CR05890-2023

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Jun 30, 2023
2. SEC Identification Number
   22401
3. BIR Tax Identification No.
   000-491-007
4. Exact name of issuer as specified in its charter
   PRIME MEDIA HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
   16TH FLOOR BDO TOWERS VALERO (FORMERLY CITIBANK TOWER), 8741 PASEO DE ROXAS MAKATI CITY
   Postal Code
   1227
8. Issuer's telephone number, including area code
   (632) 8831-4479
9. Former name or former address, and former fiscal year, if changed since last report
   -
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	700,298,616
PREFERRED	14,366,260

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
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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

Prime Media Holdings, Inc.
PRIM

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Jun 30, 2023
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2023	Dec 31, 2022
Current Assets	33,280,759	41,524,749
Total Assets	37,148,684	45,460,812
Current Liabilities	193,855,177	195,266,091
Total Liabilities	193,855,177	195,266,091
Retained Earnings/(Deficit)	-874,471,369	-867,570,155
Stockholders' Equity	-156,706,493	-149,805,279
Stockholders' Equity - Parent	-	-
Book Value per Share	-0.24	-0.23

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	4,130	887	8,285	1,746
Gross Expense	5,669,713	1,422,398	6,909,499	2,478,707
Non-Operating Income	-	-	-	-
Non-Operating Expense	-	-	-	-
Income/(Loss) Before Tax	-5,665,582	-1,421,511	-6,901,214	-2,476,961

Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	-5,665,582	-1,421,511	-6,901,214	-2,476,961
Net Income Attributable to Parent Equity Holder	-	-	-	-
Earnings/(Loss) Per Share (Basic)	-0.01	-0	-0.01	-0
Earnings/(Loss) Per Share (Diluted)	-0.01	-0	-0.01	-0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.01	-0
Earnings/(Loss) Per Share (Diluted)	-0.01	-0

Other Relevant Information
PLEASE SEE ATTACHED SEC FORM 17-Q

Filed on behalf by:

Name	Joanna Manzano
Designation	Junior Compliance Officer

COVER SHEET

2 2 4 0 1

SEC Registration Number

PRIME MEDIA HOLDINGS, INC. (FORMERLY FIRST E-BANK CORP.)

(Company's Full Name)

16TH FLOOR BDO TOWERS VALERO (FORMERLY CITIBANK TOWER) 8741 PASEO DE ROXAS MAKATI CITY

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

Rolando S. Santos

(Contact Person)

(02) 8831-4479

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Calendar Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

N/A

Secondary License Type, If Applicable)

Finance Department

Dept. Requiring this Doc.

June 30, 2023

Period Ending Date

Total Amount of Borrowings

1,588

Total No. of Stockholders

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: June 30, 2023

2. Commission identification number 22401

3. BIR Tax Identification No. 000-491-007-000

4. Exact name of registrant as specified in its charter: PRIME MEDIA HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization: PHILIPPINES

6. Industry Classification Code: (SEC Use Only)

7. Address of registrant's principal office:

   16th Floor BDO Towers Paseo (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City 1227

8. Registrant's telephone number, including area code: (63 2) 831-4479

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

10. Securities registered pursuant to 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 (P1.00 par value)	700,298,616 shares
Preferred Stock (P1.00 par value)	14,366,200 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
    Yes. The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 12 months (or for such shorter period the registrant was required to file such reports)

    Yes

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

Table of Contents

Contents

PART I - FINANCIAL INFORMATION

Item 1. - Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion is based on the unaudited interim financial statements for the 2nd quarter period ended June 30, 2023, with comparative figures for the corresponding periods in 2022 and audited financial statements as of December 31, 2022, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim financial statements.

<u>Financial Condition as of June 30, 2023 and December 31, 2022 and Results of Operation for the Six months ended June 30, 2023 and June 30, 2022</u>

STATEMENT OF COMPREHENSIVE INCOME

	For the Six Months Ended June 30			
	2023 (Unaudited)	2022 (Unaudited)	Increase (Decrease)	%Change
INCOME	**₱ 8,285**	₱ 1,746	₱ 6,539	374.5%
EXPENSES	**(6,909,499)**	(2,478,707)	4,430,792	178.8%
LOSS BEFORE INCOME TAX	**₱ (6,901,214)**	₱ (2,476,961)	₱ 4,424,253	178.6%
PROVISION FOR INCOME TAX	**–**	–	–	–
NET LOSS	**₱ (6,901,214)**	₱ (2,476,961)	₱ 4,424,253	178.6%
OTHER COMPREHENSIVE INCOME	**–**	–	–	–
TOTAL COMPREHENSIVE LOSS	**₱ (6,901,214)**	₱ (2,476,961)	₱ 4,424,253	178.6%

<u>Income</u>
The Company's interest income for the current period in the amount of ₱8,285 has increased by ₱6,539 compared with the same period last year. This represents an increase of 374.5%.

<u>Expenses</u>
Total expenses during the period amounted to ₱6.91 million, higher by ₱4.43 million compared with the same period last year. This represents an increase of 178.8% compared with same period last year. The increase was mainly accounted for by the following:

- **Outside Services** increased by ₱1.89million or 569.0% from ₱0.33million to ₱2.22million is primarily due to services of C&C Strategies Inc. during the period.
- **Professional Fees** increased by ₱2.59million or 239.2% from ₱1.08million to ₱3.68million due to the fees related to settlement of a civil case.
- **Directors' Fees** increased by ₱0.12million or 120.0% from ₱0.10million to ₱0.22million due to increase in the number of board meetings held during the period compared with the same period last year.
- **Transportation and travel** increased by ₱0.05million or equivalent to 363.9% from ₱0.01 million to ₱0.06million due to increased flight bookings for attending cases.

The above cost increases were partly offset by the following:

- **Depreciation** decreased by ₱0.07million or equivalent to 49.9% from ₱0.14million to ₱0.07million due to disposal of a transportation equipment.

STATEMENT OF FINANCIAL POSITION

Assets

The total assets of the Company decreased by ₱8.31million from ₱45.46million as of December 31, 2022 to ₱37.15million as of June 30, 2023. The 18.3% decrease was mainly due to the following:

- **Cash** decreased by ₱9.67million or 28.6% from ₱33.84million in 2022 to ₱24.17million in 2023, mainly due to the payments of current obligations and fees related to the settlement of a civil case.
- **Property and equipment** decreased by ₱0.07million or 10.7% from ₱0.64million in 2022 to ₱0.57million in 2023 due to disposal of a transportation equipment.

The above decreases were partly offset by the following:

- **Receivables** increased by ₱0.03million or 10.1% from ₱0.26 million in 2022 to ₱0.28million in 2023 due to unliquidated cash advances of employees.
- **Due from related parties** increased by ₱0.46million or 19.8% from ₱2.32million in 2022 to ₱2.78million in 2023 to support the working capital requirements of the related parties.
- **Other current assets** increased by ₱0.94million or 18.4% from ₱5.11million in 2022 to ₱6.05million in 2023 due to input VAT associated with the purchase of goods/services, and payment of premium for the renewal of the attachment bond.

Liabilities

The total liabilities of the Company decreased by ₱1.41million or 0.7% from ₱195.27million in 2022 to ₱193.86million in 2023, primarily due to payment of accrued expenses from service providers.

Equity

The stockholders' equity of the Company decreased by ₱6.90million or 4.6% from ₱149.81million deficit in 2022 to ₱156.71million deficit as of June 30, 2023 due to the net loss incurred during the period.

STATEMENT OF CASH FLOWS

As of June 30, 2023, the cash used in operating activities amounting to ₱9.67million was mainly due to the payments of current obligations and fees related to the settlement of a civil case. There are no other significant movements in cash.

Item 2 - Financial Statements

The unaudited Financial Statement of Prime Media Holdings, Inc. as of June 30, 2023, and for the six-month period ended June 30, 2023 with comparative audited figures as of December 31, 2022 is in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Horizontal and Vertical Analysis:

		June 30, 2023 (Unaudited)		Dec. 31, 2022 (Audited)		Horizontal Analysis Change	% Change	Vertical Analysis 2023	2022
ASSETS									
Current Assets									
Cash	₱	24,170,131	₱	33,839,166	₱	(9,669,035)	(28.6%)	65.1%	74.4%
Receivables		284,200		258,200		26,000	10.1%	0.8%	0.6%
Due from related parties		2,777,521		2,317,555		459,966	19.8%	7.5%	5.1%
Other current assets		6,048,907		5,109,828		939,079	18.4%	16.3%	11.2%
Total Current Assets	₱	33,280,759	₱	41,524,749	₱	(8,243,990)	(19.9%)	89.6%	91.3%
Non-current Assets									
Investment in a club share	₱	3,300,000	₱	3,300,000	₱	-	0.0%	8.9%	7.3%
Property and equipment		567,925		636,063		(68,138)	(10.7%)	1.5%	1.4%
Total Noncurrent Assets	₱	3,867,925	₱	3,936,063	₱	(68,138)	(1.7%)	10.4%	8.7%
	₱	37,148,684	₱	45,460,812	₱	(8,312,128)	(18.3%)	100.0%	100.0%
LIABILITIES AND EQUITY									
Current Liabilities									
Accrued expenses and other current liabilities	₱	179,334,434	₱	180,749,347	₱	(1,414,193)	(0.8%)	482.7%	397.6%
Due to related parties		14,520,743		14,516,744		-	0.0%	39.1%	31.9%
Total Current Liabilities	₱	193,855,177	₱	195,266,091	₱	(1,414,193)	(0.7%)	521.8%	429.5%
Equity									
Capital stock	₱	714,664,876	₱	714,664,876	₱	-	0.0%	1,923.8%	1,572.0%
Deficit		(874,471,369)		(867,570,155)		(6,901,214)	(0.8%)	(2,354.0%)	(1,908.4%)
Other comprehensive income		3,100,000		3,100,000		-	0.0%	8.3%	6.8%
Total Equity	₱	(156,706,493)	₱	(149,805,279)	₱	(6,901,214)	4.6%	(421.8%)	(329.5%)
	₱	37,148,684	₱	45,460,812	₱	(8,312,128)	(18.3%)	100.0%	100.0%

Other Information

a. There are no known trends or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

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

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

d. Aside from the volatile USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

e. The causes for the material changes from period to period in the financial accounts were explained in the Management's discussion and analysis of financial condition and results of operation.

f. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

g. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

h. There are no new issuances, repurchases, and repayments of debt and equity securities.

i. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

j. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

k. There are no contingent liabilities or contingent assets since the last annual balance sheet date.

l. There are no material contingencies and other material events or transactions during the interim period.

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

Key Performance Indicators (KPIs)

Management uses the following KPIs for the Company:

	June 30, 2023	June 30, 2022
Net Loss	**(₱6,901,214)**	(₱2,476,961)
Quick assets	**24,408,063**	9,799,020
Current assets	**33,280,759**	43,265,519
Total assets	**37,148,684**	45,136,059
Current liabilities	**193,855,177**	192,762,922
Total liabilities	**193,855,177**	192,762,922
Stockholders' Equity	**(156,706,493)**	(147,626,863)
Preferred stock	**14,366,260**	14,366,260
Number of common shares outstanding	**700,298,616**	700,298,616
Number of preferred shares outstanding	**14,366,260**	14,366,260

Liquidity ratios:	June 30, 2023	June 30, 2022
Current ratio (1)	**0.17:1**	0.22:1
Quick ratio (2)	**0.13:1**	0.05:1
Solvency Ratios:		
Debt ratio (3)	**5.22:1**	4.27:1
Debt to Equity ratio (4)	**(1.24):1**	(1.31):1
Profitability ratios:		
Loss per share (5)	**(0.012):1**	(0.006):1
Book value per share (6)	**(0.24):1**	(0.23):1

Notes:

1. Current Assets / Current Liabilities
2. Quick Assets / Current Liabilities
3. Total Liabilities / Total Assets
4. Total Liabilities / Shareholders' Equity
5. Net Income (Loss) / Common Shares Outstanding
6. Stockholders' Equity / Common Shares Outstanding

PART II - OTHER INFORMATION

Any information not previously reported in a report on SEC Form 17-C

NONE

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio

   Total Current Assets/ Total Current Liabilities = 0.17:1

b. Quick Ratio

   Quick asset / Total Current Liabilities = 0.13:1

Solvency Ratio

a. Debt Ratio

   Total liabilities / Total assets = 5.22:1

b. Debt to Equity Ratio

   Total liabilities / Shareholder's Equity = (1.24):1

Profitability Ratio

a. Return on Equity Ratio

   Net Income (Loss) / Average shareholder's equity = (0.05):1

b. Return on Assets

   Net Income (Loss)/ Average Total assets = (0.17):1

c. Asset to Equity Ratio:

   Total Assets / Stockholders' Equity = (0.24):1

d. Asset Turnover:

   Revenue/Total Assets = 0.0002

SIGNATURES

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

Issuer: **PRIME MEDIA HOLDINGS, INC.**

Signature and Title: ROLANDO S. SANTOS
Treasurer

Date: August 11, 2023

Signature and Title: DALE A. TONGCO
Risk Management Officer

Date: August 11, 2023

PRIME MEDIA HOLDINGS, INC.

(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF FINANCIAL POSITION

	Note	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱24,170,131**	₱33,839,166
Receivables	5	**284,200**	258,200
Due from related parties	12	**2,777,521**	2,317,555
Other current assets	6	**6,048,907**	5,109,828
Total Current Assets		**33,280,759**	41,524,749
Noncurrent Assets			
Investment in a club share	7	**3,300,000**	3,300,000
Property and equipment	8	**567,925**	636,063
Total Noncurrent Assets		**3,867,925**	3,936,063
		₱37,148,684	₱45,460,812
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	9	**₱179,334,434**	₱180,749,347
Due to related parties	12	**14,520,743**	14,516,744
Total Current Liabilities		**193,855,177**	195,266,091
EQUITY			
Capital stock	10	**714,664,876**	714,664,876
Deficit		**(874,471,369)**	(867,570,155)
Cumulative fair value changes on investment in a club share	7	**3,100,000**	3,100,000
Total Equity		**(156,706,493)**	(149,805,279)
		₱37,148,684	₱45,460,812

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended June 30	
	Note	**2023**	2022
INCOME			
Interest income	4	**₱4,130**	₱887
Gain on disposal of equipment	8	**–**	–
		4,130	887
EXPENSES			
Professional fees		**3,000,824**	394,900
Outside services		**2,032,524**	245,355
Insurance		**110,917**	110,143
Directors' fees		**130,000**	85,000
Taxes and licenses		**78,170**	77,986
Depreciation	8	**34,069**	54,379
Transportation and travel		**31,767**	9,675
Membership and association dues		**28,487**	20,916
Penalties		**–**	326,855
Others		**222,955**	97,189
		5,669,713	1,422,398
LOSS BEFORE INCOME TAX		**(5,665,582)**	(1,421,511)
PROVISION FOR CURRENT INCOME TAX	11	**–**	–
NET LOSS		**(5,665,582)**	(1,421,511)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss			
Unrealized fair value change on investment in a club share	7	**–**	–
TOTAL COMPREHENSIVE LOSS		**(₱5,665,582)**	(₱1,421,511)
Basic/Diluted Loss Per Share	14	**(₱0.010)**	(₱0.004)

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

		Six Months Ended June 30	
	Note	**2023**	2022
INCOME			
Interest income	4	**₱8,285**	₱1,746
Gain on disposal of equipment	8	**–**	–
		8,285	1,746
EXPENSES			
Professional fees		**3,675,758**	1,083,794
Outside services		**2,224,229**	332,495
Insurance		**221,060**	220,286
Directors' fees		**220,000**	100,000
Taxes and licenses		**90,796**	90,637
Depreciation	8	**68,138**	135,948
Transportation and travel		**62,784**	13,534
Membership and association dues		**57,023**	33,915
Penalties		**–**	326,855
Others		**289,711**	141,243
		6,909,499	2,478,707
LOSS BEFORE INCOME TAX		**(6,901,214)**	(2,476,961)
PROVISION FOR CURRENT INCOME TAX	11	**–**	–
NET LOSS		**(6,901,214)**	(2,476,961)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss			
Unrealized fair value change on investment in a club share	7	**–**	–
TOTAL COMPREHENSIVE LOSS		**(₱6,901,214)**	(₱2,476,961)
Basic/Diluted Loss Per Share	14	**(₱0.012)**	(₱0.006)

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CHANGES IN EQUITY

		Six Months Ended June 30	
	Note	**2023**	2022
CAPITAL STOCK	10		
Preferred stock - ₱1 par value		**₱14,366,260**	₱14,366,260
Common stock - ₱1 par value		**700,298,616**	700,298,616
		714,664,876	714,664,876
DEFICIT			
Balance at beginning of year		**(867,570,155)**	(861,364,778)
Net loss		**(6,901,214)**	(2,476,961)
Balance at end of year		**(874,471,369)**	(863,841,739)
CUMULATIVE FAIR VALUE CHANGES ON INVESTMENT IN A CLUB SHARE	7		
Balance at beginning of year		**3,100,000**	1,550,000
Unrealized fair value gain		**–**	–
Balance at end of year		**3,100,000**	1,550,000
		(₱156,706,493)	(₱147,626,863)

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CASH FLOWS

	Note	Six Months Ended June 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱6,901,214)**	(₱2,476,961)
Adjustments for:			
Depreciation	8	**68,138**	135,948
Interest income	4	**(8,285)**	(1,746)
Operating loss before working capital changes		**(6,841,361)**	(2,342,759)
Decrease (increase) in:			
Receivables		**(26,000)**	(278,000)
Due from related parties		**(459,966)**	(28,000)
Other current assets		**(939,079)**	(491,037)
Increase in:			
Accrued expenses and other current liabilities		**(1,414,913)**	(1,599,786)
Due to related parties		**3,999**	463,126
Net cash generated from (used for) operations		**(9,677,320)**	(4,276,456)
Interest received		**8,285**	1,746
Net cash provided by (used in) operating activities		**(9,669,035)**	(4,274,710)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	8	**–**	–
Proceeds from sale of transportation equipment	8	**–**	–
Net cash used in investing activities		**–**	–
NET INCREASE (DECREASE) IN CASH		**(9,669,035)**	(4,274,710)
CASH AT BEGINNING OF YEAR		**33,839,166**	7,110,931
CASH AT END OF YEAR	4	**₱24,170,131**	₱2,836,221

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Prime Media Holdings, Inc. (the Company) was originally incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 6, 1963 as Private Development Corporation of the Philippines. In October 2003, the SEC approved the amendment of the Company's Articles of incorporation, changing its primary purpose from a development bank to a holding company. On March 4, 2013, the SEC approved the extension of the Company's corporate life for another 50 years. However, in accordance with the Revised Corporation Code of the Philippines, effective February 23, 2019, the Company was automatically accorded perpetual existence.

On July 9, 1964, the Philippine Stock Exchange, Inc. (PSE) approved the public listing of the Company's shares of stock. As of June 30, 2022, there are 672,435,425 Company shares that are publicly listed.

The Company is a subsidiary of RYM Business Management Corp. (RYM or the Parent Company),a holding company registered and domiciled in the Philippines.

The Company's registered office and principal place of business is at 16th Floor, BDO Towers Valero, 8741 Paseo de Roxas, Makati City.

Amendments in the Articles of Incorporation (AOI)

The series of amendments of the Company's AOI approved by the Board of Directors (BOD) and stockholders are as follows:

Amendments Approved by the SEC

On November 24, 2021 the SEC approved the amendment of the Company's AOI covering the following:

- Deletion of all provisions relating to banking operations; and

- Inclusion of a provision prohibiting foreign ownership.

Application for Amendments Submitted to the SEC

Additional amendments to the Company's AOI were also approved and/or confirmed by the Board of Directors (BOD) and stockholders in their meetings held respectively on August 15, 2022 and September 23, 2022. The applications therefore with the SEC will be taken successively and by parts as shown below:

Part A.

i. Reduction of the par value of all Series A Preferred Shares from ₱1.00 to ₱0.04 per share and conversion to Common Shares at a rate of 25:1.

Part B.

i. Reclassification of all Series B Preferred Shares into Common Shares.
ii. Reclassification of the equivalent Common Shares to create Series C Redeemable Preferred Shares at a par value of One Peso (₱1.00) per share equivalent to the number of foreign-held Common Shares after the conversion of the outstanding parred down Series A Preferred Shares approximately at Three Hundred Forty Thousand Six Hundred Sixty Four (340,664) based from records as of September 30, 2022.
iii. Issuance and conversion of the foreign-held Common Shares approximately at 340,664 to Series C Preferred Shares.

Part C.

i. Reclassification of Series A and C Preferred Shares to Common Shares after the Redemption of Series C Preferred Shares.
ii. Deletion of all provisions relating to Series A, B, and C Preferred Shares.

Part D.

i. Increase of the authorized capital stock to up to ₱7 billion, divided into 7,000,000,000 Common Shares with ₱1.00 par value per share.

Status of Operations

On September 12, 2002, the Company agreed to transfer its assets and liabilities arising from its development banking operations to Banco de Oro Unibank, Inc. (BDO) and Philippine Deposit Insurance Corporation (PDIC) under a Memorandum of Agreement (MOA). As of June 30, 2023 and December 31, 2022, the Company has liabilities amounting to ₱166.3 million, arising from the MOA which includes estimated transfer taxes and registration fees related to the transfer of assets to BDO and PDIC and other related liabilities (see Note 9).

The Company's current activities comprise mainly of complying with the MOA by transferring assets related to its previous development banking operations to BDO and PDIC. Thus, the Company continued to incur losses resulting in a capital deficiency of ₱156.7 million and ₱149.8 million as of June 30, 2023 and December 31, 2022, respectively.

RYM, the Company's majority stockholder, continues to provide the necessary financial support to sustain the Company's operations. In order to reduce capital deficiency, the Company allowed certain stockholders to (i) convert preferred stock amounting to ₱34.2 million into common stock in 2016, (ii) convert advances amounting to ₱600.5 million to additional capital in 2014, and (iii) infuse capital aggregating ₱179.0 million in 2014 and 2013. The Company implemented an equity restructuring to offset additional paid-in capital (APIC) of ₱2,114.9 million against deficit which was approved by the SEC on March 23, 2018.

In 2022, the Company carried on with its efforts to pursue prospective transactions that could revitalize the Company, revert to an operating status, and reduce its capital deficiency.

Transaction with Philippine CollectiveMedia Corporation (PCMC)

On July 30, 2021, the Company entered into a MOA with the majority stockholders of a mass media entity, Philippine CollectiveMedia Corporation ("PCMC Shareholders"), wherein the PCMC Shareholders shall jointly subscribe to 1,679,966,400 common shares of the Company to be paid in the form of PCMC shares in order to obtain the business, assets and ownership of PCMC. Upon the execution of the transaction, the PCMC Shareholders will jointly gain control and majority ownership of approximately 70% of the Company's outstanding capital stock.

With PCMC's national franchise, the Company may use this as a leverage to provide other content providers an avenue to broadcast their contents, regionally and nationwide, for profit. Aside from venturing into the active business of mass media, the Company likewise intends to sell its remaining assets in order to address the Company's capital deficiency and negative equity, and non-operation status.

On October 13, 2021, the stockholders approved the subscriptions by the major stockholders of PCMC to 1,679,966,400 common shares to be issued out of the proposed increase in authorized capital stock of the Company, in consideration of the assignment and transfer of PCMC shares representing 99.9% of the outstanding capital stock of PCMC.

The BOD and stockholders, during their meetings respectively held on August 15, 2022 and September 23, 2022, approved to amend the PCMC MOA to take into account the subsequent acquisition of PCMC by Golden Peregrine Holdings, Inc. (GPHI) which is also owned 100% by the PCMC Shareholders. In the same meetings, the BOD and stockholders approved the subscription by certain shareholders of GPHI and in view of the amendment of the PCMC MOA, to 1,679,966,400 common shares to be issued out of the proposed increase in authorized capital stock of the Company.

On January 18, 2023, the BOD approved the Amendment of the MOA with GPHI to:

(a) Change the Exchange Ratio to 4,700 PRIM shares for 1 Golden Peregrine share pursuant to the updated appraisal report.
(b) Subscription by Atty. Hermogene H. Real and Ms. Michelle Ayangco to 1,645,000,000 PRIM Common Shares to be issued out of the proposed increase in authorized capital stock in consideration of the assignment of 100% of the Outstanding Capital Stock of Golden Peregrine pursuant to the updated appraisal report.
(c) Other provisions which require updating and affected by the amendments aforementioned.

Management believes that with these actions taken, the Company can continue as a going concern. Accordingly, the financial statements were prepared on a going concern basis.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The accounting policies adopted are consistent with those of the previous financial year.

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), which is also the Company's functional currency. All amounts are rounded to the nearest Peso, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for investment in a club share which was classified and measured as financial asset at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring 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 transaction date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company uses observable market 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 market 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.

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

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

Further information about the assumptions made in measuring fair values is included in Notes 7 and 15.

Adoption of Amended PFRS

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

- 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:

  o Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognitionof 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 betweenthe 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 modifiedor exchanged on or after the beginning of the annual reporting period in which the entity firstapplied the amendments. Earlier application is permitted.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS which are not yet effective as of December 31, 2022 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 PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the rightto 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.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the 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 and Measurement. 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 or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction price 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 transaction 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. 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 FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model.

As at June 30, 2023 and December 31, 2022, the Company does not have financial assets and liabilities at FVPL.

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.

After initial recognition, 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.

As of June 30, 2023 and December 31, 2022, the Company's cash, receivables (excluding advances to officers, employees and service providers) and due from related parties are classified under this category.

Financial Assets at FVOCI. Equity securities which are not held for trading may be irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income (OCI) and are included under "Other comprehensive income" account in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative unrealized valuation gains will be reclassified to retained earnings.

As of June 30, 2023 and December 31, 2022, the Company's investment in a club share of Valley Golf & CountryClub is classified under this category.

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.

As of June 30, 2023 and December 31, 2022, the Company's accrued expenses and other current liabilities (excluding statutory payable) and amounts due to related parties are classified under this category.

Reclassification of Financial Assets
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).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the financial asset continues to be measured at fair value.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for expected credit loss (ECL) 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.

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 by the Company 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 assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets, but has transferred control over the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, 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, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, or cancelled or has expired. Where 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 the new liability, and the difference in the respective carrying amount 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 statements 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 statements 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 creditable withholding taxes (CWT), input value-added tax (VAT) and prepayments.

CWT. CWT represents the amount withheld by the Company'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 estimated net realizable value.

VAT. Revenues, expenses and assets are generally 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 VAT recoverable from the taxation authority is included as part of "Other current assets" account in the statements of financial position.

Prepayments. Prepayments are expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent asset.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The initial cost of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful life of five (5) years for computer and transportation equipment.

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

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, nonfinancial assets are written down to its recoverable amount, which is the greater of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Equity
Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

Deficit. Deficit represents the cumulative balance of the Company's results of operations.

Cumulative Fair Value Changes on Investment in a Club Share. The account comprises of unrealized fair value changes that is not recognized in profit or loss for the year in accordance with PFRS.

Revenue Recognition
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied at a point in time or over time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue source.

The following specific recognition criteria must also be met before revenue is recognized.

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Recovery of Accounts Written-off. Income from recovery of accounts written-off is recognized when the amount previously written off is collected and actually received.

Rent. Rent income is recognized using the straight-line method over the term of the lease.

Reversal of Long-outstanding Payables. Reversal of payables recognized in the statement of comprehensive income pertain to financial obligations arising from transactions that are not expected to be settled as the same is either discharged by the creditor or discontinued or cancelled.

Expense Recognition

Expenses constitute cost of administering the business. These costs are expensed upon receipt of goods, utilization of services, or when the expense is incurred.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized 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 nor taxable profit or loss.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as OCI.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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 asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Basic and Diluted Loss per Share

The Company computes its basic loss per share by dividing net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period.

Diluted loss per share amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares. There is no such information in 2023 and 2022 because the Company has no dilutive potential common shares and is in a net loss position.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. The Company has only one segment which is as a holding company.

Related Parties

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. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if these transactions amount to 10% or higher of the Company's total assets or if there are several transactions or a series of transactions over a twelve-month period with the same related party amounting to 10% or higher of the Company's total assets.

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 financial statements. They are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefitsis remote. Contingent assets are not recognized in the 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 Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting are disclosed in the notes to financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of financial statements in accordance with PFRS requires management to exercise judgment, make estimates and assumptions that affect the amounts reported in the financial statements. The judgment and estimates used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date. While the Company 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment

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

Assessing the Company's Ability to Continue as a Going Concern. The Company has incurred continuous losses resulting to capital deficiency amounting to ₱156.7 million and ₱149.8 million as at June 30, 2023 and December 31, 2022, respectively. As discussed in Note 1, the stockholders provide continuing financial support as the Company continues to pursue prospective transactions that could revitalize the Company, revert to an operating status, and reduce its capital deficiency. Accordingly, the financial statements are prepared on a going concern basis of accounting.

Classifying the Financial Instruments. The Company exercises judgment in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument,rather than its legal form, governs its classification in the statements of financial position.

The Company classified its investment in a club share as financial asset at FVOCI (see Note 7).

Evaluating the Contingencies. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the Company's financial statements.

Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimating the Liabilities related to Previous Development Bank Operations. The estimated liabilities related to previous development bank operations of the Company is based on the management's best estimate of the amount expected to be incurred to settle the obligation.

Liabilities arising from the MOA amounted to ₱166.3 million as of June 30, 2023 and December 31, 2022, respectively (see Note 9).

Assessing the ECL on Financial Assets at Amortized Cost. The Company applies the simplified approach on its receivables and the general approach on all its other financial assets at amortized cost in measuring the ECL. The Company estimates the ECL on its receivables using 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.

The Company assessed that cash in banks is deposited with reputable counterparty banks that possess good credit ratings. For related party transactions and other receivables, the Company considered the available liquid assets of the related parties and letter of guarantee from the stockholders.

The Company assesses that a financial asset is considered credit impaired when one or more events that have a detrimental effect on the estimated future cash flows of the asset have occurred such as significant financial difficulty and cessation of operations of the debtor.

Impairment loss amounted to nil in 2023 and 2022. In 2022, the Company has written-off receivables amounting to ₱5.5 million (see Note 5).

The aggregate carrying amount of cash in banks, receivables (excluding advances to officers, employees and service providers) and due from related parties amounted to ₱26.9 million and ₱36.2 million as at June 30, 2023 and December 31, 2022, respectively (see Note 4, 5 and 12).

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

No impairment losses were recognized as of June 30, 2023 and for the year 2022.

The carrying amounts of the Company's nonfinancial assets are as follows:

	Note	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Advances to officers, employees and service providers	5	**₱284,200**	₱258,200
Other current assets	6	**6,048,907**	5,109,828
Equipment	8	**567,925**	636,063

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 in the future. 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 income tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱14.3 million as of June 30, 2023 and December 31, 2022, respectively. Management believes that there will be no sufficient future taxable profits against which these deferred tax assets can be utilized (see Note 11).

4. Cash

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	**₱10,000**	₱5,000
Cash in banks	**24,160,131**	33,834,166
	₱24,170,131	₱33,839,166

Cash in banks earn interest at prevailing bank deposit rates. Interest income of ₱8,285 and ₱10,465 was earned for the period ended June 30, 2023 and for the year ended December 31, 2022, respectively.

5. Receivables

This account consists of:

	Note	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Loans receivable:			
Third parties		**₱62,277,740**	₱62,277,740
Related party	12	**–**	–
Advances to officers, employees and service providers		**2,410,535**	2,384,535
Rent receivables:			
Third parties		**237,932**	237,932
Related party	12	**–**	–
Interest receivable	12	**–**	–
		64,926,207	64,900,207
Less allowance for impairment losses		**64,642,007**	64,642,007
		₱284,200	₱258,200

Loans receivable from third parties are related to the Company's previous bank operations and are fully provided with allowance for impairment loss.

Loan receivable from a related party is covered by a loan agreement executed in 2018 with Marcventures Mining and Development Corporation (MMDC), a related party under common control, bears fixed interest of 10% per annum and is due and demandable. Management has assessed that the outstanding interest receivable was impaired in 2021, thus recognizing an impairment loss amounting to ₱5.5 million. Further, interest from loan receivable was waived for 2021, thus no interest income was recognized for the year. The Company's BOD subsequently approved the waiving of the interest from loan receivable from MMDC on April 12, 2022.

In 2022, the Company fully collected the outstanding loan receivable (see Note 12).

Advances to officers, employees and service providers represent unliquidated, noninterest-bearing advances for processing the transfer of title of properties to BDO and PDIC. These are liquidated upon the accomplishment of the purposes for which the advances were granted.

Breakdown of allowance for impairment losses are as follows:

	Note	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Loans receivable		**₱62,277,740**	₱62,277,740
Advances to officers, employees and service providers		**2,126,335**	2,126,335
Rent receivables		**237,932**	237,932
Interest receivable	12	**–**	–
		₱64,642,007	₱64,642,007

On April 11, 2023, the BOD approved to write-off its interest receivable amounting to ₱5.5 million (see Note 12).

Movements of allowance for impairment loss are as follows:

	Note	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Balance at beginning of year		**₱70,183,674**	₱70,183,674
Write-off		**(5,541,667)**	(5,541,667)
Impairment	12	**–**	–
Balance at end of year		**₱64,642,007**	₱64,642,007

The Company recovered some accounts written-off in prior years amounting to ₱50,000 in 2020. There are no recovery of accounts written off in 2023 and 2022.

6. Other Current Assets

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
CWT and excess tax credits	**₱3,159,222**	₱3,159,222
Input VAT	**2,327,342**	1,608,549
Prepayments	**562,343**	342,057
	₱6,048,907	₱5,109,828

Prepayments mainly pertain to prepaid insurance.

7. Investment in a Club Share

The Company's investment consists of a club share in Valley Golf & Country Club. The fair value of the club share is determined by reference to published price quotations in an active market.

Movements in this account are as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost	**₱200,000**	₱200,000
Cumulative unrealized gains on fair value changes		
Balance at beginning of year	**3,100,000**	1,550,000
Fair value changes	**–**	1,550,000
Balance at end of year	**3,100,000**	3,100,000
	₱3,300,000	₱3,300,000

The fair value of the investment in a club share was determined based on the current selling price to third parties which falls under Level 1 of the fair value hierarchy.

8. Property and Equipment

Movements in this account are as follows:

	June 30, 2023 (Unaudited)		
	Computer Equipment	**Transportation Equipment**	**Total**
Cost			
Balance at beginning of year	**₱712,800**	**₱54,375**	**₱767,175**
Additions	**–**	**–**	**–**
Disposal	**–**	**–**	**–**
Balance at end of year	**712,800**	**54,375**	**767,175**
Accumulated Depreciation			
Balance at beginning of year	**85,800**	**45,312**	**131,112**
Depreciation	**62,700**	**5,438**	**68,138**
Disposal	**–**	**–**	**–**
Balance at end of year	**148,500**	**50,750**	**199,250**
Carrying Amount	**₱564,300**	**₱3,625**	**₱567,925**

	December 31, 2022 (Audited)		
	Computer Equipment	Transportation Equipment	Total
Cost			
Balance at beginning of year	₱85,800	₱1,631,375	₱1,717,175
Additions	627,000	–	627,000
Disposal	–	(1,577,000)	(1,577,000)
Balance at end of year	712,800	54,375	767,175
Accumulated Depreciation			
Balance at beginning of year	85,800	1,374,887	1,460,687
Depreciation	–	89,725	89,725
Disposal	–	(1,419,300)	(1,419,300)
Balance at end of year	85,800	45,312	131,112
Carrying Amount	₱627,000	₱9,063	₱636,063

In 2022, the Company sold its transportation equipment to a related party with carrying amount of ₱157,700 for ₱200,746. Gain on disposal of transportation equipment amounted to ₱43,046.

9. Accrued Expenses and Other Current Liabilities

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Liabilities arising from the MOA	**₱166,304,972**	₱166,304,972
Dividends payable	**10,985,443**	10,985,443
Accrued expenses	**1,907,192**	3,379,895
Statutory payables	**136,827**	79,037
	₱179,334,434	₱180,749,347

Liabilities arising from the MOA pertain mainly to the estimated transfer taxes and registration fees related to the transfer of assets from the Company’s previous development bank operations to BDO and PDIC and other related liabilities, primarily from unremitted collection of assigned receivables and sale of foreclosed properties for the account of PDIC (see Note 1). Additions to the liabilities arising from the MOA in 2023 and 2022 amounted to nil and ₱2.0 million, respectively.

Dividends payable pertain to the Company's dividend for cumulative, nonparticipating, nonvoting, redeemable and convertible preferred stock that were declared prior to the Company's incurrence of deficit.

Accrued expenses pertain to accrual of outside services, professional fees and association dues, among others. These are normally settled in the next financial year.

Statutory payable is normally settled within the following month.

In 2021, the Company reversed long-outstanding payables as of December 31, 2020 aggregating to ₱9.2 million related to rental deposits not claimed by the Company from previous tenants and other payables as subsequently approved by the Company's BOD on April 12, 2022.

10. Equity

Capital Stock

Details of capital stock as of June 30, 2023 and December 31, 2022 account are as follows:

	Number of Shares	Amount
Authorized:		
Preferred stock Series A - ₱1 par value	1,000,000,000	₱1,000,000,000
Preferred stock Series B - ₱1 par value	1,000,000,000	1,000,000,000
Common stock - ₱1 par value	3,000,000,000	3,000,000,000
	5,000,000,000	₱5,000,000,000

	Number of Shares	Amount
Issued and outstanding:		
Preferred stock Series A	14,366,260	₱14,366,260
Common stock	700,298,616	700,298,616
	714,664,876	₱714,664,876

The preferred stock Series A and B has the following salient features:

a. Cumulative, nonparticipating, nonvoting, redeemable and convertible at the option of the Company.

b. Cash dividend rate initially at 4.50% per annum based on par value, which shall be automatically adjusted to 11.00% per annum upon full payment of the subscription price.

c. The Company may, at any time at its option, wholly or partially redeem the outstanding preferred stock plus accrued dividends thereon. When such call for redemption is made, the holders of the preferred stock may opt to convert the preferred stock to common stock.

As discussed in Note 1, in 2022, the BOD and shareholders approved the amendment of the AOI of the Company to reflect the increase, declassification of preferred shares and common shares into oneclass of common shares and deletion of all provisions relating to the preferred shares. As of April 11, 2023, the application for the additional amendments of Articles of Incorporation is pending approval from the SEC.

Other planned amendments are also discussed in Note 1.

As of June 30, 2023 and December 31, 2022, there is no accrued and unpaid preferential dividend.

11. Income Tax

The provision for current income tax represents MCIT in 2022.

On March 26, 2021, the "Corporate Recovery and Tax Incentives for Enterprise" (CREATE) was approved and signed into law by the country's President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three years. The changes in the income tax rates shall retrospectively became effective beginning July 1, 2020. The impact of change in 2020 was applied in 2021.

The income tax rates used in preparing the 2022 financial statements are at 20% and 1% forRCIT and MCIT, respectively.

The reconciliation of benefit from current income tax at the statutory income tax rate to the provision for current income tax shown in the statements of comprehensive income are as follows:

	2022
Income tax computed at statutory tax rate	**(₱1,240,989)**
Changes in unrecognized deferred tax assets	**979,552**
Tax effects of:	
Nondeductible expenses	**192,600**
Expired MCIT	**71,360**
Interest income already subjected to final tax	**(2,093)**
Change in statutory income tax rate	**–**
	₱430

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

	2022
Allowance for impairment losses on receivables	**₱12,928,401**
NOLCO	**1,206,749**
MCIT	**145,119**
	₱14,280,269

No deferred tax assets were recognized as it is not probable that sufficient taxable profit will be available against which the deferred tax assets can be utilized.

As at June 30, 2023, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Expiry Date
2022	₱–	₱5,252,413	₱–	₱5,252,413	2025
2020	781,334	–	–	781,334	2025
	₱781,334	₱5,252,413	₱–	₱6,033,747	

Under Revenue Regulations No. 25-2020, NOLCO incurred for the taxable years 2021 and 2020 will be carried over for the next five (5) consecutive taxable years immediately following the year of such loss and NOLCO incurred for taxable year 2022 and beyond can be carried over for the next three consecutive years.

As at June 30, 2023, unused MCIT that can be claimed as deduction from future income tax payable are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Expiry Date
2022	₱–	₱430	₱–	₱430	2025
2021	91,689	–	–	91,689	2024
2020	53,000	–	–	53,000	2023
2019	71,360	–	(71,360)	–	2022
	₱216,049	₱430	(₱71,360)	₱145,119	

12. Related Party Transactions

Outstanding balances and transactions with related parties are as follows:

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2023	2022	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Receivables					
Loans Receivable					
Entity under common control	Loan	**₱–**	₱–	**₱–**	₱–
	Interest income	**–**	–	**–**	–
Rent Receivables					
Entity under common control	Rent income	**–**	–	**–**	–
				–	–
Less: Allowance for impairment loss		**–**	–	**–**	–
				₱–	₱–
Due from related parties					
Entities under common control	Advances (Settlement)	**₱459,966**	(₱5,364,349)	**₱2,777,521**	₱2,317,555
Due to related parties					
Entities under common control	Advances	**₱3,999**	₱636,744	**₱640,743**	₱636,744
Parent Company	Management fee	**–**	–	**13,880,000**	13,880,000
				₱14,520,743	₱14,516,744

The Company has no material and/or significant transactions with its related parties for the period ended June 30, 2023 and for the year ended December 31, 2022.

<u>Terms and Conditions of Transactions with Related Parties</u>

Loans Receivable
In 2018, the Company entered into an unsecured loan agreement with MMDC at 10% a year. In 2022, the Company fully collected the loan receivable.

Management has assessed that the outstanding interest receivable was impaired in 2021, thus recognizing an impairment loss amounting to ₱5.5 million. Further, interest from loan receivable was waived for 2021, thus no interest income was recognized for the year. The Company's BOD subsequently approved the waiving of the interest from loan receivable from MMDC on April 12, 2022. On April 11, 2023, the Company's BOD approved to write-off the interest receivable amountingto ₱5.5 million.

Rent Receivables
On February 8, 2018, the Company entered into an operating lease agreement with MMDC for the lease of a transportation equipment until October 7, 2019. In 2022, the Company sold the leased transportation equipment to MMDC for ₱200,746. Gain on disposal of equipment amounted to ₱43,046 (see Note 8).

Due to and from Related Parties
Outstanding balances are unsecured, noninterest-bearing, collectible or payable in cash upon demand. The Company has no provision for impairment loss relating to the amounts due from related parties as of June 30, 2023 and December 31, 2022. This assessment is undertaken at each reporting date by taking into consideration the financial position of the related parties and the market at which the related parties operate.

Compensation of Key Management Personnel
There is no compensation of key management personnel in for the period ended June 30, 2023 and for the year ended December 31, 2022. The Company's accounting and administrative functions are provided by a related party at no cost to the Company.

13. Commitments and Contingencies

a. In the normal course of its prior operations, the Company has outstanding commitments, pending litigations and contingent liabilities which are not reflected in the financial statements. Management believes that the ultimate outcome of these matters will not have a material impact in the financial statements.

b. As discussed in Note 1, under the MOA dated September 12, 2002 between the Company, BDO and PDIC, the Company agreed to transfer its assets and liabilities from its development bank operations to BDO and PDIC. Under the terms of the MOA, the Company holds BDO free from any contingent claims, labor and minority issues and concerns arising from related assets and liabilities still managed by the Company until these are assumed by BDO.

   The Company has accounted for separately, assets from its development bank operations pursuant to the MOA. It still has in its possession titles of real estate properties from its development bank operations with an aggregate value of ₱499.1 million as at June 30, 2023 and December 31, 2022.

   Moreover, the Company has cash in its custody of ₱13.9 million as at June 30, 2023 and December 31, 2022 arising from the proceeds of the sale of one of the properties.

14. Basic/Diluted Earnings (Loss) Per Share (EPS)

The basic loss per share is computed as follows:

	June 30, 2023 (Unaudited)	June 30, 2022 (Audited)
Net loss	**(₱6,901,214)**	(₱2,476,961)
Less dividend rights of preferred stockholders for the year	**1,581,671**	1,581,671
Loss attributable to common stockholders	**(8,482,885)**	(4,058,632)
Divided by weighted average number of common stock	**700,298,616**	700,298,616
Basic loss per share	**(₱0.012)**	(₱0.006)

The convertible feature of the Company's preferred stock has potential antidilutive effect.The Company has no diluted income per share in for the period ended June 30, 2023 and 2022 because the Company is in a net loss position.

15. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, receivables (excluding advances to officers, employees and service providers), due from related parties, investment in a club share, accrued expenses and other current liabilities (excluding statutory payable) and due to a related party.

The main risks arising from the financial instruments of the Company are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing the risks.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks, receivables (excluding advances to officers, employees and service providers) and due from related parties and investment in a club share. The carrying amounts of the financial assets represent the Company's gross maximum exposure to credit risk in relation to financial assets.

The Company estimates the ECL on its receivables using 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.

The tables below present the Company's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL.

	June 30, 2023 (Unaudited)			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL -credit impaired**	**Total**
Financial assets at amortized cost:				
Cash in banks	**₱24,160,131**	**₱–**	**₱–**	**₱24,160,131**
Receivables*	**–**	**–**	**62,515,672**	**62,515,672**
Due from related parties	**2,777,521**	**–**	**–**	**2,777,521**
Financial assets at FVOCI -				
Investment in a club share	**3,300,000**	**–**	**–**	**3,300,000**
	₱30,237,652	**₱–**	**₱62,515,672**	**₱92,753,324**

**Excluding advances to officers, employees and service providers amounting to ₱2.4 million.*

	December 31, 2022 (Audited)			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Financial assets at amortized cost:				
Cash in banks	₱33,834,166	₱–	₱–	₱33,834,166
Receivables*	–	–	62,515,672	62,515,672
Due from related parties	2,317,555	–	–	2,317,555
Financial assets at FVOCI -				
Investment in a club share	3,300,000	–	–	3,300,000
	₱39,451,721	₱–	₱62,515,672	₱101,967,393

**Excluding advances to officers, employees and service providers amounting to ₱2.4 million.*

The aging analyses of financial assets are as follows:

	June 30, 2023 (Unaudited)				
	Neither Past Due Nor Impaired	**Past Due But Not Impaired Less Than 30 Days**	**31-60 Days**	**Past Due and Impaired**	**Total**
Financial Assets at Amortized Cost					
Cash in banks	**₱24,160,131**	**₱–**	**₱–**	**₱–**	**₱24,160,131**
Receivables*	**–**	**–**	**–**	**62,515,672**	**62,515,672**
Due from related parties	**2,777,521**	**–**	**–**	**–**	**2,777,521**
	26,937,652	**–**	**–**	**62,515,672**	**89,453,324**
Financial Assets at FVOCI					
Investment in a club share	**3,300,000**	**–**	**–**	**–**	**3,300,000**
	₱30,237,652	**₱–**	**₱–**	**₱62,515,672**	**₱92,753,324**

**Excluding advances to officers, employees and service providers amounting to ₱2.4 million.*

	December 31, 2022 (Audited)				
	Neither Past Due Nor Impaired	Past Due But Not Impaired Less Than 30 Days	31-60 Days	Past Due and Impaired	Total
Financial Assets at Amortized Cost					
Cash in banks	₱33,834,166	₱–	₱–	₱–	₱33,834,166
Receivables*	–	–	–	62,515,672	62,515,672
Due from related parties	2,317,555	–	–	–	2,317,555
	36,151,721	–	–	62,515,672	98,667,393
Financial Assets at FVOCI					
Investment in a club share	3,300,000	–	–	–	3,300,000
	₱39,451,721	₱–	₱–	₱62,515,672	₱101,967,393

**Excluding advances to officers, employees and service providers amounting to ₱2.4 million.*

Credit Quality of Financial Assets. The credit quality of the Company's financial assets is beingmanaged by using internal credit ratings such as high grade and standard grade.

High grade - pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal.

Standard grade - include financial assets that are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty.

The Company has assessed the credit quality of financial assets that are neither past due nor impaired as high grade.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The Company also maintains a balance between continuity of funding and flexibility. The policy of the Company is to first exhaust lines available from affiliated companies before local bank lines are availed of. The Company seeks to manage its liquid funds through cash planning on a weekly basis. The Company uses historical figures and experiences and forecasts from its cash receipts and disbursements. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

As at June 30, 2023 and December 31, 2022, accrued expenses and other current liabilities (excluding statutory payable) and due to related parties aggregating ₱193.7 million and ₱195.2 million, respectively, are generally due and demandable.

Market Risk

Market risk is the risk that the fair value of quoted club share would decrease as the result of the adverse changes in the quoted club share as affected by both rational and irrational market forces. The market risk of the Company arises mainly from its investments in a club share measured at FVOCI amounting to ₱1.5 million as of June 30, 2023 and December 31, 2022.

Fair Values

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and the corresponding fair value hierarchy:

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**₱24,170,131**	**₱24,170,131**	₱33,839,166	₱33,839,166
Receivables*	**–**	**–**	–	–
Due from related parties	**2,777,521**	**2,777,521**	2,317,555	2,317,555
Investment in a club share	**3,300,000**	**3,300,000**	3,300,000	3,300,000
	₱30,247,652	**₱30,247,652**	₱39,456,721	₱39,456,721
Financial Liabilities				
Accrued expenses and other current liabilities**	**₱179,197,607**	**₱179,197,607**	₱180,670,310	₱180,670,310
Due to related parties	**14,520,743**	**14,520,743**	14,516,744	14,516,744
	₱193,718,350	**₱193,718,350**	₱195,187,054	₱195,187,054

**Excluding advances to officers, employees and service providers amounting to ₱2.4 million as at June 30, 2023 and December 31, 2022.*
***Excluding statutory payables amounting to ₱136,827 and ₱79,037 as at June 30, 2023 and December 31, 2022, respectively.*

Current Financial Assets and Liabilities. The carrying amounts of cash, receivables (excluding advances from officers, employees and service providers), due from related parties and accrued expenses and other current liabilities (excluding statutory payable) and due to related parties approximate their fair values due to the short-term and demand nature and maturities of the transactions. The fair value measurement of current financial assets and liabilities is classified as Level 3 (Significant unobservable inputs).

Investment in a Club Share. The fair value of this financial asset was determined based on the current selling price to third parties. The fair value measurement of club share designated as FVOCI is classified as Level 1 in which the inputs are based on quoted prices in active markets.

There has been no transfer between levels of fair value hierarchy as of June 30, 2023 and December 31, 2022.

Capital Management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue its operations as a going concern and to maximize shareholder value. The Company manages its capital structure and makes adjustments to it, when there are changes in the economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders, or issue new stock. No changes were made in the objectives, policies or processes as of June 30, 2023 and December 31, 2022. The Company is not subject to externally-imposed capital requirements.