted to ₱71.9 million and ₱135.1 million as at December 31, 2022 and 2021, respectively (see Notes 11, 13 and 27).

Determining the Impairment of Nonfinancial Assets (Except Goodwill and Deferred Exploration Costs). The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Properties, property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible asset is reviewed annually for impairment while it is still not yet available for use. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial statements.

No provision for impairment loss was recognized in 2022, 2021 and 2020. The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31, 2022 and 2021 are as follows:

	Note	**2022**	2021
Property and equipment	11	**₱71,927,372**	135,109,701
Film rights	12	**2,838,511**	3,244,012
ROU assets	13, 27	**950,770**	10,646
Other assets*		**182,932,723**	233,298,571

** excluding receivable from PAGCOR and security deposits.*

Determining the Retirement Benefits Cost. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Retirement liability amounted to ₱45.1 million and ₱28.7 million as at December 31, 2022 and 2021, respectively (see Note 18). Retirement benefits cost recognized in profit or loss amounted to ₱13.9 million and₱6.9 million (₱6.0 million in 2020). The remeasurement gain (loss) recognized in other comprehensive income amounted to (₱2.0 million) and ₱11.7 million in 2022 and 2021, respectively (remeasurement loss of ₱2.3 million in 2020) (see Note 18).

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized deferred tax assets of the Group amounted to ₱27.6 million and ₱25.9 million as at December 31, 2022 and 2021, respectively. As at December 31, 2022 and 2021, no deferred tax assets were recognized for NOLCO and other deductible temporary differences (see Note 23). Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

4. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the business activity, with each segment representing strategic unit that offers different services and serves different markets. The Group has three reportable segments as follows:

- Mining segment pertains to the operations of PGDI Group for the hauling services it provides with mining companies and the exploration activities of its mining tenements.
- Real estate segment pertains to the operations of GLCI which develops and sells innovative master planned communities of low to mid rise residential and commercial condominiums including student dormitories.
- Service contract segment pertains to the beach operations of TCNBI and to the rental of mining equipment of PGDI.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors operating results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The financial position of the business segments as at December 31, 2022 and 2021 are as follows:

	2022					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱21,564,750	₱45,424,499	₱–	₱2,740,345	₱–	₱69,729,594
Contract assets	–	104,423,989	–	–	–	104,423,989
Receivables	140,154,721	326,784,639	5,496	1,024,741,871	(1,049,359,047)	442,327,680
Real estate held for sale	–	456,209,175	–	348,550,961	6,934,092	811,694,228
Investment properties	–	8,513,400	–	2,015,047,000	–	2,023,560,400
Deferred exploration costs	418,042,647	–	–	–	–	418,042,647
Intangible assets	–	–	–	2,838,511	–	2,838,511
Property and equipment	63,260,778	3,472,716	–	5,170,322	–	71,903,816
Deferred tax assets	–	–	–	–	27,580,919	27,580,919
Other assets	54,097,812	112,205,204	–	21,814,771	15,701,804	203,819,591
	₱697,120,708	₱1,057,033,622	₱5,496	₱3,420,903,781	(₱999,142,232)	₱4,175,921,375
LIABILITIES						
Loans payable	₱–	₱379,879,400	₱–	₱428,754,632	₱–	₱808,634,032
Trade and other payables	132,890,350	161,790,879	5,308,615	1,376,384,311	(1,092,838,530)	583,535,625
Contract liabilities	–	25,107,618	–	–	–	25,107,618
Dividend payable	–	–	–	45,250,000	(5,450,000)	39,800,000
Retirement liability	37,435,352	5,738,478	–	1,886,046	–	45,059,876
Advances from third parties	–	–	–	100,000,000	–	100,000,000
Deferred tax liabilities	–	53,395,117	–	383,280,742	81,519,606	518,195,465
	₱170,325,702	₱625,911,492	₱5,308,615	₱2,335,555,731	(₱1,016,768,924)	₱2,120,332,616

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
ASSETS						
Cash	₱61,743,076	₱22,231,838	₱10,000	₱5,860,999	₱–	₱89,845,913
Contract assets	–	315,378,037	–	–	–	315,378,037
Receivables	85,735,766	61,569,211	11,996	527,591,973	(598,290,329)	76,618,617
Real estate held for sale	–	393,698,301	–	364,753,665	6,934,092	765,386,058
Investment properties	–	–	–	1,692,025,000	–	1,692,025,000
Deferred exploration costs	413,812,603	–	–	–	–	413,812,603
Intangible assets	–	–	–	3,244,012	–	3,244,012
Property and equipment	128,797,001	1,079,302	118,155	5,115,243	–	135,109,701
Deferred tax assets	–	–	–	25,924,291	–	25,924,291
Other assets	54,581,581	95,624,478	–	86,997,882	15,701,804	252,905,745
	₱744,670,027	₱889,581,167	₱140,151	₱2,711,513,065	(₱575,654,433)	₱3,770,249,977
LIABILITIES						
Loans payable	₱–	₱295,291,747	₱–	₱376,554,632	₱–	₱671,846,379
Trade and other payables	121,628,732	169,432,994	4,847,773	1,360,483,312	(1,047,164,990)	609,227,821
Contract liabilities	–	36,876,706	–	–	–	36,876,706
Dividend payable	–	–	–	45,250,000	(5,450,000)	39,800,000
Retirement liability	24,229,913	2,634,723	–	1,830,917	–	28,695,553
Deposit for future stock subscription	–	–	–	465,231,457	–	465,231,457
Deferred tax liabilities	–	40,433,519	–	288,779,059	100,405,028	429,617,606
	₱145,858,645	₱544,669,689	₱4,847,773	₱2,538,129,377	(₱952,209,962)	₱2,281,295,522

The revenue and profit information of the business segments for the years ended December 31, 2022 2021 and 2020 are as follows:

	2022					
	Mining	**Real Estate**	**Service Contracts**	**Others**	**Eliminations**	**Total**
Revenues	**₱112,144,168**	**₱332,947,784**	**₱445,030**	**₱–**	**₱–**	**₱445,536,982**
Costs and expenses	**(148,703,200)**	**(232,725,244)**	**(129,995)**	**(134,381,908)**	–	**(515,940,347)**
Operating income (loss)	**(36,559,032)**	**100,222,540**	**315,035**	**(134,381,908)**	–	**(70,403,365)**
Interest expense	–	**(54,758,761)**	–	**(58,837,006)**	–	**(113,595,767)**
Impairment losses – net	–		–	**(29,587,319)**	–	**(29,587,319)**
Interest income	**14,709**	**23,317**	–	**1,673,063**	–	**1,711,089**
Other income (charges) – net	**14,709**	**619,775,643**	**(140,098)**	**(269,756,932)**	–	**349,893,322**
Provision for income tax	–	**94,528,677**	–	**(5,345,001)**	–	**89,183,676**
	(₱36,529,614)	**₱570,734,062**	**₱174,937**	**(₱485,545,101)**	**₱–**	**₱48,834,284**

	2021					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues	₱174,681,141	₱173,933,534	₱502,880	₱–	₱–	₱349,117,555
Costs and expenses	(180,568,345)	(147,299,561)	(1,744,113)	(117,305,971)	–	(446,917,990)
Operating income (loss)	(5,887,204)	26,633,973	(1,241,233)	(117,305,971)	–	(97,800,435)
Interest expense	(2,753,478)	(47,573,517)	–	(63,829,345)	–	(114,156,340)
Interest income	21,235	24,335	–	2,634,807	–	2,680,377
Other income (charges) – net	(3,149,816)	66,656,561	60,000	34,429,348	–	97,996,093
Provision for income tax	(246,588)	(46,460,236)	–	(22,386,349)	–	(69,093,173)
	(₱11,522,675)	₱92,201,588	(₱1,181,233)	(₱121,684,812)	₱–	(₱42,187,132)

	2020					
	Mining	Real Estate	Service Contracts	Others	Eliminations	Total
Revenues	₱241,736,071	₱479,301,585	₱1,499,950	₱–	₱–	₱722,537,606
Costs and expenses	(251,658,910)	(367,517,731)	(2,324,659)	(69,119,585)	–	(690,620,885)
Operating income (loss)	(9,922,839)	111,783,854	(824,709)	(69,119,585)	–	31,916,721
Interest expense	(8,858,752)	(68,769,379)	–	(94,836,221)	–	(172,464,352)
Impairment losses – net	(5,243,283)	(1,256,703)	–	(5,166,230)	–	(11,666,216)
Interest income	46,372	3,269,764	–	15,967	–	3,332,103
Other income (charges) – net	6,006,827	(10,501,114)	–	367,907,375	–	363,413,088
Provision for income tax	(986,353)	6,844,578	–	(110,348,822)	–	(104,490,597)
	(₱18,958,028)	₱41,371,000	(₱824,709)	₱88,452,484	₱–	₱110,040,747

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue from contracts with customers in 2022, 2021 and 2020 are presented below:

	2022	2021	2020
By type of goods or services			
Real estate			
Residential dwellings	**₱207,137,308**	₱104,014,495	₱133,096,411
Lots	**125,810,476**	69,919,039	361,926,700
Less -			
Other sales cancellation (lots)	–	–	(15,721,526)
Mining			
Service contracts	**112,144,168**	174,681,141	241,736,071
Service income	**445,030**	502,880	1,499,950
	₱445,536,982	₱349,117,555	₱722,537,606

5. **Cash**

This account consists of:

	2022	2021
Cash on hand	**₱16,027,072**	₱618,910
Cash in banks	**53,702,522**	89,227,003
	₱69,729,594	₱89,845,913

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.05 million and ₱0.07 million in 2022 and 2021, respectively (₱0.06 million in 2020).

6. **Receivables**

This account consists of:

	Note	2022	2021
Contract receivables		**₱316,621,402**	₱35,186,931
Advances to officers and employees	17	**104,226,695**	63,724,304
Trade receivables		**24,426,819**	1,388,982
Others		**4,636,569**	4,636,569
		449,911,485	104,936,786
Less allowance for ECL		**7,583,805**	28,318,169
		₱442,327,680	₱76,618,617

Contract receivables arise from sale of real estate properties. These receivables are collectible in monthly installment over a period of one to 10 years and bear annual effective interest rates ranging from 8.00% to 16.00%. Titles to real estate properties are not transferred to the buyers until full payment is made. Interest income from contracts receivable amounted to ₱1.7 million and ₱2.6 million in 2022 and 2021, respectively (₱3.3 million in 2020).

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are liquidated 30 days from the date the cash advances are made.

Trade receivables, net of allowance for ECL, include short-term and noninterest-bearing receivable arising from hauling services operations. Credit terms for trade receivables are 30 to 60 days. In 2020, trade receivables without allowance for ECL amounting to ₱5.1 million were directly written off by the Group (see Note 22).

Other receivables pertain to advances for liquidation that are noninterest bearing and are due within one year.

Contract Balances

The following table presents the breakdown of contract assets by maturity dates:

	2022	2021
Due within one year	**₱34,842,065**	₱207,165,921
Due after one year	**69,581,924**	108,212,116
	₱104,423,989	₱315,378,037

Contract liabilities amounted to ₱25.1 million and ₱36.9 million as at December 31, 2022 and 2021, respectively.

Contract receivables and contract assets with a total amount of ₱86.6 million and ₱52.3 million as at December 31, 2022 and 2021, respectively, were assigned with recourse to banks and other non- bank financing institutions. These receivables were not derecognized as the Group retains substantially all risks and rewards of ownership of the receivables (see Note 14).

Movements in the allowance for ECL follows:

		2022			
	Note	**Contract Receivables and Contract Assets**	**Trade Receivable**	**Others**	**Total**
Balance at beginning of year		**₱23,681,600**	**₱–**	**₱4,636,569**	**₱28,318,169**
Provision	22	**–**	**–**	**29,181,818**	**29,181,818**
Write-off		**–**	**–**	**(29,181,818)**	**(29,181,818)**
Reversal		**(20,734,364)**	**–**	**–**	**(20,734,364)**
Balance at end of year		**₱2,947,236**	**₱–**	**₱4,636,569**	**₱7,583,805**

	2021			
	Contract Receivables and Contract Assets	Trade Receivable	Others	Total
Balance at beginning of year	₱23,681,600	₱1,787,649	₱5,847,501	₱31,316,750
Reversal	–	(1,787,649)	(1,210,932)	(2,998,581)
Balance at end of year	₱23,681,600	₱–	₱4,636,569	₱28,318,169

Reversal of allowance for ECL was included under "Other income (charges)" in the consolidated statements of comprehensive income.

7. Real Estate Held for Sale

This account consists of:

	2022	2021
Real estate under development and subdivided lots held for sale	**₱730,094,443**	₱580,960,307
Land and land development	**81,599,785**	184,425,751
	₱811,694,228	₱765,386,058

A summary of the movement in real estate under development and subdivided lots held for sale is set out below:

	2022	2021
Balance at beginning of year	**₱580,960,307**	₱647,308,408
Construction development costs incurred	**296,317,711**	7,732,583
Cost of real estate sales	**(147,183,575)**	(74,080,684)
Balance at end of year	**₱730,094,443**	₱580,960,307

Real estate under development and subdivided lots held for sale include on-going residential projects of the Group. The estimated cost to complete the projects amounted to ₱217.1 million and ₱210.9 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, certain lots and units with carrying value of ₱52.7 million as at December 31, 2022 and 2021 are held as collateral for the Group's bank loans (see Note 14).

8. Other Current Assets

This account consists of:

	2022	2021
Input VAT	**₱47,808,320**	₱41,332,391
Advances to suppliers and contractors	**16,734,933**	77,844,500
Security deposits	**1,191,592**	852,022
Supplies	**1,014,278**	2,309,750
Prepayments	**433,780**	10,000
Others	**145,696**	5,381,804
	67,328,599	127,730,467
Less allowance for impairment losses	**4,502,030**	4,502,030
	₱62,826,569	₱123,228,437

Details of input VAT as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	Current	**Noncurrent (Note 13)**	Current	Noncurrent (Note 13)
Input VAT	**₱47,808,320**	**₱8,007,881**	₱41,332,391	₱11,162,017
Less allowance for impairment losses	**4,502,030**	**4,377,303**	4,502,030	4,377,303
	₱43,306,290	**₱3,630,578**	₱36,830,361	₱6,784,714

In 2020, input VAT without allowance for impairment losses amounting to ₱5.2 million were directly written off by the Group (see Note 22).

Advances to suppliers and contractors represent down payments for development and construction contracts. The initial down payments will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the suppliers and contractors.

In 2020, advances to suppliers and contractors without allowance for impairment losses amounting to ₱1.3 million were directly written-off by the Group (see Note 22).
Supplies pertain to parts and materials used in the repair and maintenance of the Group's heavy equipment being used in its mining-related activities.

Prepayments include prepaid insurance which will be amortized within three to twelve months at the end of the financial reporting date, prepaid rent and cost to obtain contracts, i.e., commission that is related to the real estate sales.

Others pertain mainly to cash bonds of the Group.

9. Deferred Exploration Costs

Deferred exploration costs relate to the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC in Barangay Isumbo, Sofronio Española and Barangay Pinaglabanan, Quezon in the Province of Palawan, known as the Panitian Limestone Project. The subsidiaries holding the Mineral Production Sharing Agreements (MPSAs) are still under the pre-operating stage and the limestone project is still under the exploration stage as at December 31, 2022.

The Panitian Limestone Project in Barangay Isumbo and Barangay Pinaglabanan covers 10,384.11 hectares under MPSA 172-2001-IV and MPSA 173-2001-IV. The MPSAs were approved on January 16, 2001 and are valid for 25 years, expiring on January 16, 2026. As at December 31, 2022, the Group is in the process of renewing the exploration period subject to the evaluation and approval of MGB.

Deferred exploration costs attributable to the Group's Panitian Limestone Project amounted to ₱418.0 million and ₱413.8 million as at December 31, 2022 and 2021, respectively. Additions to deferred exploration costs amounted to ₱4.2 million and ₱10.1 million in 2022 and 2021, respectively.

No impairment loss was recognized in 2022, 2021 and 2020.

10. Investment Properties

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

	2022	2021
Puerto Princesa City, Palawan		
Site I	**₱1,964,770,000**	₱1,649,807,000
Site II	**50,277,000**	42,218,000
	2,015,047,000	1,692,025,000
Cabanatuan City, Nueva Ecija	**8,513,400**	–
	₱2,023,560,400	₱1,692,025,000

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

The fair values of the investment properties were determined based on valuations performed by independent qualified appraiser using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listing to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the property and were premised on the factors of location, size and shape of the lot, time, element and others.

The selling price is adjusted for certain external and internal factors ranging from negative 5% to positive 35%. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value.

The unobservable inputs used in the fair valuation for Sites I and II are as follows:

	2022	
	Site I	**Site II**
Land area (square meter)	**4,999,414**	**127,932**
Price per square meter	**₱393**	**₱393**
Fair value	**₱1,964.77 million**	**₱50.28 million**

	2021	
	Site I	Site II
Land area (square meter)	4,999,414	127,932
Price per square meter	₱330	₱330
Fair value	₱1,649.81 million	₱42.22 million

The investment property located in Cabanatuan City acquired in 2022 approximates its fair value as at December 31, 2022.

Based on the analysis of the land usage surrounding the Nagtabon, Puerto Princesa investment property, the highest and best use of the investment property for Site I is to be a commercial development such as beach resort or hotel resort and interim highest and best use for Site II is an agricultural land utilization, until such time when it is ripe for any other type of development.

Unrealized gain on fair valuation of investment properties amounted to ₱323.0 million and ₱25.6 million 2022 and 2021, respectively (₱367.9 million in 2020).

As at December 31, 2022 and 2021, investment properties amounting to ₱68.1 million were used as collateral for convertible loans and callable loans (see Note 14).

11. Property and Equipment

The movements of this account are as follows:

	2022							
	Office Space Building and Office Space Improvements	**Heavy Equipment**	**Leasehold Improvements**	**Furniture and Fixtures**	**Transportation Equipment**	**Office and Other Equipment**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	₱20,384,323	₱437,036,842	₱9,173,965	₱3,295,271	₱67,744,489	₱60,667,409	₱–	₱598,302,299
Additions	107,000	–	–	–	2,078,149	5,354,293	–	7,539,442
Disposal	–	–	–	(45,692)	–	(209,391)	–	(255,083)
Balance at end of year	20,491,323	437,036,842	9,173,965	3,249,579	69,822,638	65,812,311	–	605,586,658
Accumulated Depreciation and Amortization								
Balance at beginning of year	12,704,626	294,653,218	9,012,508	3,181,704	51,777,189	52,384,062	–	423,713,307
Depreciation and amortization	–	62,376,491	–	53,659	5,141,371	3,173,806	–	70,745,327
Disposal	–	–	–	(45,692)	–	(209,391)	–	(255,083)
Balance at end of year	12,704,626	357,029,709	9,012,508	3,189,671	56,918,560	55,348,477	–	494,203,551
Accumulated Impairment								
Balance at beginning and end of year	3,645,404	34,515,607	–	–	1,318,280	–	–	39,479,291
Net Carrying Amount	₱4,141,293	₱45,491,526	₱161,457	₱59,908	₱11,585,798	₱10,463,834	₱–	₱71,903,816

	2021							
	Office Space Building and Office Space Improvements	Heavy Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Office and Other Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱20,384,323	₱510,889,289	₱8,957,220	₱4,055,404	₱76,173,482	₱69,973,821	₱696,221	₱691,129,760
Disposal	–	(73,852,447)	–	(760,133)	(8,588,307)	(10,760,534)	(696,221)	(94,657,642)
Additions	–	–	216,745	–	159,314	1,454,122	–	1,830,181
Balance at end of year	20,384,323	437,036,842	9,173,965	3,295,271	67,744,489	60,667,409	–	598,302,299
Accumulated Depreciation and Amortization								
Balance at beginning of year	11,533,172	285,379,689	8,614,115	3,794,616	53,229,086	57,225,586	696,221	420,472,485
Depreciation and amortization	1,171,454	72,306,695	398,393	147,221	7,092,138	5,607,365	–	86,723,266
Disposal	–	(63,033,166)	–	(760,133)	(8,544,035)	(10,448,889)	(696,221)	(83,482,444)
Balance at end of year	12,704,626	294,653,218	9,012,508	3,181,704	51,777,189	52,384,062	–	423,713,307
Accumulated Impairment								
Balance at beginning and end of year	3,645,404	34,515,607	–	–	1,318,280	–	–	39,479,291
Net Carrying Amount	₱4,034,293	₱107,868,017	₱161,457	₱113,567	₱14,649,020	₱8,283,347	₱–	₱135,109,701

As at December 31, 2022 and 2021, transportation equipment with a carrying amount of ₱2.5 million and ₱843,833, respectively were used as collateral for mortgage loans (see Note 14).

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

In 2020, the Group disposed property and equipment with carrying amount of ₱533,705 for ₱3.6 million, resulting to a gain of ₱3.1 million.

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

	Note	2022	2021	2020
Cost of services -	20			
Property and equipment		**₱64,031,465**	₱79,439,916	₱83,436,748
General and administrative expenses:	21			
Property and equipment		**6,713,862**	7,283,350	8,202,729
ROU assets	27	**581,109**	669,880	669,880
		7,294,971	7,953,230	8,872,609
		₱71,326,436	₱87,393,146	₱92,309,357

12. Intangible Assets

The movements of this account are as follows:

		2022		
	Note	**Film Rights**	**Exclusive Distribution Rights**	**Total**
Cost				
Balance at beginning and end of year		**₱59,641,480**	**₱150,494,041**	**₱210,135,521**
Accumulated Amortization and Impairment Losses				
Balance at beginning of year		**56,397,468**	**150,494,041**	**206,891,509**
Impairment	22	**405,501**	**–**	**405,501**
		56,802,969	**150,494,041**	**207,297,010**
Net Carrying Amount		**₱2,838,511**	**₱–**	**₱2,838,511**

		2021		
	Note	Film Rights	Exclusive Distribution Rights	Total
Cost				
Balance at beginning and end of year		₱59,641,480	₱150,494,041	₱210,135,521
Accumulated Amortization and Impairment Losses				
Balance at beginning of year		55,991,967	150,494,041	206,486,008
Impairment	22	405,501	–	405,501
		56,397,468	150,494,041	206,891,509
Net Carrying Amount		₱3,244,012	₱–	₱3,244,012

Exclusive Distribution Rights

The exclusive distribution rights pertain to CUBES's exclusive right to distribute specific types of thermo chillers in the Philippines.

In May 2017, CUBES operation was discontinued and was put on hold due to operational issues. As at December 31, 2022, CUBES has not yet resumed operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

Accordingly, exclusive distribution right pertaining to CUBES was fully provided with provision for impairment.

Film Rights
Film rights pertain to the unamortized cost of completed theatrical films and television projects and film rights acquired by the Group when it was still active in the entertainment business.

In assessing the impairment of film rights, the Group uses the income approach - discounted cash flow method, which assumes that the going rate per film of ₱0.8 million declines by 10.00% per year as observed in the price trends from 1998 up to the current year. Impairment loss recognized amounted to ₱405,501 in 2022, 2021 and 2020 (see Note 22).

13. Other Noncurrent Assets

This account consists of:

	Note	2022	2021
Goodwill		**₱15,701,804**	₱15,701,804
Deferred input VAT	8	**8,007,881**	11,162,017
Receivable from PAGCOR		**3,042,702**	3,042,702
ROU assets	27	**950,770**	10,646
Others		**662,061**	874,591
		28,365,218	30,791,760
Less allowance for impairment losses	8	**4,377,303**	4,377,303
		₱23,987,915	₱26,414,457

Goodwill
The Group's goodwill pertains to: (a) the acquisition of PGDI in April 2012 amounting to ₱9.5 million, (b) the acquisition of additional interest in CUBES in February 2015 amounting to ₱2.6 million and (c) the acquisition of GLCI in June 2015 amounting to ₱6.2 million.

As at December 31, 2022 and 2021, goodwill pertaining to CUBES was fully provided with allowance for impairment.

As at December 31, 2022 and 2021, no provision for impairment was recognized on goodwill related to PGDI and GLCI. The recoverable amounts of goodwill were determined based on fair value less costs to sell as at December 31, 2022 and 2021.

Receivable from PAGCOR
In 2011, the Group received a notice of garnishment amounting to ₱3.0 million in connection with a complaint filed against Blue Sky Philko, wherein the Group was made as a co-defendant. Accordingly, the Group's commission from PhilWeb for the same amount was lodged under the custody of PAGCOR. As at December 31, 2022, the case is pending before the Quezon City Regional Trial Court.

14. Loans Payable

Short-term Loans
Short-term loans of the Group consist of:

	2022	2021
Unsecured	**₱306,754,632**	254,554,632
Convertible	**100,000,000**	100,000,000
Callable	**22,000,000**	22,000,000
	₱428,754,632	₱376,554,632

Unsecured
Unsecured short-term loans consist of:

	2022			
	Banks	**Officers and Shareholders**	**Third Parties**	**Total**
Balance at beginning of year	**₱6,000,000**	**₱34,025,000**	**₱214,529,632**	**₱254,554,632**
Availments	**3,500,000**	**–**	**48,700,000**	**52,200,000**
Balance at end of year	**₱9,500,000**	**₱34,025,000**	**₱263,229,632**	**₱306,754,632**

	2021			
	Banks	Officers and Shareholders	Third Parties	Total
Balance at beginning of year	₱12,937,500	₱34,025,000	₱179,000,000	₱225,962,500
Availments (payments)	(6,937,500)	–	35,529,632	28,592,132
Balance at end of year	₱6,000,000	₱34,025,000	₱214,529,632	₱254,554,632

Short-term loans were obtained to finance the working capital requirements of the subsidiaries and partially finance the acquisition of the Group's heavy equipment. These are unsecured and payable within 180 days to 360 days and bear annual interest rates, as follows:

Banks	6.50% to 6.75%
Officers and shareholders	6.00%
Third parties	7.50% to 12.00%

Interest expense on short-term loans amounted to ₱27.8 million and ₱35.9 million in 2022 and 2021, respectively (₱61.1 million in 2020) (see Note 24).

Convertible Loans

PHA
These represent convertible notes amounting to ₱434.0 million issued to individuals and corporations in 2016 and 2015. The convertible notes have a term of three years at interest rates ranging from 6.5% to 12.0% per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed PHA's common shares at ₱1.00 a share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every 10 notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one PHA's common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-

assessable listed PHA's common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Group extended the term of the convertible notes for another three years. The 'day 1 difference resulting from the extension amounted to ₱6.89 million.

In 2021, the convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at ₱0.70 a share, equivalent to 540,938,008 shares.

As at December 31, 2021, the amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares (see Note 19).

On March 22, 2022, the SEC issued the Certificate of Approval of Valuation. Accordingly, the deposit for future stock subscription was converted as equity in 2022.

Movements in convertible loans payable of PHA in 2021 are as follows:

Balance at beginning of year	₱395,006,168
Conversion	(354,000,000)
Payments	(42,999,999)
Amortization of Day 1 difference	1,993,831
Balance at end of year	₱–

WPP

In 2017, the Group entered into a ₱100.00 million loan agreement with Treasure Island Industrial Corporation (TIIC), subject to 6.5% interest payable in two years. TIIC is a related party holding 17.33% ownership of PGDI (see Note 17).

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

The instrument is accompanied by the following options: up to ₱50.0 million of the loan may be converted to new shares of WPP corresponding to 5.0% of WPP post-conversion effectively at a valuation of ₱1.0 billion. The ₱100.0 million loan amount, in whole or in part, may be convertible to lots in the Kattinger-Nagtabon property at an agreed upon discount to the opening Joint Venture price and as soon as the Joint Venture agreement with Kattinger group is signed and agreed on by all parties concerned or to parcels of the security lots in North Cove with total area of 196,000 square meters at a price of ₱1,000 per square meter (see Note 7).

The notes together with its features were also evaluated to determine if the embedded components qualify as derivatives to be separately accounted for under PFRS 9. As result of this evaluation, the Group identified the conversion rights with detachable warrants as derivative financial instruments to be taken up as equity. Using the residual approach, the proceeds are allocated between the debt instrument and the conversion rights with detachable warrants. The equity component on the convertible loan issued in 2017 amounted to ₱18.7 million (see Note 19).

Interest expense on convertible loans, including the amortization of Day 1 difference, recognized in profit or loss amounted to ₱12.0 million and ₱24.7 million in 2022 and 2021, respectively (₱33.7 million in 2020) (see Note 24).

As at reporting date, the outstanding balance of the loan is already due and demandable. The Group is currently negotiating a repayment arrangement with TIIC.

Callable Loans
On July 6, 2018, the Group entered into a ₱15.0 million loan agreement with Kapatiran sa Kasaganaan Service & Multi-Purpose Cooperative (KSK), subject to 8% interest payable after three years. In 2019, the Group obtained additional loans amounting to ₱7.0 million, subject to 8% interest rate per annum payable in three years.

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

The instrument is accompanied by the option to prepay the loan in full or in partial without any penalty chargeable against it, subject to the following conditions:

i. The Borrower shall give the Lender written notice of such prepayment not less than Thirty (30) days before the proposed prepayment date, which notice, once given, shall be irrevocable and binding on the Borrower;

ii. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the Loan plus accrued but unpaid interest, penalties and other applicable charges;

iii. Any amount prepaid may not be re-borrowed hereunder.

As security for the payment of the loan, parcels of lots with total area of 10,500 square meters were assigned as security valued at ₱10,000 per square meter for a total collateral cover of ₱105.0 million (see Note 10).

As at reporting date, the outstanding balance of the loan is already due and demandable. The Group is currently negotiating a repayment arrangement with KSK.

No interest expense was capitalized as part of land development under "Real estate held for sale" in 2022 and 2021 (and 2020).

Long-term Loans
Long-term loans consist of:

	Note	2022	2021
Secured by:			
Real estate mortgage		**169,120,682**	136,921,144
Contract receivables and contract assets	6	**58,563,490**	33,816,468
Unsecured		**150,098,454**	123,700,486
Mortgaged		**2,096,774**	853,649
		379,879,400	295,291,747
Less noncurrent portion		**127,986,999**	64,042,349
Current portion		**₱251,892,401**	₱231,249,398

Details of long-term loans as at December 31, 2022 and 2021 are as follows:

		2022		2021	
Party	Terms	Principal	Outstanding Balance	Principal	Outstanding Balance
Secured by Real Estate Mortgage					
Philippine Veterans Bank	Five years; 9.65% to 10.99% per annum	**₱314,000,000**	**₱107,127,019**	₱314,000,000	₱122,587,062
Rang-ay Bank	Three years; 8.87% per annum	**47,500,000**	**47,500,000**	–	–
Tanay Rural Bank	Two years; 18.00% per annum	**20,000,000**	**14,376,212**	10,000,000	9,018,024
Maybank Philippines, Inc.	Five years; 8.00% to 9.00% per annum	**150,000,000**	**117,451**	150,000,000	382,063
Bank of Makati	Four years; 7.50% per annum	**–**	**–**	80,000,000	3,743,519
Union Bank of the Philippines	Five years; 6.00% to 9.68% per annum	**–**	**–**	67,548,000	1,190,476
		531,500,000	**169,120,682**	621,548,000	136,921,144
Secured by Contract Assets and Receivables					
Bank of the Philippine Islands (BPI)	Five years; 3.08% per annum	**42,220,000**	**42,220,000**	–	–
Security Bank	10 years; 9.02% per annum	**200,000,000**	**16,343,490**	200,000,000	27,765,816
BPI Family Savings Bank	10 years; 10.02% per annum	**–**	**–**	200,000,000	1,050,652
Development Bank of the Philippines	Five years; 6.50% per annum	**–**	**–**	50,000,000	5,000,000
		242,220,000	**58,563,490**	450,000,000	33,816,468
Unsecured					
Zambales Bank	Five to 10 years; 8.00% per annum	**32,000,000**	**31,869,200**	32,000,000	32,000,000
Individuals	Two to three years; 11.60% to 20.60% per annum	**178,022,058**	**118,229,254**	260,863,363	81,769,017
Other financing institutions	Two to three years; 10.00% to 33.00% per annum	**–**	**–**	48,474,071	9,931,469
		210,022,058	**150,098,454**	341,337,434	123,700,486
Mortgaged					
Security Bank	Five years; 9.93% per annum	**1,956,000**	**1,827,366**	–	–
Union Bank of the Philippines	Five years; 9.40% to 9.70% per annum	**2,548,000**	**269,408**	2,548,000	853,649
		4,504,000	**2,096,774**	2,548,000	853,649
		₱988,246,058	**₱379,879,400**	₱1,415,433,434	₱295,291,747

Secured by Real Estate Mortgage, Unsecured and Mortgaged

Long-term loans secured by real estate mortgage and unsecured represent loans with interest rate at prevailing market rates ranging from 6.0% to 33.0% payable within two to ten years from grant date. Mortgaged loans pertain to car loans for vehicles used in operations of the Group.

Secured by Contract Receivables and Contract Assets

The Group entered into loan agreements with different banks and other non-bank financing institutions to assign with recourse contract to sell of unit buyers payable in monthly amortization of up to five years and bears interest rates ranging from 7.30% to 9.00%.

Loan Covenants

The Group's debt instruments contain restrictive covenants. Development Bank of the Philippines requires maintenance of long-term debt-to-equity ratio of 75:25, current ratio of not less than 1:1.2 and debt-to-service coverage ratio of 1:1. Philippine Veterans Bank restricts payment and declaration of cash dividends, management bonus or profit sharing to, or making any loans or advances to the Group's directors, officers and stockholders, sale of significant assets and requires maintenance of debt-to-equity ratio of 1.5:1. Maybank Philippines, requires debt-to-service ratio of not less than 1.25 throughout the term of the loan while Sterling Bank of Asia prohibits dividend declaration or allowances to officers or stockholders if the total debt to equity ratio exceed 3:1. In addition, under the agreement with Zambales Bank, loan may be declared due and payable should there be occurrence of payment default or cross default.

As at December 31, 2022 and 2021, the Group was able to meet the required debt covenants, except for debt-to-equity ratio, debt-to-service coverage ratio and cross default covenant, resulting to reclassification of loans payable amounting to ₱75.0 million and ₱111.6 million from noncurrent liabilities to current liabilities as at December 31, 2022 and 2021, respectively. Total outstanding balance of loans payable with breached debt covenants amounted to ₱107.2 million and ₱128.0 million as at December 31, 2022 and 2021, respectively, under current liabilities.

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

	2022	2021
Less than one year	**₱251,892,401**	₱231,249,398
One to two years	**127,986,999**	64,042,349
	₱379,879,400	₱295,291,747

Interest expense on long-term loans recognized in the consolidated statements of comprehensive income amounted to ₱42.7 million and ₱36.3 million in 2022 and 2021, respectively (₱68.8 million in 2020) (see Note 24).

15. Trade and Other Payables

This account consists of:

	Note	2022	2021
Trade payables:			
Third parties		**₱106,754,071**	₱95,528,750
Related parties	17	**–**	11,771,567
Accrued expenses		**199,806,927**	76,115,256
Customers' deposits and advances		**81,000,000**	100,975,000
Customer's refunds		**55,791,003**	48,463,451
Deferred output VAT		**34,319,631**	30,862,206
Capital gains tax payable		**26,940,000**	26,940,000
Advances from shareholders	17	**22,053,982**	137,779,737
Output VAT payable		**10,233,373**	13,511,454
Voucher's payable		**7,375,293**	6,929,987
Purchased land payable		**5,677,930**	5,677,930
Current portion of lease liabilities	27	**799,331**	243,454
Advances from third parties		**–**	37,114,843
Others		**32,591,364**	17,314,186
		₱583,342,905	₱609,227,821

Trade payable to third parties relates to construction and development costs payable to contractors and suppliers. These are non-interest-bearing and are normally settled within one year after the reporting date.

Accrued expenses pertain to accrual of interest, salaries and benefits, professional fees and other taxes which are expected to be settled within 12 months from the end of the reporting period.

Customers' deposits and advances represent cash received from real property buyers based on the terms of the agreement executed during the year. These deposits will be applied to any receivable upon execution of the contract to sell and fulfilment by both parties of certain undertakings and conditions.

Customers' refunds mainly consist of refund liability to the customers from a cancelled real estate project of the Group and liabilities for other cancelled real estate sales. Certain agreements provide real property buyers to pay nonrefundable deposits. Nonrefundable deposits pertaining to cancelled real estate sales amounting to ₱3.4 million are recorded as "Other income (charges)" in the consolidated statements of comprehensive income in 2020.

Deferred output VAT pertains to the VAT charged to the buyers on installment upon contracting of real estate sale but were not yet collected as of reporting date.

Advances from shareholders pertain to the outstanding advances from PHA's shareholders in relation to the expenses incurred on the development activities of Panitian Limestone Project.

Output VAT payable pertains to the VAT charged to the buyers recognized upon collection of the installment receivables.

Purchased land payable pertains to noninterest-bearing payable to a real estate property seller under the terms of agreement executed by the Group for the purchase of land.

Advances from third parties pertain to cash received by the Group to fund real estate and mining projects which are noninterest bearing and payable on demand.

Others include withholding taxes and other amounts payable to the Philippine Government. These are noninterest-bearing and are generally settled in 30 to 45 days.

16. Advances from Third Parties

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

17. Related Party Transactions

In the ordinary course of business, the Group has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances and interest-bearing short-term and long-term loans. Related party transactions amounting to 10% or higher of the Group's consolidated total assets are subject to the approval of the BOD.

For the years ended December 31, 2022, 2021 (and 2020), the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occur in cash, unless otherwise stated.

Transactions and outstanding balances with related parties are as follows:

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Receivables		6					
Advances	Officers		**2022**	**₱40,502,391**	**₱104,226,695**	Due and demandable;	Unsecured
			2021	13,255,922	63,724,304	non-interest bearing	
Loans from officers and shareholders		14					
Short-term loans	Officers and shareholders		**2022**	**₱–**	**₱34,025,000**	180 days to 360 days;	Unsecured
			2021	–	34,025,000	6.00% interest rate	
Convertible loans		18					
	Related Party		**2022**	**₱–**	**₱100,000,000**	3 years;	Secured by real
			2021	–	100,000,000	6.50% interest rate; convertible to WPP shares or lots of WPP real estate properties	estate properties
Convertible loans	Officers		2021	95,790,173	–	3 years; 6.50% to 12.00% interest rate; convertible to PHA shares	Secured by WPP shares
			2022		**₱100,000,000**		
			2022		100,000,000		

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Trade and other payables		20					
Management fees	Officers		**2022**	**₱4,907,121**	**₱–**	Due and demandable;	Unsecured
			2021	5,352,941	–	non-interest bearing	
Payments on behalf	Officers		**2022**	**11,771,567**	**–**	Due and demandable;	Unsecured
			2021	1,773,937	11,771,567	non-interest bearing	
Advances from shareholders	Shareholders		**2022**	**115,725,755**	**22,053,982**	Due and demandable;	Unsecured
			2021	23,548,109	137,779,737	non-interest bearing	
			2022		**₱22,053,982**		
			2021		149,551,304		

Compensation of Group's Key Management Personnel

Compensation of the Group's key management personnel consists of short-term employee benefits amounting to ₱38.8 million and ₱39.8 million in 2022 and 2021, respectively (₱33.1 million in 2020). There are no post-employment benefits in 2022, 2021 and 2020. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

18. Retirement Benefits

The Group has an unfunded non-contributory defined benefit plan covering all regular employees. Benefits are based on the employee's years of service and final plan salary. Under the existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the unfunded status and amounts recognized in the consolidated statements of financial position and the components of the net benefit expense recognized in the consolidated statements of comprehensive income for the retirement plan.

Retirement benefit cost recognized in the consolidated statements of comprehensive income consists of:

	2022	2021	2020
Service cost	**₱12,438,772**	₱5,460,233	₱4,606,281
Interest expense on defined benefit obligation	**1,486,500**	1,401,535	1,376,134
	₱13,925,272	₱6,861,768	₱5,982,415

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

	2022	2021	2020
Actuarial gains (losses) due to:			
Experience adjustments	**(₱3,589,199)**	₱6,144,152	₱3,935,327
Changes in:			
Financial assumptions	**870,448**	5,648,029	(6,518,254)
Demographic assumptions	**–**	396,139	–
Remeasurement gains (losses) on defined benefit obligation	**(2,718,751)**	12,188,320	(2,582,927)
Income tax effect	**(679,688)**	494,020	(269,857)
Remeasurement gains (losses)	**(₱2,039,063)**	₱11,694,300	(₱2,313,070)

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

	2022	2021
Equity attributable to equity holders of the Parent		
Balance at beginning of year	**₱10,913,571**	3,125,901
Actuarial gain (loss)	**(1,495,313)**	8,304,156
Total	**9,418,258**	11,430,057
Income tax effect	**373,828**	(516,486)
Balance at end of year	**9,792,086**	10,913,571
Equity attributable to noncontrolling interests		
Balance at beginning of year	**549,333**	(3,357,297)
Actuarial gain (loss)	**(1,223,438)**	3,884,164
Total	**(674,105)**	526,867
Income tax effect	**305,859**	22,466
Balance at end of year	**(368,246)**	549,333
	₱9,423,840	₱11,462,904

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

	2022	2021
Balance at beginning of year	**₱28,695,553**	₱34,022,105
Service cost	**12,438,772**	5,460,233
Actuarial losses (gains) due to:		
Experience adjustments	**3,589,199**	(6,144,152)
Changes in financial assumptions	**(870,448)**	(5,648,029)
Changes in demographic assumptions	**–**	(396,139)
Interest expense on defined benefit obligation	**1,486,500**	1,401,535
Benefits paid	**(279,700)**	–
	₱45,059,876	₱28,695,553

The cost of defined benefit pension plans as well as the present value of the pension liabilities is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used to determine pension for the Group are as follows:

	Discount Rate		Future Salary Increase Rate	
	2022	2021	**2022**	2021
PHA	**7.14%**	5.02%	**5.00%**	5.00%
PGDI	**7.03%**	5.20%	**10.00%**	10.00%
GLC	**7.13%**	5.11%	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2022			
	Increase (Decrease)	**Effect on the retirement benefit obligation**		
		PHA	**PGDI**	**GLC**
Discount rate	**+100bps**	**(₱312,525)**	**(₱5,115,566)**	**(₱6,137,876)**
	-100bps	**378,442**	**5,985,105**	**5,387,073**
Salary increase	**+100bps**	**286,443**	**4,467,900**	**6,166,334**
	-100bps	**(243,508)**	**(3,949,569)**	**(5,355,995)**

	2021			
	Increase (Decrease)	Effect on the retirement benefit obligation		
		PHA	PGDI	GLC
Discount rate	+100bps	(₱275,107)	(₱3,642,782)	(₱2,345,580)
	-100bps	346,306	4,652,598	2,981,122
Salary increase	+100bps	342,719	4,379,635	2,989,429
	-100bps	(277,508)	(3,529,895)	(2,333,595)

The Group does not have a formal retirement plan where its retirement obligations could have been funded.

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

	2022	2021
Less than one year	**₱–**	₱2,189,813
More than one year to five years	**11,619,395**	7,117,317
More than five years to 10 years	**12,963,724**	11,800,305
More than 10 years to 15 years	**1,661,955**	909,402
More than 15 years to 20 years	**1,457,797**	2,481,474
More than 20 years	**9,933,531**	9,170,819

19. Equity

Capital Stock

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

	2022		2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount	Number of Shares	Amount
Authorized - ₱0.25 par value per share						
Balance at beginning of year	**6,000,000,000**	**₱1,500,000,000**	2,254,224,000	₱563,556,000	2,254,224,000	₱563,556,000
Increase in authorized capital stock	**–**	**–**	3,745,776,000	936,444,000	–	–
	6,000,000,000	**₱1,500,000,000**	6,000,000,000	₱1,500,000,000	2,254,224,000	₱563,556,000
Issued and fully paid						
Balance at beginning of year	**2,557,147,557**	**₱639,286,889**	2,254,117,253	₱563,529,313	1,990,480,889	₱497,620,222
Additional subscription	**611,818,008**	**152,954,502**	303,030,304	75,757,576	263,636,364	65,909,091
Shares fully paid during the year	**287,422,924**	**71,855,731**	–	–	–	–
Balance at end of year	**3,456,388,489**	**864,097,122**	2,557,147,557	639,286,889	2,254,117,253	563,529,313
Issued but not fully paid						
Balance at beginning of year	**2,539,393,939**	**634,848,485**	–	–	–	–
Additional subscription	**–**	**–**	2,539,393,939	634,848,485	–	–
Shares fully paid during the year	**(287,422,924)**	**(71,855,731)**	–	–	–	–
Balance at end of year	**2,251,971,015**	**562,992,754**	2,539,393,939	634,848,485	–	–
	5,708,359,504	**1,427,089,876**	5,096,541,496	1,274,135,374	2,254,117,253	563,529,313
Less subscriptions receivable						
Balance at beginning of year		**473,484,848**		–		–
Additional subscription		**–**		473,484,848		–
Collection		**(53,891,798)**		–		–
Balance at end of year		**419,593,050**		473,484,848		–
Issued and outstanding	**5,708,359,504**	**₱1,007,496,826**	5,096,541,496	₱800,650,526	2,254,117,253	₱563,529,313

On May 5, 1997, the Parent Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 a share. The registration was approved on May 2, 1997. The Parent Company has 141 and 130 existing shareholders as at December 31, 2022 and 2021, respectively.

Share Subscription Agreement

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in PHA. Subscription to these shares will be at ₱0.33 per share for a total consideration of ₱925.0 million, of which ₱300.0 million will be in cash and the balance of ₱625.00 million will be via a combination of cash and/or infusion of SPTI shares over a period of two years, with the intent of making SPTI a subsidiary of PHA.

The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock.

The remaining 2,539,393,939 shares were issued from the increase in authorized capital stock of PHA. This was approved by the SEC on May 28, 2021. As at December 31, 2022, PHA received ₱371.1 million from the subscription.

In a special meeting of the BOD on October 13, 2022, PHA decided that it will no longer pursue its planned acquisition of 33% of SPTI.

In February 2023, the BOD approved the call for payment on unpaid subscriptions amounting to ₱553.9 million, inclusive of additional paid-in capital (APIC) component. Due date for the payment of the unpaid subscriptions was set on or before March 6, 2023. Failure to pay the shares 30 days after the set date will render the shares delinquent. Total delinquent subscriptions after the 30 days-compliance period are 1,457,756,139 shares with unpaid balance of ₱357.3 million. On April 11, 2023, the BOD authorized the sale at public auction of the delinquent shares on May 11, 2023.

APIC

APIC includes paid-in capital in excess of par amounting to ₱480.5 million and ₱167.5 million as at December 31, 2022 and 2021, respectively, and the equity component of the issued convertible loans amounting to ₱18.7 million as at December 31, 2022 and 2021 (see Note 14).

The liability component of the convertible loans is reflected as financial liabilities.

Subscription Receivable

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

	2022			2021		
	Capital Stock	**APIC**	**Total**	Capital Stock	APIC	Total
Balance at beginning of year	**₱473,484,848**	**₱151,515,152**	**₱625,000,000**	₱–	₱–	₱–
Additional subscription	**–**	**–**	**–**	473,484,848	151,515,152	625,000,000
Collection	**(53,891,798)**	**(17,245,376)**	**(71,137,174)**	–	–	–
Balance at end of year	**₱419,593,050**	**₱134,269,776**	**₱553,862,826**	₱473,484,848	₱151,515,152	₱625,000,000

Share Lending Agreement

On July 20, 2021, the BOD of PHA approved a Put Option Agreement with LDA Capital Limited (LDA) for an equity financing of up to ₱2.5 billion over the next 36 months.

In August 2021, PHA sent a Put Option Notice (PON) to LDA for 190,000,000 listed shares. A group of stockholders (Share Lender) lent 210,000,000 shares to PHA. From the total shares, 190,000,000 shares were used as the Collateral Shares for the PON. The remaining 20,000,000 shares were transferred to an Options Shares Securities Account of LDA to satisfy PHA's obligations to sell options shares and to secure the payment of any portion of the commitment fee.

In consideration for the lending of shares by the Share Lender to LDA on behalf of PHA pursuant to the Put Option Agreement, PHA shall pay the Share Lender a lending fee equivalent to 18.0% per annum based on the market prices of the shares at the time of transfer. The lending fees accrued in and recognized as part of "Interest expense" account amounted to ₱31.0 million and ₱14.3 million in 2022 and 2021, respectively (see Note 24).

On October 15, 2021, LDA subscribed to 70,835,000 new primary shares of PHA at a subscription price of ₱1.01 per share. The subscription price of ₱71.5 million has been fully paid and recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription.

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

Deposit for Future Stock Subscription

On December 17, 2020, the BOD and stockholders approved the increase in PHA's authorized capital stock from ₱563.6 million divided into 2,254,224,000 common shares with par value of ₱0.25 each share, to up to ₱1.5 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share. The Parent Company filed the increase in capital stock with the Philippine SEC in March 2021. On May 28, 2021, the SEC approved the increase in PHA's authorized capital stock.

In 2020, the Parent Company received ₱113.0 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under noncurrent liabilities as at December 31, 2020. This was applied against the issuance of capital stock in 2021.

In 2021, the convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of PHA at a conversion price of ₱0.70 per share, equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares. On March 22, 2022, the SEC issued the Certificate of Approval of Valuation and the related shares were issued.

PHA also received ₱86.5 million from potential and existing investors, including LDA, which is currently recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription. In 2022, the "Deposit for future stock subscription" was converted as equity.

On November 17, 2021, the BOD approved the increase in PHA's increase in authorized capital stock from ₱1.5 billion divided into 6,000,000,000 common shares at ₱0.25 par value a share to ₱2.5 billion divided into 10,000,000,000 shares at ₱0.25 par value a share. This was ratified by the shareholders on December 17, 2021.

As at report date, the application for the increase in authorized capital stock has yet to be filed with the SEC.

Retained Earnings

The consolidated retained earnings as at December 31, 2022 and 2021 includes accumulated earnings of the subsidiaries aggregating ₱1.1 billion and ₱842.5 million, respectively, which are not currently available for dividend declaration unless declared by the subsidiaries of the Parent Company.

Retained earnings also included "Equity reserves" arising from transactions affecting ownership interest in DSI and PGDI. The equity reserves closed to retained earnings from these transactions aggregated ₱70.6 million. The equity reserve is excluded for purposes of dividend declaration.

The Parent Company has no available retained earnings for dividend declaration as at December 31, 2022 and 2021.

Dividend Payable

Dividend payable amounting to ₱39.8 million pertains to the dividends declared on March 20, 2018. This includes property dividends consisting of 28,000,000 million shares of PGDI with fair value of ₱36.8 million and cash dividends of ₱3.0 million. As at reporting date, the SEC's approval on the property and cash dividends is still pending.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its equity as capital. The Group is subject to externally imposed capital requirements. The Group's management, amongst other things, aims to ensure that the Parent Company and its subsidiaries meets any financial covenants attached to its long-term loans that define capital structure requirements (see Note 14).

No changes were made in the Group's capital management objectives, policies or processes in 2022 and 2021 (and 2020).

Noncontrolling Interests

Non-controlling interests consist of the following:

	Percentage of Ownership			Equity Attributable to Noncontrolling Interest		
Name of Subsidiary	**2022**	2021	2020	**2021**	2020	2019
PGDI	**69.22%**	69.22%	69.22%	**₱166,146,541**	₱188,440,308	₱200,023,823
PHMIC	**68.44%**	68.44%	68.44%	**1,714,422**	1,730,360	1,746,140
PSMVI	**68.22%**	68.22%	68.22%	**1,865,493**	1,881,542	1,897,432
GLCI	**55.00%**	55.00%	55.00%	**178,090,950**	137,324,226	116,137,841
CUBES	**51.00%**	51.00%	51.00%	**25,790,832**	25,817,764	25,842,509
				₱373,608,238	₱355,194,200	₱345,647,745

Net income (loss) attributable to non-controlling interest follows:

	Percentage of Ownership			Net Income (Loss) Attributable to Noncontrolling Interest		
Name of Subsidiary	**2022**	2021	2020	**2022**	2021	2020
PGDI	**69.22%**	69.22%	69.22%	**(₱22,293,767)**	(₱14,749,311)	(₱5,797,360)
PHMIC	**68.44%**	68.44%	68.44%	**(15,938)**	(15,780)	(19,442)
PSMVI	**68.22%**	68.22%	68.22%	**(16,049)**	(15,890)	(19,576)
GLCI	**55.00%**	55.00%	55.00%	**41,684,302**	20,445,551	18,616,950
CUBES	**51.00%**	51.00%	51.00%	**(26,932)**	(24,745)	(78,251)
				₱19,331,616	₱5,639,825	₱12,702,321

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

Statements of Income:

	2022				
	GLCI	**PGDI**	**PHMIC**	**PSMVI**	**CUBES**
Revenues	**₱314,666,534**	**₱112,144,168**	**₱–**	**₱–**	**₱–**
Cost and expenses	**(194,085,955)**	**(184,074,253)**	**(50,500)**	**(50,500)**	**(54,964)**
Other income (charges)	**(14,241,368)**	**14,709**	**–**	**–**	**–**
Income (loss) before income tax	**106,339,211**	**(71,915,376)**	**(50,500)**	**(50,500)**	**(54,964)**
Income tax expense (benefit)	**13,707,426**	**–**	**–**	**–**	**–**
Net income (loss)	**₱92,631,785**	**(₱71,915,376)**	**(₱50,500)**	**(₱50,500)**	**(₱54,964)**
Net income (loss) attributable to noncontrolling interest	**₱41,684,303**	**(₱22,293,767)**	**(₱15,938)**	**(₱16,049)**	**(₱26,932)**

	2021				
	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱116,076,391	₱174,681,141	₱–	₱–	₱–
Cost and expenses	(91,029,199)	(219,356,335)	(50,000)	(50,000)	(50,500)
Other income (charges)	26,583,888	(3,149,816)	–	–	–
Income (loss) before income tax	51,631,080	(47,825,010)	(50,000)	(50,000)	(50,500)
Benefit from income tax	(6,280,011)	(246,588)	–	–	–
Net income (loss)	₱57,911,091	(₱47,578,422)	(₱50,000)	(₱50,000)	(₱50,500)
Net income (loss) attributable to noncontrolling interest	₱20,445,551	(₱15,488,045)	(₱15,890)	(₱15,890)	(₱24,745)

	2020				
	GLCI	PGDI	PHMIC	PSMVI	CUBES
Revenues	₱479,301,585	₱241,736,071	₱–	₱–	₱–
Cost and expenses	(367,517,731)	(251,548,910)	(61,600)	(61,600)	(159,696)
Other income (charges)	(77,257,432)	(8,035,636)	–	–	–
Income (loss) before income tax	34,526,422	(17,848,475)	(61,600)	(61,600)	(159,696)
Provision for (benefit from) income tax	(6,844,578)	986,353	–	–	
Net income (loss)	₱41,371,000	(₱18,834,828)	(₱61,600)	(₱61,600)	(₱159,696)
Net income (loss) attributable to noncontrolling interest	₱18,616,950	(₱5,797,360)	(₱19,442)	(₱19,442)	(₱78,251)

Statements of Financial Position:

	2022				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Current assets	**₱983,978,982**	**₱206,674,644**	**₱–**	**₱ 2,400,000**	**₱2,450,000**
Noncurrent assets	**73,054,640**	**457,553,417**	**–**	**235,781,982**	**182,260,665**
Current liabilities	**(438,790,898)**	**(100,436,207)**	**(52,636,177)**	**(18,212,730)**	**(14,241,413)**
Noncurrent liabilities	**(187,120,594)**	**(37,435,352)**	**–**	**–**	**–**
Equity (Capital deficiency)	**₱431,122,130**	**₱526,356,502**	**(₱52,636,177)**	**₱219,969,252**	**₱170,469,252**
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	**₱253,031,179**	**₱360,209,961**	**(₱78,427,009)**	**₱218,254,830**	**₱168,603,759**
Noncontrolling interest	**178,090,951**	**166,146,541**	**25,790,832**	**1,714,422**	**1,865,493**

	2021				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Current assets	₱822,556,445	₱189,803,285	₱4,964	₱2,400,000	₱2,450,000
Noncurrent assets	67,024,722	526,204,139	–	233,464,069	180,348,534
Current liabilities	(461,603,174)	(93,505,633)	(52,586,178)	(15,844,317)	(12,278,782)
Noncurrent liabilities	(95,830,762)	(24,229,913)	(75,302)	–	–
Equity (Capital deficiency)	₱332,147,231	₱598,271,878	(₱52,656,516)	₱220,019,752	₱170,519,752
Equity (Capital deficiency) attributable to:					
Equity holders of the parent	₱194,823,005	₱410,570,304	(₱78,474,280)	₱218,289,392	₱168,638,210
Noncontrolling interest	137,324,226	187,701,574	25,817,764	1,730,360	1,881,542

Statements of Cash Flows:

	2022				
	GLCI	**PGDI**	**CUBES**	**PHMIC**	**PSMVI**
Operating	**(₱22,370,245)**	**(₱39,929,665)**	**(₱4,964)**	**₱–**	**₱–**
Investing	**3,685,636**	**(248,661)**	–	–	–
Financing	**41,877,270**	**–**	–	–	–
Net increase (decrease) in cash	**₱23,192,661**	**(₱40,178,326)**	**(₱4,964)**	**₱–**	**₱–**

	2021				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱88,585,484	₱9,235,958	₱–	(₱5,675,871)	(₱4,385,232)
Investing	(407,192)	10,819,281	–	–	–
Financing	(92,398,444)	–	–	5,675,871	4,385,232
Net increase (decrease) in cash	(₱4,220,152)	₱20,055,239	₱–	₱–	₱–

	2020				
	GLCI	PGDI	CUBES	PHMIC	PSMVI
Operating	₱283,492,277	₱99,794,404	₱231,824	₱–	₱–
Investing	6,826,481	(67,169,498)	–	230,188,197	–
Financing	(314,825,443)	(11,484,479)	–	–	50,000
Net increase (decrease) in cash	(₱24,506,685)	₱21,140,427	₱231,824	₱230,188,197	₱50,000

20. Cost of Services

This account consists of:

	Note	2022	2021	2020
Depreciation	11	**₱64,031,465**	₱79,439,916	₱83,436,748
Personnel cost	25	**57,566,230**	67,201,593	73,579,844
Repairs and maintenance		**20,173,074**	23,759,550	32,822,359
Fuel and oil		**3,718,532**	4,432,306	3,410,568
Transportation and travel		**1,894,015**	4,003,640	5,122,926
Utilities		**60,651**	152,545	190,243
Others		**2,029,665**	14,105,995	1,145,392
		₱149,473,632	₱193,095,545	₱210,593,090

21. General and Administrative Expenses

This account consists of:

	Note	2022	2021	2020
Professional and legal fees		**₱57,426,092**	₱61,484,495	₱44,421,791
Personnel cost	25	**38,825,770**	39,173,799	48,330,204
Taxes and licenses		**27,696,120**	6,348,475	4,586,276
Commitment fee		**18,420,003**	–	–
Entertainment, amusement and recreation		**17,746,630**	9,205,178	10,591,872
Commissions		**8,448,019**	9,886,510	15,161,389
Depreciation and amortization	11	**7,294,971**	7,953,230	8,872,609
Rentals and utilities	27	**6,784,242**	8,271,498	8,252,143
Transportation and travel		**6,463,551**	5,951,312	6,972,176
Outside services		**2,811,593**	5,384,242	5,431,678
Repairs and maintenance		**2,417,105**	4,196,600	4,407,282

(Forward)

	2022	2021	2020
Freight and handling	**₱1,230,124**	₱1,268,121	₱1,782,285
Advertising and promotions	**1,048,616**	1,016,304	140,309
Supplies and materials	**761,217**	577,230	766,250
Others	**21,909,087**	18,619,266	18,642,655
	₱219,283,140	₱179,336,260	₱178,358,919

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

22. Impairment Losses

This account consists of:

	Note	2022	2021	2020
Provision for impairment of receivables	6	**₱29,181,818**	₱–	₱5,113,430
Film rights	12	**405,501**	405,501	405,501
Input VAT	8	**–**	–	5,296,083
Advances to suppliers and contractors	8	**–**	–	1,256,703
		₱29,587,319	₱405,501	₱12,071,717

23. Income Taxes

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

	2022	2021	2020
Current	**₱1,582,757**	₱95,221	₱5,379,120
Deferred	**87,600,919**	(69,188,394)	99,111,477
	₱89,183,676	(₱69,093,173)	₱104,490,597

Provision for current income tax pertains to MCIT in 2022, 2021 and 2020.

The reconciliation of provision for (benefit from) income tax expense computed at the statutory income tax rate to the provision for (benefit from) income tax follows:

	2022	2021	2020
Provision for (benefit from) income tax expense at statutory tax rate	**₱34,504,490**	(₱24,052,227)	₱64,359,403
Tax effects of:			
Expired NOLCO	**29,873,151**	19,484,045	–
Nondeductible expense	**2,379,892**	1,693,791	7,444,338
Expired excess MCIT over RCIT	**423,436**	471,700	–
Income subject to final tax	**(13,124)**	(12,594)	(32,722)
Effect of change in income tax rate	**–**	(76,665,640)	–
Interest expense - accretion (redemption)	**–**	493,149	891,766
Change in unrecognized deferred tax assets	**22,015,831**	9,494,603	31,827,812
	₱89,183,676	(₱69,093,173)	₱104,490,597

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

	2022	2021
Deferred tax assets recognized in profit or loss:		
Difference in the tax base and accounting base of land and land development	**₱12,511,825**	₱12,511,825
Allowance for impairment losses on receivables	**736,809**	5,920,400
Pension liabilities	**4,916,847**	5,013,098
Excess of MCIT over RCIT	**8,987,200**	2,089,436
Provisions for administrative fines	**172,335**	172,335
Lease liability	**248,013**	216,209
Unrealized foreign exchange loss	**7,890**	988
	₱27,580,919	₱25,924,291

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

	2022	2021
Deferred tax liabilities recognized in profit or loss:		
Unrealized gain on fair valuation of investment property	**₱383,266,000**	302,510,500
Increase in fair value due to purchase price allocation	**66,450,512**	66,450,512
Right-of-use asset	**237,693**	170,132
Commission - PFRS 15	**201,909**	201,909
Gross profit on real estate sales	**64,339,559**	55,905,073
	514,495,673	425,238,126
Deferred tax liability recognized in OCI:		
Remeasurement gain on defined benefit obligation	**3,699,792**	4,379,480
	₱518,195,465	₱429,617,606

The Group has deductible temporary differences that are available for offset against future taxable income or income tax payable for which deferred tax assets have not been recognized. These deductible temporary differences are as follows:

	2022	2021
NOLCO	**₱434,063,623**	₱401,757,259
Allowance for impairment losses	**177,318,122**	243,019,789
Retirement liability	**36,890,584**	25,831,296
Excess of MCIT over RCIT	**4,513,403**	9,634,687
	₱652,785,732	₱680,243,031

The details of the Group's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2022	₱–	₱267,916,281	₱–	₱267,916,281	2025
2021	155,660,753	–	–	6,508,727	2026
2020	159,638,615	–	–	159,638,615	2025
2019	86,457,891	–	(86,457,891)	–	2022
	₱401,757,259	₱267,916,281	(₱86,457,891)	₱434,063,623	

Under the Republic Act No. 11494, also known as *"Bayanihan to Recover As One Act"*, and as implemented by the BIR under RR No. 25-2020, the Group is allowed to carry-over the NOLCO incurred for taxable years 2021 and 2020 as a deduction from gross income for the next five taxable years.

The details of the Group's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2022	₱–	₱1,582,757	₱–	₱1,582,757	
2021	6,508,727	–	–	6,508,727	2024
2020	5,409,119	–	–	5,409,119	2023
2019	3,260,615	–	(3,260,615)	–	2022
	₱15,178,461	₱1,582,757	(₱3,260,615)	₱13,500,603	

NOLCO and MCIT presented in the above tables include the amount of NOLCO and MCIT of GLCI.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act") was approved and signed into law. Under the CREATE Act, the Regular Corporate Income Tax (RCIT) of domestic corporations was revised from 30% to 25% and 20%, depending on the amount of total assets or total amount of taxable income. In addition, the Minimum Corporate Income Tax (MCIT) was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

The changes in the income tax rates retrospectively became effective beginning July 1, 2020. However, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are still at 30% and 2% for RCIT and MCIT, respectively. The change was recognized in the financial statements as at December 31, 2021 resulting to a decrease in current tax expense by ₱1.3 million and an increase in deferred tax benefit of ₱78.1 million.

24. Interest Expense

This account consists of:

	Note	2022	2021	2020
Loans payable:	14			
Long-term loans		**₱42,710,384**	₱36,325,097	₱68,769,379
Short-term loans		**27,830,312**	35,884,846	61,127,580
Convertible loans		**11,975,187**	24,688,107	33,669,773
Share lending agreement	19	**31,006,694**	14,325,178	–
Lease liabilities	27	**73,190**	63,317	105,713
Installment payable		**–**	2,753,478	8,760,215
Others		**–**	116,317	31,692
		₱113,595,767	₱114,156,340	₱172,464,352

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

25. Personnel Costs

This account consists of:

	Note	2022	2021	2020
Cost of services:	20			
Salaries and wages		**₱35,200,488**	₱46,300,688	₱53,040,104
Pension expense	18	**11,297,717**	5,181,334	4,346,048
Other employee benefits		**11,068,025**	15,719,571	16,193,692
		57,566,230	67,201,593	73,579,844
General and administrative expenses:	21			
Salaries and wages		**22,931,782**	29,671,546	38,472,344
Pension expense	18	**2,627,556**	1,680,434	1,636,367
Other employee benefits		**13,266,432**	7,821,819	8,221,493
		38,825,770	39,173,799	48,330,204
		₱96,392,000	₱106,375,392	₱121,910,048

26. Basic/Diluted EPS

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company for the year over the weighted average number of common shares outstanding during the year.

Basic and Diluted EPS Attributable to Equity Holders of the Parent Company

	2022	2021	2020
Net income (loss) attributable to equity holders of the Parent Company	**₱29,502,668**	(₱47,826,957)	₱97,338,426
Weighted average number of outstanding common shares*	**2,653,352,820**	2,188,586,397	2,012,450,586
Basic and Diluted Earnings (Loss) Per Share	**₱0.0111**	(₱0.0219)	₱0.0484

**The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and new subscriptions during the year.*

The weighted average number of common shares outstanding are computed as follows:

	2022	2021	2020
Number of shares at beginning of year	**2,188,586,397**	2,012,450,586	1,990,480,889
Weighted average number of Parent Company shares issued during the year	**464,766,423**	176,135,811	21,969,697
	2,653,352,820	2,188,586,397	2,012,450,586

Diluted EPS is computed similar to the computation of the basic EPS except that the net income attributable to equity holders of the parent and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential common shares. The effect of the conversion option of the convertible loans is anti-dilutive in 2022, 2021 and 2020. Thus, the basic and diluted EPS are the same in 2022 and 2021.

27. **Leases**

The Group has a lease contract for office space used in its operations which has a lease term of four years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group applies the short-term lease recognition exemption for these leases.

The rollforward analysis of ROU assets are as follows:

	Note	**2022**	2021
Cost			
Balance at beginning of year		**₱1,968,707**	₱1,968,707
Additions		**1,521,233**	–
Derecognition		**(1,968,707)**	–
		1,521,233	1,968,707
Accumulated Depreciation			
Balance at beginning of year		**1,958,061**	1,288,181
Derecognition		**(1,968,707)**	
Depreciation	11	**581,109**	669,880
Balance at end of year		**570,463**	1,958,061
Net Carrying Amount	13	**₱950,770**	₱10,646

The rollforward analysis of lease liabilities are as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱243,454**	₱865,137
Additions		**1,521,233**	–
Payment		**(845,826)**	(685,000)
Interest expense	24	**73,190**	63,317
Balance at end of year		**992,051**	243,454
Current portion		**(799,331)**	–
Noncurrent portion		**₱192,720**	₱243,454

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

	Note	**2022**	2021	2020
Expenses relating to short-term leases	21	**₱2,684,388**	₱2,865,151	₱2,469,674
Depreciation expense of ROU assets	11	**581,109**	669,880	669,880
Interest expense on lease liabilities	24	**73,190**	63,317	105,713
		₱3,338,687	₱3,598,348	₱3,245,267

28. Financial Assets and Financial Liabilities

Financial Risk Management Objectives and Policies

The Group's principal financial assets and financial liabilities comprise of loans payable and due to and from related parties. The main purpose of these financial assets and financial liabilities is to finance the Group's operations. The Group has other financial assets and financial liabilities such as trade and other receivables and trade and other payables which arise directly from its operations.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The main risks arising from the Group's financial assets and financial liabilities are liquidity risk, credit risk and interest rate risk. Exposure to these risks arises in the normal course of business activities. The Group's BOD reviews and approves actions for managing each of these risks which are summarized below:

Liquidity Risk. Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The major liquidity risk confronting the Group pertains to the daily calls on its available cash resources in respect of claims arising from trade and other payables and the maturity of loans payable. In this regard, the Group maintains a level of cash deemed sufficient to finance its operations.

To manage its liquidity risk from maturing liabilities, the Group has undertaken various initiatives as discussed in Note 1.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted cash flows. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

	2022			
	120 days	**121-360 days**	**>360 days**	**Total**
Financial Liabilities				
Trade and other payables*	**₱374,259,567**	**₱–**	**₱–**	**₱374,259,567**
Loans payable:				
Long-term loans**	**46,495,347**	**127,695,252**	**205,688,801**	**379,879,400**
Short-term loans**	**306,754,632**	**–**	**–**	**306,754,632**
Convertible loan**	**100,000,000**	**–**	**–**	**100,000,000**
Callable loans**	**22,000,000**	**–**	**–**	**22,000,000**
Lease liabilities**	**239,889**	**559,442**	**192,720**	**992,051**
	₱849,749,435	**₱128,254,694**	**₱205,881,521**	**₱1,183,885,650**

** Excluding lease liabilities, statutory and other nonfinancial liabilities aggregating ₱181.3 million*
*** Including future interest*

	2021			
	120 days	121-361 days	>360 days	Total
Financial Liabilities				
Trade and other payables*	₱388,232,256	₱–	₱–	₱388,232,256
Loans payable:				
Long-term loans**	29,271,776	88,928,115	177,091,858	295,291,749
Short-term loans**	234,204,632	20,350,000	–	254,554,632
Convertible loan**	–	–	100,000,000	100,000,000
Callable loans**	880,000	23,440,000	–	24,320,000
Lease liabilities**	243,454	–	–	243,454
	₱652,832,118	₱132,718,115	₱277,091,858	₱1,062,642,091

** Excluding lease liabilities, statutory and other nonfinancial liabilities amounting to ₱193.8 million*
*** Including future interest*

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group's credit risks are primarily attributable to cash in banks, receivables, due from related parties and security deposits. The Group's receivables and due from related parties are monitored on an ongoing basis.

With respect to credit risk arising from cash in banks, receivables, due from related parties, and other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit quality of the Group's financial assets are as follows:

	2022					
	Neither Past Due nor Impaired			**Past Due but**		
	High Grade	**Medium Grade**	**Total**	**not Impaired**	**Impaired**	**Total**
Cash in banks	**₱53,702,522**	**₱–**	**₱53,702,522**	**₱–**	**₱–**	**₱53,702,522**
Receivables						
Contract receivables	**313,674,166**	**–**	**313,674,166**	**–**	**2,947,236**	**316,621,402**
Trade	**–**	**24,426,819**	**24,426,819**	**–**	**–**	**24,426,819**
Others	**–**	**–**	**–**	**–**	**4,636,569**	**4,636,569**
Other assets						
Receivable from PAGCOR	**–**	**–**	**–**	**3,042,702**	**–**	**3,042,702**
Security deposits	**–**	**1,191,592**	**1,191,592**	**–**	**–**	**1,191,592**
	₱367,376,688	**₱25,618,411**	**₱392,995,099**	**₱3,042,702**	**₱7,583,805**	**₱403,621,606**

	2021					
	Neither Past Due nor Impaired			Past Due but		
	High Grade	Medium Grade	Total	not Impaired	Impaired	Total
Cash in banks	₱89,227,003	₱–	₱89,227,003	₱–	₱–	₱89,227,003
Receivables						
Contract receivables	11,505,331	–	11,505,331	–	23,681,600	35,186,931
Trade	–	1,388,982	1,388,982	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	–	852,022	852,022	–	–	852,022
	₱100,732,334	₱2,241,004	₱102,973,338	₱3,042,702	₱28,318,169	₱134,334,209

The Group has determined that the credit quality of all neither past nor impaired financial assets as at December 31, 2022 and 2021 are classified as high grade based on the following:

- Cash - based on the financial and credit standing of the counterparty.

- Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment. All receivables are deemed high grade by the Group.

- Security deposits - based on the credit standing/reputation of counterparty.

The table below shows the Group's aging analysis of financial assets.

	2022					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	**₱53,702,522**	**₱–**	**₱–**	**₱–**	**₱–**	**₱53,702,522**
Receivables						
Contract receivables	**313,674,166**	–	–	–	**2,947,236**	**316,621,402**
Trade	**24,426,819**	–	–	–	–	**24,426,819**
Others	–	–	–	–	**4,636,569**	**4,636,569**
Other assets						
Receivable from PAGCOR	–	–	–	**3,042,702**	–	**3,042,702**
Security deposits	**1,191,592**	–	–	–	–	**1,191,592**
	₱392,995,099	**₱–**	**₱–**	**₱3,042,702**	**₱7,583,805**	**₱403,621,606**

	2021					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		120 days	121-360 days	>360 days	Impaired	Total
Cash in banks	₱89,227,003	₱–	₱–	₱–	₱–	₱89,227,003
Receivables						
Contract receivables	33,352,852	–	–	–	23,681,600	35,186,931
Trade	1,388,982	–	–	–	–	1,388,982
Others	–	–	–	–	4,636,569	4,636,569
Other noncurrent assets						
Receivable from PAGCOR	–	–	–	3,042,702	–	3,042,702
Security deposits	852,022	–	–	–	–	852,022
	₱124,820,859	₱–	₱–	₱3,042,702	₱6,470,648	₱134,334,209

Interest Rate Risk. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The Group has interest bearing loans with floating interest rate subject to repricing amounting to ₱165.8 million and ₱156.7 million as at December 31, 2022 and 2021, respectively.

The re-pricing of these instruments is done on intervals of three months.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax.

	Increase (Decrease)	Effect on Income Before Income Tax
2022	**2.43%**	**₱4,029,133**
	(2.43%)	**(4,029,133)**
2021	0.74%	1,160,213
	(0.74%)	(1,160,213)

29. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

2022

		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	**Conversion**	**Interest Accretion**	**Addition**	**Proceeds**	**Payments**	**Balance at end of year**
Deposit for future stock subscription	**₱465,231,457**	**(₱465,231,457)**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Long-term loans	**295,291,747**	**–**	**–**	**–**	**160,322,826**	**(75,735,173)**	**379,879,400**
Short-term loans	**254,554,632**	**–**	**–**	**–**	**120,700,000**	**(68,500,000)**	**306,754,632**
Convertible loans	**100,000,000**	**–**	**–**	**–**	**–**	**–**	**100,000,000**
Callable loans	**22,000,000**	**–**	**–**	**–**	**–**	**–**	**22,000,000**
Lease liabilities	**243,454**	**–**	**73,190**	**1,521,233**		**(845,826)**	**992,051**
	₱1,138,036,059	**(₱465,231,457)**	**₱73,190**	**₱1,521,233**	**₱281,022,826**	**(₱145,607,645)**	**₱809,814,206**

2021

		Noncash Transactions			Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Addition	Proceeds	Payments	Balance at end of year
Convertible loans	₱495,006,168	(₱354,000,000)	₱1,993,831	₱–	₱–	(₱42,999,999)	₱100,000,000
Long-term loans	423,865,093	–	–	–	–	(128,573,346)	295,291,747
Short-term loans	225,962,500	–	–	–	34,154,632	(5,562,500)	254,554,632
Deposit for future stock subscription	113,000,000	(113,000,000)	–	378,688,107	86,543,350	–	465,231,457
Callable loans	22,000,000	–	–	–	–	–	22,000,000
Lease liabilities	865,137	–	63,317	–	–	(685,000)	243,454
	₱1,280,698,898	(₱467,000,000)	₱2,057,148	₱378,688,107	₱120,697,982	(₱177,820,845)	₱1,138,036,059

2020

		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Sale in Exchange of Loans	Interest Accretion	Proceeds	Payments	Balance at end of year
Convertible loans	₱494,533,615	₱–	₱4,972,553	₱–	(₱4,500,000)	₱495,006,168
Long-term loans	1,064,603,643	(397,482,489)	–	–	(243,256,061)	423,865,093
Short-term loans	233,025,000	–	–	–	(7,062,500)	225,962,500
Deposit for future stock subscription	–	–	–	113,000,000	–	113,000,000
Callable loans	22,000,000	–	–	–	–	22,000,000
Lease liabilities	1,444,423	–	105,713	–	(684,999)	865,137
	₱1,815,606,681	(₱397,482,489)	₱5,078,266	₱113,000,000	(₱257,336,181)	₱1,280,698,898

30. Commitments and Contingencies

Service Contract with Cagdianao Mining Corporation (CMC)

In December 2014, the Group entered into a Saprolite Mining Contract with CMC for the hauling and extraction of mineral ores in the Municipality of Cagdianao, Province of Dinagat Islands. The Contract was extended by both parties in 2018, in 2019 up to 2021 and in 2022, with the Group rendering services to CMC starting March 1 until October 31 of each year.

If the Group fails to deliver the required tonnage, CMC shall impose a penalty computed based on the required WMT multiplied by $0.50 per WMT of materials not delivered.

The Group renders mining services that include loading and hauling, road and bench maintenance, barge loading services and rental of heavy equipment.

Mining-related services revenue recognized by the Group amounted to ₱112.1 million and ₱174.7 million in 2022 and 2021, respectively (₱241.7 million in 2020). This includes equipment rental amounting to ₱518,314 in 2021 (₱1.3 million in 2020).

Agreement with Home Trenz Realty Corp. (Home Trenz)
In October 2021, GLCI and Home Trenz entered into an agreement wherein: (a) GLCI will provide ₱25.2 million to acquire certain properties which Home Trenz will subdivide, market and sell under its name; and (b) GLCI is entitled to 300% of its contribution as its share of profits and return of contribution while Home Trenz is entitled to any surplus profits and proceeds on the sale of the properties.

In 2022 and 2021, the Group recognized its share on the project amounting to ₱2.0 million and ₱54.3 million, respectively. This was included under "Other income (charges)" in the consolidated statements of comprehensive income.

As at December 31, 2022, the agreement with Home Trenz is already completed.

Contingencies
The Group is involved in legal proceedings relating to transactions with stockholders and former officers and compliance with corporate rules and regulations. Management, in consultation with its legal counsels, believes that the outcome of these proceedings will not have material adverse effect on the financial position and performance of the Group.

REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated April 12, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2022 and 2021, and no material exceptions were noted.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022 and 2021

Ratio	Formula		2022	2021
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		**1.16**	1.06
	Total Current Assets	₱1,546,938,643		
	Divide by: Total Current Liabilities	1,328,897,556		
	Current Ratio	1.16		
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		**0.41**	0.29
	Total Current Assets	1,546,938,643		
	Less: Inventories	(820,207,628)		
	Other Current Assets	(179,831,676)		
	Quick Assets	546,899,339		
	Divide by: Total Current Liabilities	1,328,897,556		
	Acid Test Ratio	0.41		
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		**0.67**	0.86
	Total interest-bearing debt	₱1,387,036,937		
	Total Equity	2,055,588,759		
	Debt to Equity Ratio	0.67		
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		**2.03**	2.53
	Total Assets	₱4,175,921,375		
	Total Equity	2,055,588,759		
	Asset to Equity Ratio	2.03		
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		**2.20**	0.00
	Net Income Before Income Tax	₱138,017,960		
	Less: Interest income	(1,711,089)		
	Add: Interest Expense	113,595,767		
	Earnings Before Interest and Taxes	249,902,638		
	Divide by: Interest Expense	113,595,767		
	Interest Rate Coverage Ratio	2.20		

Ratio	Formula		2022	2021
Return on Equity	**Net Income divided by Average Total Equity**		**2.76%**	(2.97%)
	Net Income	₱48,834,284		
	Average Total Equity	1,772,271,607		
	Return on Equity	2.76%		
Return on Assets	**Net Income divided by Average Total Assets**		**3.33%**	(1.55%)
	Net Income	₱48,834,284		
	Average Total Assets	1,456,223,220		
	Return on Assets	3.33%		
Solvency Ratio	**Net Income Before Non-Cash Expenses divided by Total Liabilities**		**6.74%**	2.39%
	Net Income	₱48,834,284		
	Add: Non-Cash Expenses	94,177,853		
	Net Income Before Non-Cash Expenses	143,012,137		
	Total Liabilities	2,120,332,616		
	Solvency Ratio	6.74%		
Net Profit Margin	**Net Income divided by Total Revenue**		**10.96%**	(12.08%)
	Net Income	₱48,834,284		
	Total Revenue	445,536,982		
	Net Profit Margin	10.96%		

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022

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8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
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REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Premiere Horizon Alliance Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated April 13, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedules required by paragraph 6 Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Parent Company's Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of Group Structure

These supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68, and are not part of the consolidated financial statements. The supplementary information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the supplementary information is fairly stated in all material respect in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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PTR No. 9564558
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April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2022

	Amount
Deficit, as at December 31, 2021	(₱323,561,532)
Add (less) -	
Deferred tax liabilities	25,062
Deficit as at January 1, 2022, as adjusted	(323,561,532)
Net loss during the period closed to retained earnings	(196,338,805)
Deficit, at end of year	(₱519,900,337)

PREMIERE HORIZON ALLIANCE CORPORATION
AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2022

Table of Contents

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

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at End of Period
Officers and employees	₱63,724,304	₱40,502,391	₱–	₱–	₱104,226,695	₱–	₱104,226,695

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

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at End of Period
Premiere Horizon Alliance Corporation	₱308,390,091	₱–	(₱308,390,091)	₱–	₱–	₱–	₱–
Goshen Land Capital Inc.	–	–	–	–	–	–	–
Premiere Georesources and Development Inc.	–	–	–	–	–	–	–
West Palawan Premiere Development Corp.	55,674,560	–	(55,674,560)	–	–	–	–
Treasure Cove at Nagtabon Beach, Inc.	3,493,974	–	(3,493,974)	–	–	–	–
Concepts Unplugged Business Environment Solutions (CUBES), Inc.	941,237	35,706,341	–	(36,647,578)	–	–	–
PH Big Bounty Entertainment, Inc.	–	–	–	–	–	–	–
PH Agriforest Corporation	–	–	–	–	–	–	–
Premiere Horizon Business Services, Inc.	–	–	–	–	–	–	–
PH Mining and Development Corporation	14,411,009	–	(14,411,009)	–	–	–	–
Digiwave Solutions Incorporated	–	–	–	–	–	–	–
Palawan Star Mining and Ventures, Inc.	5,864,652	5,668,775	–	–	11,533,427	–	11,533,427
PH Mining and Development Corporation	7,689,548	6,801,202	–	–	14,490,750	–	14,490,750
	₱396,465,071	₱12,469,977	(₱381,969,634)	(₱36,647,578)	₱26,024,177	₱–	₱26,024,177

Schedule D. Long-term debt

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Long-term Debt" in Related Balance Sheet"
Loans Payable:			
Philippine Veterans Bank	₱314,000,000	₱107,127,019	₱–
Security Bank	200,000,000	7,044,725	9,298,765
Bank of the Philippine Islands	42,220,000	1,175,625	41,044,375
Zambales Bank	32,000,000	3,200,000	28,669,200
Tanay Rural Bank	20,000,000	14,376,209	–
Other Financing Institutions	230,026,058	118,968,824	48,974,658
Convertible Loan -			
Treasure Island Industrial Corporation	100,000,000	100,000,000	–
Callable loans -			
KSK SMP Corp.	22,000,000	22,000,000	–
	₱960,246,058	**₱373,892,402**	**₱127,986,998**

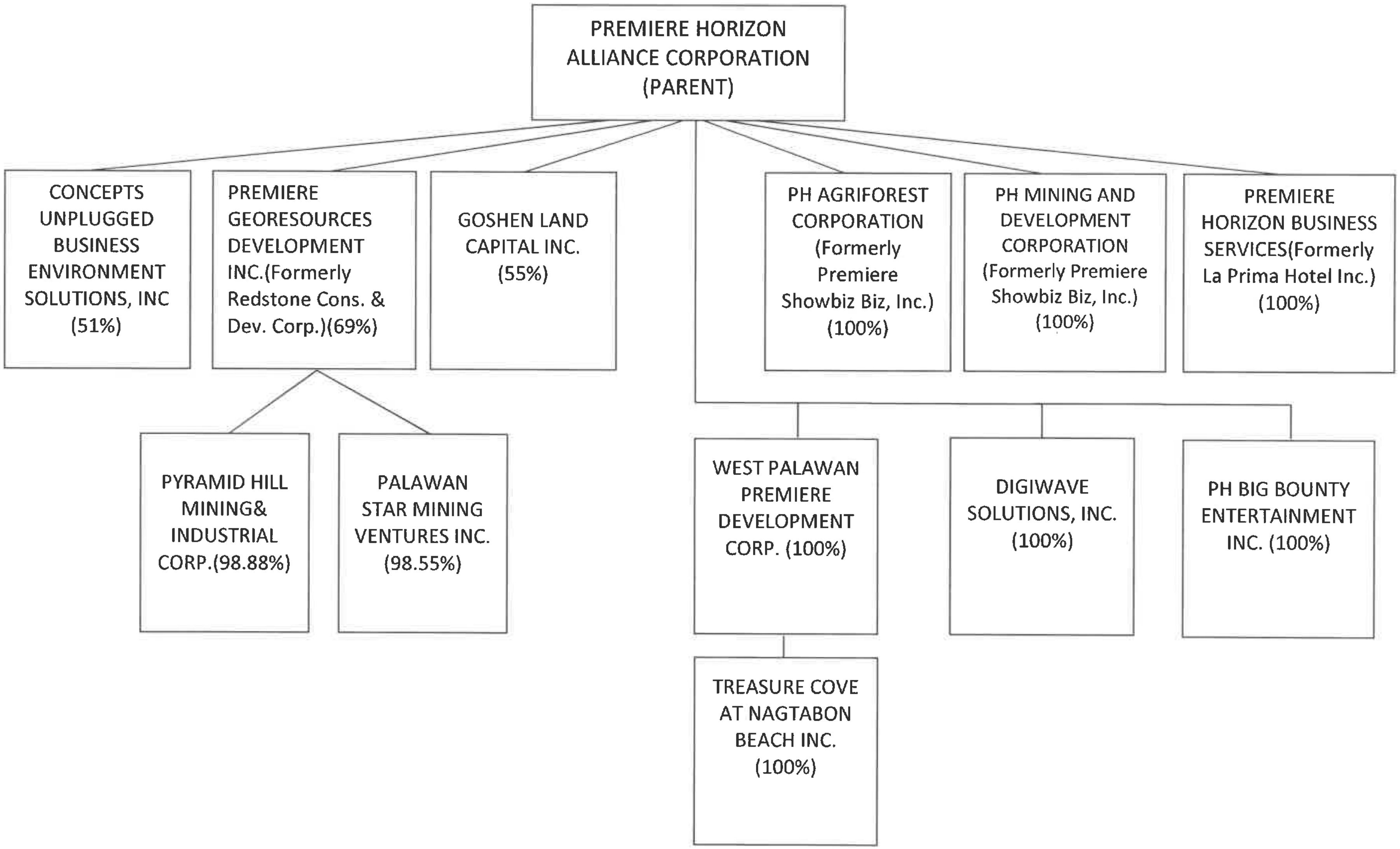
Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	6,000,000,000	4,029,987,305	–	–	436,822,647	3,593,164,658

PREMIERE HORIZON ALLIANCE CORPORATION AND SUBSIDIARIES

MAP OF GROUP STRUCTURE

DECEMBER 31, 2022 and 2021



Gmail

Premiere Horizon <premierehorizon@gmail.com>

SEC eFast Initial Acceptance

1 message

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph> Tue, Apr 18, 2023 at 2:35 PM

Greetings!

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

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

Thank you.

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

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

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Gmail   **Premiere Corporation <phac1705@gmail.com>**

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eafs@bir.gov.ph <eafs@bir.gov.ph>   Tue, Apr 18, 2023 at 1:38 PM
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Hi PREMIERE HORIZON ALLIANCE CORPORATION,

Valid files

- EAFS002727376OTHTY122022.pdf
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Transaction Code: **AFS-0-68GFHE9E0NPPMVTRTP442VT2204VM4YVTX**
Submission Date/Time: **Apr 18, 2023 01:38 PM**
Company TIN: **002-727-376**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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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

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
AASFS	CRMD	Not Applicable

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON'S ADDRESS

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

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

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

Premiere Horizon
Invigorating the Countryside

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

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

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AUGUSTO M. COSIO JR.
Chairman of the Board

ROBERTO B. ORTIZ
President & CEO

BRANDON BENITO P. LEONG
Treasurer

Signed this 12th day of April 2023

SUBSCRIBE AND SWORN TO BEFORE ME
AT PASIG CITY APR 1 4 2023
ABOVE AFFIANT/S
DOC. NO. 467
PAGE NO. 95
BOOK NO. 60
SERIES OF 2023

ATTY. LETICIA M. AMON
Notary Public
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04286
Official Receipt No. 574709, IBP Chapter
MCLE Compliance No. VII-0000050/6-18-2019
Ground Flr. Arnal Centre, U. Velasco, Ave.,
Malinao, Pasig City

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
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8741 Paseo de Roxas
Makati City 1226 Philippines
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Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatements, 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 misstatements 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 separate 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 misstatements of the separate 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 misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

April 12, 2023
Makati City, Metro Manila

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

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE

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

We have audited the accompanying separate financial statements of Premiere Horizon Alliance Corporation (the Company), as at and for the years ended December 31, 2022 and 2021, on which we have rendered our report dated April 12, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
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Issued January 3, 2023, Makati City

April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2022	2021
ASSETS			
Current Assets			
Cash	4	**₱1,647,366**	₱4,195,924
Current portion of receivables	5	**489,658,749**	60,842,188
Dividends receivable	14	**5,450,000**	5,450,000
Due from related parties	14	**27,551,639**	24,610,339
Notes receivable	14	**–**	35,558,000
Other current assets	6	**12,799,218**	72,524,910
Total Current Assets		**537,106,972**	203,181,361
Noncurrent Assets			
Investments in subsidiaries	9	**1,451,743,810**	1,451,743,810
Property and equipment	7	**5,043,310**	6,125,653
Film rights	8	**2,838,511**	3,244,012
Receivables - net of current portion	5	**–**	405,000,000
Other noncurrent assets		**–**	39,637
Total Noncurrent Assets		**1,459,625,631**	1,866,153,112
		₱1,996,732,603	₱2,069,334,473
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans	11	**₱300,254,632**	₱248,054,632
Accounts and other payables	12	**318,048,650**	252,601,077
Due to related parties	14	**396,356,707**	444,930,100
Dividends payable	17	**39,800,000**	39,800,000
Total Current Liabilities		**1,054,459,989**	985,385,809
Noncurrent Liabilities			
Retirement liability	13	**1,886,046**	1,830,917
Deferred tax liability	16	**25,062**	25,062
Deposit for future stock subscription	17	**–**	465,231,457
Total Noncurrent Liabilities		**1,911,108**	467,087,436
Total Liabilities		**1,056,371,097**	1,452,473,245

(Forward)

	Note	2022	2021
Equity			
Capital stock	17	**₱1,007,496,826**	₱800,650,526
Additional paid-in capital	17	**452,689,833**	139,697,050
Deficit		**(519,900,337)**	(323,561,532)
Cumulative remeasurement gains on retirement liability	13	**75,184**	75,184
Total Equity		**940,361,506**	616,861,228
		₱1,996,732,603	₱2,069,334,473

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 2022	2021
EXPENSES			
Professional and legal fees		**₱31,272,764**	₱48,472,980
Commitment and brokers' fee		**18,420,003**	2,417,346
Personnel costs	13	**5,000,612**	5,431,114
Entertainment, amusement and representation		**4,675,500**	3,593,200
Depreciation	7	**3,297,679**	2,403,090
Transportation and travel		**3,156,860**	2,164,043
Taxes and licenses		**2,675,291**	4,284,057
Utilities		**1,030,201**	809,938
Rent		**801,513**	819,669
Communication		**702,748**	760,055
Insurance		**327,093**	265,658
Office supplies		**228,919**	220,452
Repairs and maintenance		**170,377**	600,863
Trainings and seminar		**116,822**	263,000
Others		**655,184**	3,725,103
		72,531,566	76,230,568
OTHER INCOME (CHARGES)			
Impairment losses	15	**(65,184,956)**	(405,501)
Interest expense	11	**(58,837,006)**	(62,991,166)
Interest income	4	**13,955**	26,038
Others - net	17	**202,796**	12,393,692
		(123,805,211)	(50,976,937)
LOSS BEFORE INCOME TAX		**196,336,777**	127,207,505
PROVISION FOR CURRENT INCOME TAX	16	**2,028**	123,937
NET LOSS		**196,338,805**	127,331,442
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain on defined benefit obligation - net of deferred tax	13	**–**	235,855
TOTAL COMPREHENSIVE LOSS		**₱196,338,805**	₱127,095,587

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31 2022	2021
CAPITAL STOCK - ₱0.25 par value	17		
Balance at beginning of year		**₱800,650,526**	₱563,529,313
Additional subscription		**152,954,502**	237,121,213
Collection of subscription receivable		**53,891,798**	–
		1,007,496,826	800,650,526
ADDITIONAL PAID-IN CAPITAL	17		
Balance at beginning of year		**139,697,050**	70,924,338
Additions		**297,099,865**	75,878,790
Collection of subscription receivable		**17,245,376**	–
Stock issuance costs		**(1,352,458)**	(7,106,078)
Balance at end of year		**452,689,833**	139,697,050
DEFICIT			
Balance at beginning of year		**(323,561,532)**	(196,230,090)
Net loss		**(196,338,805)**	(127,331,442)
Balance at end of year		**(519,900,337)**	(323,561,532)
CUMULATIVE REMEASUREMENT GAINS ON RETIREMENT LIABILITY	13		
Balance at beginning of year		**75,184**	(160,671)
Net remeasurement gain		**–**	235,855
Balance at end of year		**75,184**	75,184
		₱940,361,506	₱616,861,228

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱196,336,777)**	(₱127,207,505)
Adjustments for:			
Impairment losses	15	**65,184,956**	405,501
Interest expense	11	**58,837,006**	62,991,166
Depreciation	7	**3,297,679**	2,403,090
Retirement benefits cost	13	**334,829**	298,615
Interest income	4	**(13,955)**	(26,038)
Operating loss before working capital changes		**(68,696,262)**	(61,135,171)
Decrease (increase) in:			
Receivables		**(52,998,378)**	(14,646,625)
Other current assets		**59,723,663**	(3,815,942)
Increase in accounts and other payables		**65,797,129**	9,006,958
Net cash generated from (used for) operations		**3,826,152**	(70,590,780)
Retirement benefits paid	13	**(279,700)**	–
Interest received		**13,955**	26,038
Net cash provided by (used in) operating activities		**3,560,407**	(70,564,742)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional advances to related parties	14	**(2,941,300)**	(488,537)
Acquisitions of property and equipment	7	**(2,215,336)**	(1,544,681)
Reductions in other noncurrent assets		**–**	33,240
Net cash used in investing activities		**(5,156,636)**	(1,999,978)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Collection of subscription receivable	17	**71,137,174**	–
Availment of short-term loans	19	**52,200,000**	22,092,132
Issuance of capital stock	17	**–**	226,681,941
Deposit for future stock subscription	17	**–**	86,543,350
Stock issuance costs		**(1,352,458)**	(7,106,078)
Payments of:			
Due to related parties	19	**(63,573,393)**	(131,277,746)
Interest		**(58,837,006)**	(60,518,714)
Obligations under finance lease	19	**(526,646)**	186,563
Loan from officers and shareholders	19	**–**	(64,500,000)
Convertible loans		**–**	(42,999,999)
Loan from a third party		**–**	(8,000,000)
Net cash provided by (used in) financing activities		**(952,329)**	21,101,449
NET DECREASE IN CASH		**(2,548,558)**	(51,463,271)
CASH AT BEGINNING OF YEAR		**4,195,924**	55,659,195
CASH AT END OF YEAR	4	**₱1,647,366**	₱4,195,924

See accompanying Notes to Separate Financial Statements.

PREMIERE HORIZON ALLIANCE CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. General Information

Corporate Information

Premiere Horizon Alliance Corporation (PHA or the 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 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 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 Company's registered address and principal place of business is at Unit E-1705, 17F, East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

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

	Industry	Percentage of Ownership		
		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*

Status of Operations and Corporate Initiatives

The financial position and financial performance of the Company were affected by the Corona Virus Disease (COVID-19) pandemic resulting in a liquidity gap on its currently maturing liabilities of ₱453.8 million and ₱777.0 million as at December 31, 2022 and 2021, respectively. The liquidity gap on currently maturing liabilities is the excess of current financial liabilities against current financial assets. These events and conditions exists that may cast significant doubt on the Company's ability to continue as a going concern.

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

- In 2021, the Company increased its authorized capital stock from ₱563.6 million divided into 2,254,224,000 common shares at ₱0.25 par value a share to ₱1.5 billion divided into 6,000,000,000 common shares at ₱0.25 par value share. This was approved by the SEC on May 28, 2021. A new investor group subscribed to 2,803,030,303 shares, equivalent to 55% ownership in the Company at ₱0.33 a share for a total consideration of ₱925.0 million, of which, ₱371.1 million has been received as at December 31, 2022 (see Note 17).

- Convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of the Company at a conversion price of ₱0.70 per share which is equivalent to 540,938,008 shares. These converted notes were reclassified capital stock upon approval of the SEC in 2022 (see Note 17).

- In February 2023, the BOD approved the call for payment on all unpaid subscriptions. Due date for the payment of the unpaid subscriptions was set on or before March 6, 2023. Failure to pay the shares 30 days after the set date will render the shares delinquent. At the end of the 30-days compliance period, the delinquent shares will be sold at a public action (see Note 17).

- Other initiatives are:

  - Negotiate principal payment extensions and deferrals with creditors; and
  - Reduction and efficient management of operating expenses.

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

Approval of the Separate Financial Statements
The separate financial statements as at and for the years ended December 31, 2022 and 2021 were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statements of Compliance
The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The Company also prepares and issues consolidated financial statements for the same period in accordance with PFRS. In the consolidated financial statements, the subsidiary undertakings have been fully consolidated. Users of these separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated financial performance and consolidated cash flows of PHA and its subsidiaries. The consolidated financial statements may be obtained at the Company's registered office address and at the SEC.

Measurement Bases
The separate financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The separate financial statements of the Company have been prepared on a historical cost basis except for retirement liability which measured at the present value of defined benefit obligation. 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 Company 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 Company 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 Note 18, *Financial Instruments*.

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 relevant amendments to PFRS:

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

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

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

- Annual Improvements to PFRS 2018 to 2020 Cycle:

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

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

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

Amendments to PFRS in Issue But Not Yet Effective

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

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

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

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

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

- Amendments to PFRS 16, *Leases - 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 asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

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

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

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

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 Company recognizes a financial asset or a financial liability in the separate 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 Company 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 Company 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 Company determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Company 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 Company 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 2022 and 2021.

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

As at December 31, 2022 and 2021, the Company 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 Company's cash, receivables (excluding advances to officers and employees), dividends receivable, due from related parties, notes receivable and security deposits (presented as part of "Other current 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 Company 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.

As at December 31, 2022 and 2021, classified under this category are the Company's short-term loans, accounts and other payables (excluding statutory payables), due to related parties, dividend payable, loans from officers and shareholders and loan from a third party.

Impairment of Financial Assets at Amortized Cost

The Company records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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 Company 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 Company 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 Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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.

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 Company 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 Company 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 Company 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 Company 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 Company'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 Company 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 separate 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 separate 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 Company; 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 Company 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.

Other Current Assets

This account mainly consists of excess of input value-added tax (VAT) over output VAT, creditable withholding taxes (CWT), prepayments and advances for investments.

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 separate statement of financial position.

In accordance with the Revenue Regulations No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month 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.

CWTs. CWTs represent the amount withheld by the Company'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.

Advances for Investments. Advances for investments represent down payments for future projects. These are charged to expense or capitalized to appropriate asset account in the separate statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, 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 is computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Office space	10
Office space improvements	5
Furniture and fixtures	5
Office equipment	5
Transportation equipment	5

The estimated useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

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

Fully depreciated assets are retained in the accounts until these are no longer in use.

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.

Investments in Subsidiaries

Investments in subsidiaries are accounted for using the cost method. A subsidiary is an entity controlled by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to elements evidencing control.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of the investment.

An assessment of the carrying amount of the investment is performed when there is an indication that the investment has been impaired.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal 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 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 redemption or repurchase in which the original conversion privileges are unchanged an allocation is made for the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of transaction. The method of allocating the consideration paid and the transaction costs to the separate component is consistent with that used in the original allocation to the separate components or the proceeds received by the entity when the convertible loan payables were issued.

Deposit for Future Stock Subscription
Deposit for future stock subscription represents funds received by the Company from potential or existing stockholders to be applied as payment for subscription of unissued shares or shares from the increase in authorized capital stock.

The Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

b) There is BOD and stockholders approval on the proposed increase in the authorized capital stock (for which a deposit was received by the Company); and

c) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If the foregoing conditions are not met, the deposits for future stock subscription are presented as a liability.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued/subscribed. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Equity component of convertible instruments are also included in additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity under "Stock issuance costs" account.

Subscriptions Receivable
Subscriptions receivable pertain to the uncollected consideration from the subscribed shares.

Deficit
Deficit represents the cumulative balance of the Company'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 separate statement of comprehensive income. The cumulative remeasurement gains or losses are separately presented in the equity section of the separate statement of financial position.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company 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.

Interest Income. Interest income is recognized as the interest accrues using the effective interest rate.

Other Income. Income from other sources is recognized when earned.

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.

Expenses are recognized in profit or loss when incurred.

Short-term Leases - Company as a Lessee
The Company applies the short-term lease recognition exemption to its short-term leases of commercial spaces (i.e., those leases hat have a lease term of 12 months or less from the commencement date and do not contain purchase option). Lease payments on short-term leases are recognized as expense on a straight line basis over the lease term.

Employee Benefits

Short-term Benefits. The Company 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 Company 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 12 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 Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The cost of providing benefits under the defined benefit plan is actuarially determined using projected unit credit method which reflects services rendered by employees to the date of valuation and incorporate assumptions concerning employees' projected salaries.

The retirement liability is the aggregate of the present value of the retirement liability which is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

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
- Interest on the defined benefit liability
- Remeasurements of defined benefit liability

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.

Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability. Interest on the defined benefit liability is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which these 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 Company recognized the related restructuring costs.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

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.

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.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity as other comprehensive income.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Company plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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 Company and its related parties.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the 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 total assets. Details of transactions entered into by the Company with related parties are reviewed in accordance with the Company's related party transactions policy.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

Comparatives
When necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the separate financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the separate financial statements. The judgment, estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

Evaluating Contingencies. There are ongoing legal proceedings involving the Company which management believes would not have a material adverse impact on the Company'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 Company's defense in these matters and is based upon an analysis of potential results (see Note 20).

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.

Determining Impairment of Receivables, Notes Receivables, Dividends Receivables and Due from Related Parties. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Provision for impairment loss on notes receivables and due from related parties aggregated ₱64.8 million in 2022. Allowance for ECL aggregated to ₱50.5 million and ₱15.0 million as at December 31, 2022 and 2021, respectively (see Notes 5 and 14). The carrying values of Company's financial assets as of December 31 follows:

	Note	**2022**	2021
Receivables*	5	**₱489,658,748**	₱465,842,188
Due from related parties	14	**27,551,639**	24,610,339
Dividends receivable	14	**5,450,000**	5,450,000
Notes receivable	14	**–**	35,558,000

***Excluding advances to officers and employees*

Estimating the Useful Lives of Property and Equipment. The Company estimates the useful lives of the property and equipment 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 in 2022 and 2021. The carrying amount of property and equipment amounted to ₱5.0 million and ₱6.1 million as at December 31, 2022 and 2021, respectively (see Note 7).

Determining the Impairment of Nonfinancial Assets. The Company assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Film rights are 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 Company to make estimates and assumptions that can materially affect the separate financial statements. Future events could cause the Company to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's separate financial statements.

Provision for impairment loss amounted to ₱445,138 and ₱405,501 in 2022 and 2021, respectively. The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31 are as follows:

	Note	**2022**	2021
Investments in subsidiaries	9	**₱1,451,743,810**	₱1,451,743,810
Property and equipment	7	**5,043,310**	6,125,653
Film rights	8	**2,838,511**	3,244,012
Other assets*	6	**12,801,248**	72,268,918

** Excluding security deposits*

Determining the Retirement Benefits Cost. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Retirement liability amounted to ₱1.9 million and ₱1.8 million as at December 31, 2022 and 2021, respectively. Retirement benefits cost recognized in profit or loss amounted to ₱334,829 and ₱298,615 in 2022 and 2021, respectively. The remeasurement gain recognized in other comprehensive income amounted to ₱247,331 in 2021 (see Note 13).

Assessing the Realizability of Deferred Tax Assets. The Company 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.

As at December 31, 2022 and 2021, no deferred tax assets were recognized for NOLCO, excess MCIT over RCIT and other deductible temporary differences (see Note 16). Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

4. Cash

This account consists of:

	2022	2021
Cash on hand	**₱130,679**	₱130,680
Cash in banks	**1,516,687**	4,065,244
	₱1,647,366	₱4,195,924

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱13,955 and ₱26,038 in 2022 and 2021, respectively.

5. Receivables

This account consists of:

	Note	**2022**	2021
Receivables from related parties	14	**₱490,070,651**	₱466,210,227
Advances to officers and employees		**213,885**	257,749
		490,284,536	466,467,976
Less: Noncurrent portion		**–**	405,000,000
Allowance for impairment losses		**625,788**	625,788
		₱489,658,748	₱60,842,188

Receivable from related parties include the consideration from the sale of investment properties with a total area of 499.99 hectares to WPP, for a total consideration of ₱449.0 million, payable on installment basis in three years ending 2023 (see Note 14).

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.

Movements in the allowance for ECL are as follows:

	Note	2022	2021
Balance at beginning of year		**625,788**	₱625,788
Provision	15	**29,181,818**	–
Write-off		**(29,181,818)**	–
		₱625,788	₱625,788

6. Other Current Assets

These accounts consist of:

	2022	2021
Input VAT - net of allowance for impairment loss	**₱7,749,666**	₱6,605,291
CWTs	**3,883,750**	3,885,779
Security deposits	**852,022**	852,022
Prepayments	**313,780**	–
Advances for investments	**–**	61,181,818
	₱12,799,218	₱72,524,910

The Company provided additional impairment loss on input VAT amounting to ₱39,637 in 2022.

Security deposits pertain to the deposits paid by the Company to certain lessors at the inception of the lease contracts to be refunded at the end of the lease term.

Prepayments include prepaid insurance and rent which will be amortized within three to 12 months at the end of the financial reporting date.

Advances for investments represent down payments for future projects of the Company's projects.

7. Property and Equipment

The movements of this account are as follows:

2022	Office Space	Office Space Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱13,881,990	₱6,719,078	₱1,349,731	₱1,841,371	₱21,706,633	₱45,498,803
Additions	–	–	–	353,931	1,861,405	2,215,336
Balance at end of year	13,881,990	6,719,078	1,349,731	2,195,302	23,568,038	47,714,139
Accumulated Depreciation						
Balance at beginning of year	9,847,698	6,719,078	1,349,731	1,693,117	19,763,526	39,373,150
Depreciation	1,604,944	–	–	86,873	1,605,862	3,297,679
Balance at end of year	11,452,642	6,719,078	1,349,731	1,779,990	21,369,388	42,670,829
Net Carrying Amount	₱2,429,348	₱–	₱–	₱415,312	₱2,632,140	₱5,043,310

2021	Office Space	Office Space Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱13,881,990	₱6,502,333	₱1,349,731	₱1,732,333	₱20,487,735	₱43,954,122
Additions	–	216,745	–	109,038	1,218,898	1,544,681
Balance at end of year	13,881,990	6,719,078	1,349,731	1,841,371	21,706,633	45,498,803
Accumulated Depreciation						
Balance at beginning of year	8,676,244	6,502,333	1,349,731	1,560,341	18,881,411	36,970,060
Depreciation	1,171,454	216,745	–	132,776	882,115	2,403,090
Balance at end of year	9,847,698	6,719,078	1,349,731	1,693,117	19,763,526	39,373,150
Net Carrying Amount	₱4,034,292	₱–	₱–	₱148,254	₱1,943,107	₱6,125,653

8. Film Rights

The movements of this account are as follows:

	2022	2021
Cost		
Balance at beginning and end of year	**₱59,641,480**	₱59,641,480
Accumulated Impairment Losses		
Balance at beginning of year	**56,397,468**	55,991,967
Impairment	**405,501**	405,501
Balance at end of year	**56,802,969**	56,397,468
Carrying Amount	**₱2,838,511**	₱3,244,012

Film rights pertain to the unamortized cost of completed theatrical films and television projects and film rights acquired by the Company when it was still active in the entertainment business.

In assessing the impairment of film rights, the Company uses the income approach - discounted cash flow method, which assumes that the going rate per film of ₱0.8 million declines by 10.00% per year as observed in the price trends from 1998 up to the current year. Impairment loss recognized amounted to ₱405,501 in 2022 and 2021.

9. Investment in Subsidiaries

Details of investments in subsidiaries accounted for under the cost method are as follow:

	2022	2021
WPP	**₱440,000,000**	₱440,000,000
GLCI	**427,000,000**	427,000,000
PGDI	**403,707,804**	403,707,804
DSI	**179,786,001**	179,786,001
CUBES	**79,879,414**	79,879,414
PHMDC	**3,062,500**	3,062,500
PBBEI	**1,250,005**	1,250,005
PeTI	**62,500**	62,500
PHBSI	**62,500**	62,500
PHAC	**62,500**	62,500
	1,534,873,224	1,534,873,224
Allowance for impairment losses	**83,129,414**	83,129,414
	₱1,451,743,810	₱1,451,743,810

<u>WPP</u>
WPP is incorporated for the purpose of acquiring by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell mortgage, exchange, lease, develop and hold for investment or otherwise real estate of all kinds. In 2020, the Company paid-in additional ₱129.0 million representing previously outstanding subscription payable for the capital stock of WPP.

WPP's subsidiary, TCNBI, is engaged in the business of owning and operating hotels and other resort developments.

<u>GLCI</u>
GLCI is a real estate developer based in Baguio City and develops innovative master planned communities of low to mid rise residential and commercial condominium including dormitories.

<u>PGDI</u>
PGDI is primarily engaged into mining related services such as hauling and excavation for mining companies.

PGDI's subsidiaries, PHMIC and PSMVI, are holders of Mineral Production Sharing Agreements (MPSAs) covering approximately 10,384 hectares, containing probable commercial quality limestone deposits located in the mineralized area of Southern Palawan. As at December 31, 2022, PHMIC and PSMVI are under exploration stage and in the process of renewing their exploration period subject to evaluation and approval of the Mines and Geosciences Bureau (MGB) upon submission of requirements.

<u>DSI</u>
DSI previously operated e-Games stations with its primary purpose to carry out information technology and other related businesses.

CUBES

CUBES is primarily engaged in providing management, investment, and/or technical solutions to commercial, industrial, and other types of enterprises. In May 2017, CUBES operation was discontinued and was put on hold due to operational issues. As of December 31, 2022, CUBES has not yet resumed its operations, and management is currently assessing its options whether to continue its operations or sell its equipment to prospective buyers.

PHMDC, PBBEI, PHBSI, PeTI and PHAC are engaged in the business activities relating to entertainment, gaming and human resources management consultant. As at December 31, 2022, these subsidiaries have not started commercial operations.

Details of the allowance for impairment are as follows:

	CUBES	PHBSI	PeTI	PHMDC	PHAC	Total
Balance at beginning and end of year	₱79,879,414	₱62,500	₱62,500	₱3,062,500	₱62,500	₱83,129,414

10. Convertible Loans

These represent convertible notes amounting to ₱434.0 million issued to individuals and corporations in 2016 and 2015. The convertible notes have a term of three years at interest rates ranging from 6.5% to 12.0% per annum, payable on a quarterly basis and are exchangeable into fully paid and non-assessable listed common shares at ₱1.00 a share. The notes allow the holder to participate in a planned stock rights offer (SRO) even while the loan is outstanding. A nil-paid, detachable warrant is also issued to the holder for every 10 notional common shares, excluding the rights shares, regardless of whether or not the holder subscribes to the stock rights. Each warrant shall entitle the holder to subscribe to one common share. In the event of default, the lender shall be entitled, but not obliged, to convert all or a portion of the loan into fully paid and non-assessable listed common shares. The terms and conditions of said conversion shall be mutually agreed upon by the parties. If the lender does not exercise its rights to conversion, the holder may declare the entire loan including the interest, immediately due and demandable.

In 2019, the Company extended the term of the convertible notes for another three years. The 'day 1 difference resulting from the extension amounted to ₱6.89 million.

In 2021, the convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of the Company at ₱0.70 a share, equivalent to 540,938,008 shares.

As at December 31, 2021, the amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares (see Note 17).

On March 22, 2022, the SEC issued the Certificate of Approval of Valuation. Accordingly, the deposit for future stock subscription was converted as equity in 2022.

Movements in convertible loans payable in 2021 are as follows:

	Note	Amount
Balance at beginning of year		₱395,006,168
Conversion		(354,000,000)
Payments		(42,999,999)
Amortization of Day 1 difference	11	1,993,831
Balance at end of year		₱–

Interest expense on convertible loans payable, including the amortization of Day 1 difference, recognized in profit or loss amounted to ₱15.2 million in 2021 (see Note 11).

11. Short-term Loans

Party	Year	Principal Repayments	Outstanding Balance	Terms
Third Parties	**2022**	**₱48,700,000**	**₱256,729,632**	180 to 360 days;
	2021	–	206,654,632	7.50% to 12.00% per annum
Shareholders and Officers	**2022**	**–**	**34,025,000**	180 to 360 days;
	2021	–	34,025,000	6.00% per annum
Banks	**2022**	**3,500,000**	**9,500,000**	180 to 360 days;
	2021	6,937,500	7,375,000	6.50% to 6.75% per annum
Total	**2022**	**₱52,200,000**	**₱300,254,632**	
	2021	6,937,500	248,054,632	

Short-term loans are unsecured and were obtained to finance the working capital requirements of the Company.

Details of interest expense are as follows:

	Note	2022	2021
Short-term loans		**₱27,830,312**	₱33,354,806
Share lending agreement	17	**31,006,694**	14,325,178
Convertible loans	10	**–**	15,194,865
Others		**–**	116,317
		₱58,837,006	₱62,991,166

12. Accounts and Other Payables

This account consists of:

	Note	2022	2021
Accounts payable		**₱38,649,128**	₱37,114,843
Accrued expenses		**126,744,029**	60,907,368
Advances from officers and shareholders	14	**116,550,000**	116,550,000
Capital gains tax payable		**26,940,000**	26,940,000
Statutory liabilities		**8,977,370**	10,374,097
Obligations under finance lease		**188,123**	714,769
		₱318,048,650	₱252,601,077

Accounts payable arises from regular transactions with contractors and suppliers. These are noninterest-bearing and are normally settled on a 15 to 60-day terms.

Accrued expenses pertains to accrual of interest, salaries and benefits, professional fees and other taxes which are expected to be settled within 12 months from the end of the reporting period.

Advances from officers and shareholder represents additional funds from the Company's officers and shareholders to be used in its ongoing projects (see Note 14).

Statutory liabilities pertain to withholding taxes and other amounts payable to the Philippine Government. These are noninterest-bearing and are generally settled in 30 to 45 days.

13. Retirement Liability

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 separate statements of financial position and the components of the net benefit expense recognized in the separate statements of comprehensive income for the pension plan.

Retirement expense recognized in the separate statements of comprehensive income consists of:

	2022	2021
Service cost	**₱242,917**	₱221,153
Interest expense on defined benefit obligation	**91,912**	77,462
	₱334,829	₱298,615

Remeasurement gains on defined benefit obligation recognized in 2021 under OCI in the separate statements of comprehensive income:

Actuarial gains due to:	
Changes in:	
Financial assumptions	₱292,823
Demographic assumptions	(18,707)
Experience adjustments	55,659
Remeasurement gains on defined benefit obligation	329,775
Income tax effect	(82,444)
Remeasurement gains	₱247,331

Cumulative remeasurement effect recognized in other comprehensive income:

	2022	2021
Balance at beginning of year	**₱75,184**	(₱160,671)
Actuarial gain	**–**	329,775
	75,184	169,104
Income tax effect	**–**	(82,444)
Effect of change in tax rate	**–**	(11,476)
Balance at end of year	**₱75,184**	₱75,184

Changes in the present value of the defined benefit obligation are as follows:

	2022	2021
Balance at beginning of year	**₱1,830,917**	₱1,862,077
Service cost	**242,917**	221,153
Interest expense on defined benefit obligation	**91,912**	77,462
Benefits paid	**(279,700)**	–
Actuarial losses (gains) due to:		
Experience adjustments	**–**	(55,659)
Changes in financial assumptions	**–**	(292,823)
Changes in demographic assumptions	**–**	18,707
	₱1,886,046	₱1,830,917

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 Company are as follows:

	2022	2021
Discount rate	**7.14%**	5.20%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease)	Effect on the retirement benefit obligation 2022	2021
Discount rate	+100bps	**(₱312,525)**	(₱275,107)
	-100bps	**378,442**	346,306
Salary increase	+100bps	**286,443**	342,719
	-100bps	**(243,508)**	(277,508)

The Company does not have a formal retirement plan where its retirement obligations could have been funded.

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

	2022	2021
Less than one year	**₱327,155**	₱327,155

Personnel cost charged to separate statements of comprehensive income follows:

	2022	2021
General and administrative expense:		
Salaries and wages	**₱2,478,135**	₱3,698,204
Retirement expense	**334,829**	298,615
Other employee benefits	**2,187,648**	1,434,295
	₱5,000,612	₱5,431,114

14. Related Party Transactions

In the ordinary course of business, the Company 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.

Transactions and outstanding balances with related parties are as follows:

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Receivables		5					
WPP	Subsidiary		**2022**	**₱–**	**₱449,000,000**	Due and demandable;	Unsecured;
			2021	–	449,000,000	non-interest bearing	
CUBES	Subsidiary		**2022**	**–**	**625,788**	Due and demandable;	Unsecured;
			2021	1,190,842	625,788	non-interest bearing	
Individuals	Officers and shareholders		**2022**	**23,860,424**	**40,444,863**	Due and demandable;	Unsecured;
			2021	15,393,598	16,584,439	non-interest bearing	
			2022		**490,070,651**		
			2021		466,210,227		
Less allowance for impairment losses			**2022**		**625,788**		
			2021		625,788		
Net			**2022**		**₱489,444,863**		
			2021		465,584,439		

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
Dividends Receivables							
PHBSI	Subsidiary		**2022**	**₱–**	**₱4,800,000**	Due and demandable;	Unsecured;
			2021	–	4,800,000	non-interest bearing	no impairment
PHAFC	Subsidiary		**2022**	**–**	**650,000**	Due and demandable;	Unsecured;
			2021	–	650,000	non-interest bearing	no impairment
			2022		**₱5,450,000**		
			2021		5,450,000		
Notes Receivables							
CUBES	Subsidiary		**2022**	**₱–**	**₱35,558,000**	8% interest	Unsecured;
			2021	–	35,558,000		no impairment
Less allowance for impairment losses			**2022**		**35,558,000**		
			2021		–		
Net			**2022**		**₱–**		
			2021		35,558,000		
Due from Related Parties							
PHMIC	Subsidiary		**2022**	**₱1,622,626**	**₱14,988,045**	Due and demandable;	Unsecured;
			2021	5,675,871	13,365,419	non-interest bearing	no impairment
PHMDC	Subsidiary		**2022**	**9,321**	**14,490,750**	Due and demandable;	Unsecured;
			2021	70,420	14,481,429	non-interest bearing	no impairment
PSMVI	Subsidiary		**2022**	**1,283,542**	**11,533,427**	Due and demandable;	Unsecured;
			2021	4,385,233	10,249,885	non-interest bearing	no impairment
CUBES	Subsidiary		**2022**	**–**	**1,089,577**	Due and demandable;	Unsecured;
			2021	148,340	1,089,577	non-interest bearing	no impairment
PHBSI	Subsidiary		**2022**	**5,289**	**241,950**	Due and demandable;	Unsecured;
			2021	1,183,680	247,239	non-interest bearing	no impairment
PHAC	Subsidiary		**2022**	**18,022**	**18,022**	Due and demandable;	Unsecured;
			2021	1,341,090	–	non-interest bearing	no impairment
PBBEI	Subsidiary		**2022**	**2,500**	**2,500**	Due and demandable;	Unsecured;
			2021	203,695	–	non-interest bearing	no impairment
			2022		**41,880,371**		
			2021		38,939,071		
Less allowance for impairment losses			**2022**		**14,328,732**		
			2021		14,328,732		
			2022		**₱27,551,639**		
			2021		24,610,339		
Short-term Loans		11					
Individuals	Officers and shareholders		**2022**	**₱–**	**₱34,025,000**	180 to 360 days	Unsecured;
			2021	–	34,025,000	6% per annum	
Advances from Officers and Shareholders		12					
Individuals	Officers and shareholders		**2022**	**₱–**	**₱116,550,000**	180 to 360 days	Unsecured;
			2021	50,317,233	116,550,000	6% per annum	
Due to Related Parties							
WPP	Subsidiary		**2022**	**₱16,195,475**	**₱219,299,403**	Due and demandable;	Unsecured;
			2021	42,035,102	235,494,878	non-interest bearing	
DSI	Subsidiary		**2022**	**25,363,461**	**110,310,024**	Due and demandable;	Unsecured;
			2021	84,104,539	135,673,485	non-interest bearing	
PGDI	Subsidiary		**2022**	**–**	**59,359,778**	Due and demandable;	Unsecured;
			2021	2,204,275	59,359,778	non-interest bearing	
GLCI	Subsidiary		**2022**	**7,014,457**	**1,466,623**	Due and demandable;	Unsecured;
			2021	9,721	8,481,080	non-interest bearing	
PHBSI	Subsidiary		**2022**	**–**	**4,484,295**	Due and demandable;	Unsecured;
			2021	–	4,484,295	non-interest bearing	

(Forward)

	Relationship	Note	Year	Transaction Amounts	Outstanding Balance	Terms	Conditions
PHAC	Subsidiary		**2022**	**–**	**₱590,404**	Due and demandable;	Unsecured;
			2021	1,408,112	590,404	non-interest bearing	
PBBEI	Subsidiary		**2022**	**–**	**846,180**	Due and demandable;	Unsecured;
			2021	265,295	846,180	non-interest bearing	
			2022		**₱396,356,707**		
			2021		444,930,100		

The Company, in the ordinary course of business, has entered into transactions with its related parties which consists mainly of the following:

a. In December 2017, the Company sold its investment property located in Bacungan, Puerto Princesa, Palawan to WPP for a total consideration of ₱449.0 million which remain outstanding as at December 31, 2022 and 2021 (see Note 5).

b. The Company's receivables from CUBES pertains to interest related to the loans it has extended to CUBES. As at December 31, 2022 and 2021, this is fully provided with impairment.

c. In December 2017, the BOD of PHBSI and PHAFC declared cash dividends payable to its stockholders of record as of date. Dividends receivables of the Company from both subsidiaries amounted to ₱5.5 million as of December 31, 2022 and 2021.

d. The Company has extended a loan to CUBES. The loan is due and payable on demand and bear an interest of 8.00% per annum. The Company waived interest on this loan. In 2022, the Company provided the outstanding balance of ₱35.6 million with full impairment.

e. During the year, the Company provided several advances to its subsidiaries to act as additional working capital for the subsidiaries. Due from related parties, net of impairment, amounted to ₱27.5 million and ₱24.6 million as of December 31, 2022 and 2021, respectively.

f. The Company receives short-term funding from its stockholders and key officers to be used as additional sources of their working capital. Interest rates of such short-term loans ranged between 8.00% and 12.00%.

g. Convertible loans received by the Company from its stockholders and key officers was used by the Company as additional funds for its ongoing projects. The loan has an interest rate of 8.00% per annum, payable semiannually, and matures after three years from the date of inception of the loan. The loan is also secured by WPP shares held by the Company. Convertible loans of the Company from its stockholders and key officers amounted to nil as of December 31, 2022 and 2021. Interest expense related to the convertible loans amounted to ₱7.7 million in 2021 (see Note 10).

h. Advances received by the Company from its subsidiaries were used as additional funds of the Company to be used in its day-to-day operations. Advances from related parties amounted to ₱396.4 million and ₱444.9 million as of December 31, 2022 and 2021, respectively.

Summary of allowance for impairment losses on related party balances are as follows:

	Note	2022	2021
Allowance for impairment losses on:			
Notes receivable		**₱35,558,000**	₱–
Due from related parties		**14,328,732**	14,328,732
Receivables	5	**625,787**	625,787
		₱50,512,519	₱14,954,519

Impairment assessment on related party receivables 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.

Compensation of Company's Key Management Personnel

Compensation of the Company's key management personnel consists of short-term employee benefits amounting to ₱38.8 million and ₱39.8 million in 2022 and 2021, respectively. There are no post-employment benefits in 2022 and 2021. There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Company's retirement plan.

15. Impairment Losses

This account consists of:

	Note	2022	2021
Notes receivable	14	**₱35,558,000**	₱–
Receivables from related parties	5	**29,181,818**	–
Film rights	8	**405,501**	405,501
Input VAT	6	**39,637**	–
		₱65,184,956	₱405,501

16. Income Taxes

The provision for income tax in 2022 and 2021 pertains to MCIT.

The reconciliation of benefit from income tax computed at the statutory income tax rate to the provision for income tax follows:

	2022	2021
Benefit from income tax at statutory tax rate	**(₱49,084,194)**	(₱31,801,876)
Change in unrecognized deferred tax assets	**11,709,216**	12,386,699
Tax effects of:		
Expired NOLCO and MCIT	**29,050,451**	17,896,521
Nondeductible expense	**8,668,159**	1,150,645
Stock issuance cost	**(338,115)**	–
Income subject to final tax	**(3,489)**	(6,510)
Interest expense - accretion (redemption)	**–**	498,458
	₱2,028	₱123,937

As at December 31, 2022 and 2021, the Company's deferred tax liability pertains to deferred tax on actuarial gains on retirement liability amounting to ₱25,062.

The Company did not recognize deferred tax assets on the following temporary differences, NOLCO and excess MCIT over RCIT because the management believes that it is not probable that sufficient future taxable income will be available to allow part of the deferred tax assets to be utilized:

	2022	2021
Allowance for impairment losses on:		
Investments in subsidiaries	**₱83,129,414**	₱83,129,414
Film rights	**56,397,468**	55,991,968
Notes receivables	**35,559,000**	–
Due from related parties	**14,328,732**	14,328,732
Receivables	**625,788**	625,788
Input VAT	**39,637**	–
Other noncurrent assets	**662,061**	662,061
NOLCO	**376,116,111**	363,246,381
Retirement liability	**1,716,942**	1,601,388
Excess MCIT over RCIT	**125,965**	547,373

The details of the Company'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	Expired	Ending Balance	Valid Until
2022	₱–	₱127,377,788	₱–	₱127,377,788	2025
2021	120,338,515	–	–	₱120,338,515	2026
2020	128,399,808	–	–	128,399,808	2025
2019	114,508,058	–	(114,508,058)	–	2022
	₱363,246,381	₱127,377,788	(₱114,508,058)	₱376,116,111	

The details of the Company's excess MCIT over RCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2021	₱–	₱2,028	₱–	₱2,028	2026
2021	123,937	–	–	₱123,937	2026
2020	–	–	–	–	2025
2019	423,436	–	(423,436)	–	2022
	₱547,373	₱2,028	(₱423,436)	₱125,965	

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act") was approved and signed into law by President Rodrigo Duterte. Under the CREATE Act, the Regular Corporate Income Tax (RCIT) of domestic corporations was revised from 30% to 25% and 20%, depending on the amount of total assets or total amount of taxable income. In addition, the Minimum Corporate Income Tax (MCIT) was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

The changes in the income tax rates retrospectively became effective beginning July 1, 2020. However, the income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. As provided by PAS 12, *Income Taxes*, components of current tax expense may include any adjustments recognized in the period for the income tax of prior period.

17. Equity

Capital Stock

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

	2022		2021	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized - ₱0.25 par value per share				
Balance at beginning of year	**6,000,000,000**	**₱1,500,000,000**	2,254,224,000	₱563,556,000
Increase in authorized capital stock	**–**	**–**	3,745,776,000	936,444,000
	6,000,000,000	**₱1,500,000,000**	6,000,000,000	₱1,500,000,000
Issued and fully paid				
Balance at beginning of year	**2,557,147,557**	**₱639,286,889**	2,254,117,253	₱563,529,313
Additional subscription	**611,818,008**	**152,954,502**	303,030,304	75,757,576
Shares fully paid during the year	**287,422,924**	**71,855,731**	–	–
Balance at end of year	**3,456,388,489**	**864,097,122**	2,557,147,557	639,286,889
Issued but not fully paid				
Balance at beginning of year	**2,539,393,939**	**634,848,485**	–	–
Additional subscription	**–**	**–**	2,539,393,939	634,848,485
Shares fully paid during the year	**(287,422,924)**	**(71,855,731)**	–	–
Balance at end of year	**2,251,971,015**	**562,992,754**	2,539,393,939	634,848,485
	5,708,359,504	**1,427,089,876**	5,096,541,496	1,274,135,374
Less subscriptions receivable				
Balance at beginning of year	**–**	**473,484,848**	–	–
Additional subscription	**–**	**–**	–	473,484,848
Collection	**–**	**(53,891,798)**	–	–
Balance at end of year	**–**	**419,593,050**	–	473,484,848
Issued and outstanding	**5,708,359,504**	**₱1,007,496,826**	5,096,541,496	₱800,650,526

On May 5, 1997, the Company launched its initial public offering where a total of 520.0 million common shares were offered at an offering price of ₱1.00 a share. The registration was approved on May 2, 1997. The Company has 141 and 130 existing shareholders as at December 31, 2022 and 2021, respectively.

Share Subscription Agreement

On October 29, 2020, PHA entered into a Memorandum of Agreement with an investor group led by Marvin Dela Cruz for the equity infusion through a subscription of a total of 2,803,030,303 shares (the "Subscription Shares") or up to 55% ownership in the Company. Subscription to these shares will be at ₱0.33 a share for a total consideration of ₱925.0 million, of which ₱300.0 million will be in cash and the balance of ₱625.00 million will be via a combination of cash and/or infusion of SPTI shares over a period of two years, with the intent of making SPTI a subsidiary of the Company.

The subscription shares consist of 263,636,364 shares to be issued out of the current unissued capital stock.

The remaining 2,539,393,939 shares were issued from the increase in authorized capital stock of PHA. This was approved by the SEC on May 28, 2021. As at December 31, 2022, the Company received ₱371.1 million from the subscription.

In a special meeting of the BOD on October 13, 2022, the Company decided that it will no longer pursue its planned acquisition of 33% of SPTI.

In February 2023, the BOD approved the call for payment on unpaid subscriptions amounting to ₱553.9 million, inclusive of additional paid-in capital (APIC) component. Due date for the payment of the unpaid subscriptions was set on or before March 6, 2023. Failure to pay the shares 30 days after the set date will render the shares delinquent. Total delinquent subscriptions after the 30 days-compliance period are 1,457,756,139 shares with unpaid balance of ₱357.3 million. On April 11, 2023, the BOD authorized the sale at public auction of the delinquent shares on May 11, 2023.

APIC

APIC includes paid-in capital in excess of par amounting to ₱480.5 million and ₱167.5 million as at December 31, 2022 and 2021, respectively, and the equity component of the issued convertible loans amounting to ₱18.7 million as at December 31, 2022 and 2021 (see Note 10).

The liability component of the convertible loans is reflected as financial liabilities.

Subscription Receivable

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

	2022			2021		
	Capital Stock	**APIC**	**Total**	Capital Stock	APIC	Total
Balance at beginning of year	**₱473,484,848**	**₱151,515,152**	**₱625,000,000**	₱–	₱–	₱–
Additional subscription	**–**	**–**	**–**	473,484,848	151,515,152	625,000,000
Collection	**(53,891,798)**	**(17,245,376)**	**(71,137,174)**	–	–	–
Balance at end of year	**₱419,593,050**	**₱134,269,776**	**₱553,862,826**	₱473,484,848	₱151,515,152	₱625,000,000

In 2021, the Company received an interest for late payment of subscription amounting to ₱12.4 million, which was recognized under "Other income (charges)" account in the separate statements of comprehensive income.

Share Lending Agreement

On July 20, 2021, the BOD 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, the Company 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 the Company. 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 the Company'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 the Company pursuant to the Put Option Agreement, the Company shall pay the Share Lender a lending fee equivalent to 18.0% per annum based on the market prices of the shares at the time of transfer. The lending fees accrued in and recognized as part of "Interest expense" account amounted to ₱31.0 million and ₱14.3 million in 2022 and 2021, respectively (see Note 11).

On October 15, 2021, LDA subscribed to 70,835,000 new primary shares of the Company at a subscription price of ₱1.01 a share. The subscription price of ₱71.5 million has been fully paid and recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription.

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

Deposit for Future Stock Subscription

On December 17, 2020, the BOD and stockholders approved the increase in the Company's authorized capital stock from ₱563.6 million divided into 2,254,224,000 common shares with par value of ₱0.25 each share, to up to ₱1.5 billion divided into 6,000,000,000 common shares with a par value of ₱0.25 per share. The Parent Company filed the increase in capital stock with the Philippine SEC in March 2021. On May 28, 2021, the SEC approved the increase in the Company's authorized capital stock.

In 2020, the Company received ₱113.0 million for future stock subscription. The proceeds were recorded under "Deposit for future stock subscription" under noncurrent liabilities as at December 31, 2020. This was applied against the issuance of capital stock in 2021.

In 2021, the convertible notes holders exercised their rights to convert the principal of ₱354.0 million and accrued interest aggregating ₱24.7 million to equity of the Company at a conversion price of ₱0.70 per share, equivalent to 540,938,008 shares.

The amount was recognized as "Deposit for future stock subscription" pending the confirmation by the SEC of the valuation of the shares. On March 22, 2022, the SEC issued the Certificate of Approval of Valuation and the related shares were issued.

The Company also received ₱86.5 million from potential and existing investors, including LDA, which is currently recognized as "Deposit for future stock subscription" pending finalization of the terms and conditions of the subscription. In 2022, the "Deposit for future stock subscription" was converted as equity.

On November 17, 2021, the BOD approved the increase in the Company'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.

Dividend Payable

Dividend payable amounting to ₱39.8 million pertains to the dividends declared on March 20, 2018. This includes property dividends consisting of 268,000,000 shares of PGDI with fair value of ₱36.8 million and cash dividends of ₱3.0 million. As at reporting date, the SEC approval on the property and cash dividends is still pending.

Capital Management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Company considers its equity as capital. The Company is not subject to externally imposed capital requirements.

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

18. Financial Instruments

Financial Risk Management Objectives and Policies

The Company'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 Company's operations. The Company 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 Company'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 Company's financial assets and financial liabilities are liquidity risk and credit risk. Exposure to these risks arises in the normal course of business activities. The Company'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 Company's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The major liquidity risk confronting the Company 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 Company maintains a level of cash deemed sufficient to finance its operations.

To manage its liquidity risk from maturing liabilities, the Company has undertaken various initiatives as discussed in Note 1.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted cash flows. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.

	2022			
	<120 days	121-360 days	>360 days	Total
Financial Liabilities				
Accounts and other payables*	₱165,769,403	₱–	₱–	₱165,769,403
Short-term loans**	300,254,632	–	–	300,254,632
Due to related parties	396,356,707	–	–	396,356,707
	₱862,380,742	₱–	₱–	₱862,380,742

** Excluding statutory and other nonfinancial liabilities amounting to ₱152.5 million*
*** Including future interest*

	2021			
	<120 days	121-361 days	>360 days	Total
Financial Liabilities				
Accounts and other payables*	₱99,522,334	₱–	₱–	₱99,522,334
Short-term loans**	227,704,632	20,350,000	–	248,054,632
Due to related parties	444,930,100	–	–	444,930,100
	₱772,157,066	₱20,350,000	₱–	₱792,507,066

** Excluding statutory and other nonfinancial liabilities amounting to ₱153.8 million*
*** Including future interest*

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's credit risks are primarily attributable to cash in banks, receivables, due from related parties and security deposits. The Company'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 Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company has determined that the credit quality of all neither past nor impaired financial assets as at December 31, 2022 and 2021 are classified as high grade based on the financial and credit standing of the counterparty.

The credit quality of the Company's financial assets are as follows:

	2022					
	Neither Past Due nor Impaired			Past Due but not Impaired	Impaired	Total
	High Grade	Medium Grade	Total			
Cash in banks	₱1,647,366	₱–	₱1,647,366	₱–	₱–	₱1,647,366
Receivables						
Trade	–	449,000,000	449,000,000	–	625,788	449,625,788
Others	–	40,658,749	40,658,749	–	–	40,658,749
Other noncurrent assets						
Security deposits	–	852,022	852,022	–	–	852,022
	₱1,647,366	₱490,510,771	₱492,158,137	₱–	₱625,788	₱492,783,925

	2021					
	Neither Past Due nor Impaired			Past Due but not Impaired	Impaired	Total
	High Grade	Medium Grade	Total			
Cash in banks	₱4,195,924	₱–	₱4,195,924	₱–	₱–	₱4,195,924
Receivables						
Trade	–	44,000,000	44,000,000	–	625,788	44,625,788
Others	–	16,842,189	16,842,189	–	–	16,842,189
Other noncurrent assets						
Security deposits	–	852,022	852,022	–	–	852,022
	₱4,195,924	₱61,694,211	₱65,890,135	₱–	₱625,788	₱66,515,923

The Company has determined that the credit quality of all neither past nor impaired financial assets as of December 31, 2022 and 2021 are classified as high grade based on the following:

- Cash - based on the financial and credit standing of the counterparty.
- Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment. All receivables are deemed high grade by the Group.
- Security deposits - based on the credit standing/reputation of counterparty.

The table below shows the Company's aging analysis of financial assets.

	2022					
	Neither Past Due nor Impaired	**Past Due but not Impaired**			**Impaired**	**Total**
		<120 days	**121-360 days**	**>360 days**		
Cash in banks	**₱1,647,366**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,647,366**
Receivables						
Trade	**449,000,000**	**–**	**–**	**–**	**625,788**	**449,625,788**
Others	**40,658,749**	**–**	**–**	**–**	**–**	**40,658,749**
Other noncurrent assets						
Security deposits	**852,022**	**–**	**–**	**–**	**–**	**852,022**
	₱492,158,137	**₱–**	**₱–**	**₱–**	**₱625,788**	**₱492,783,925**

	2021					
	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		<120 days	121-360 days	>360 days		
Cash in banks	₱4,195,924	₱–	₱–	₱–	₱–	₱4,195,924
Receivables						
Trade	44,000,000	–	–	–	625,788	44,625,788
Others	16,842,189	–	–	–	–	16,842,189
Other noncurrent assets						
Security deposits	852,022	–	–	–	–	852,022
	₱65,890,135	₱–	₱–	₱–	₱625,788	₱66,515,923

19. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

2022

		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Conversion/ Reclassification	Interest Accretion	Proceeds	Payments	Balance at end of year
Short-term loans	₱248,054,632	₱–	₱–	₱52,200,000	₱–	₱300,254,632
Obligations under finance lease	714,769	–	–	–	(526,646)	188,123
Due to related parties	444,930,100	15,000,000	–	–	(63,573,393)	396,356,707
Deposit for future stock subscription	465,231,457	(465,231,457)	–	–	–	–
Interest payable	34,189,739	–	58,837,006	–	(58,837,006)	34,189,739
	₱1,158,930,958	(₱450,231,457)	₱58,837,006	(₱413,031,457)	(₱64,100,039)	₱696,799,462

2021

		Noncash Transactions		Cash Transactions		
	Balance at beginning of year	Conversion	Interest Accretion	Proceeds	Payments	Balance at end of year
Short-term loans	₱225,962,500	₱–	₱–	₱22,092,132	₱–	₱248,054,632
Obligations under finance lease	528,206	–		186,563	–	714,769
Convertible loans	395,006,168	(354,000,000)	1,993,831	–	(42,999,999)	–
Loans to officers and shareholders	64,500,000	–	–	–	(64,500,000)	–
Loan from a third party	8,000,000	–	–	–	(8,000,000)	–
Due to related parties	576,207,846	–	–	–	(131,277,746)	444,930,100
Deposit for future stock subscription	113,000,000	265,688,107	–	86,543,350	–	465,231,457
Interest payable	33,711,118	–	60,997,335	–	(60,518,714)	34,189,739
	₱1,416,915,838	(₱88,311,893)	₱62,991,166	₱108,822,045	(₱307,296,459)	₱1,193,120,697

20. Contingencies

The Company 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 Company.

21. Supplementary Information Required by the Bureau of Internal Revenue (BIR) under Revenue Regulations 15-2010

The information for 2022 required by the above regulations is presented below.

Input VAT

The movements in the input VAT claimed by the Company for the year ended December 31, 2022 are shown below:

Balance at beginning of year	₱6,735,099
Current year's domestic purchases/payments for:	
Services	893,789
Goods other than capital goods	16,595
Input VAT deferred on capital goods exceeding ₱1.0 million from prior period	16,178
Total input VAT	7,661,661
Less input VAT on purchases of capital goods exceeding ₱1.0 million deferred for the succeeding period	(2,022)
Balance at end of year	₱7,659,639

Other Taxes and Licenses

The Company's local and national taxes for the year ended December 31, 2022 consist of:

Listing fees and dues	₱901,281
Business permits	131,905
Documentary stamps tax	575,211
Notarial fee	85,432
Others	981,462
	₱2,675,291

Withholding Taxes

Withholding taxes paid and accrued by the Company for the year ended December 31, 2022 consist of:

Expanded withholding taxes	₱1,220,429
Withholding tax on compensation	35,872
	₱1,256,301

Tax Assessments and Cases

In 2022, the Company settled and paid tax assessment amounting to ₱825,602 for taxable year 2020.

The Company has no outstanding final tax assessment from the BIR or tax cases in courts or other regulatory bodies outside of the BIR as at December 31, 2022.

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

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**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Premiere Horizon Alliance Corporation
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 separate financial statements of Premiere Horizon Alliance Corporation (the Company) as at and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated April 12, 2023. Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The accompanying supplementary schedule of retained earnings available for dividend declaration for the year ended December 31, 2022 is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the separate financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the separate financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the separate 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
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

April 12, 2023
Makati City, Metro Manila

PREMIERE HORIZON ALLIANCE CORPORATION

RECONCILIATON OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

	Amount
Deficit as at January 1, 2022, as adjusted	(₱323,561,532)
Net loss during the period closed to retained earnings	(196,338,805)
Deficit, at end of year	(₱519,900,337)