

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
Mar 31, 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)
[REDACTED]
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

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

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	Mar 31, 2023
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2023	Dec 31, 2022
Current Assets	39,194,009	41,524,749
Total Assets	43,096,003	45,460,812
Current Liabilities	194,136,912	195,266,091
Total Liabilities	194,136,912	195,266,091
Retained Earnings/(Deficit)	-868,805,785	-867,570,155
Stockholders' Equity	-151,040,909	-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	4,155	53,511	4,155	53,511
Gross Expense	1,239,785	992,406	1,239,785	992,406
Non-Operating Income	-	-	-	-
Non-Operating Expense	-	-	-	-
Income/(Loss) Before Tax	-1,235,630	-991,843	-1,235,630	-991,843
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	-1,235,630	-991,843	-1,235,630	-991,843
Net Income Attributable to Parent Equity Holder	-	-	-	-
Earnings/(Loss) Per Share (Basic)	-0	-0	-0	-0
Earnings/(Loss) Per Share (Diluted)	-0	-0	-0	-0

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

Other Relevant Information

PLEASE SEE ATTACHED SEC FORM 17-Q

Filed on behalf by:

Name	Joanna Manzano
Designation	Junior Compliance Officer

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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D	E		R	O	X	A	S		M	A	K	A	T	I																		

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

Rolando S. Santos

(Contact Person)

(02) 8831-4479

(Company Telephone Number)

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Month Day
(Calendar Year)

1	7	-	Q	
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(Form Type)

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Month Day
(Annual Meeting)

N/A

Secondary License Type, If Applicable)

Finance Department

Dept. Requiring this Doc.

March 31, 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

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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: **March 31, 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

<u>Title of each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
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

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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 1st quarter period ended March 31, 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.

Financial Condition as of March 31, 2023 and December 31, 2022 and Results of Operation for the Three months ended March 31, 2023 and March 31, 2022

STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in thousands ('000)</i>	For the Three-months Ended March 31				
	2023 (Unaudited)	2022 (Unaudited)	Increase (Decrease)	%Change	
INCOME	₱ 4,155	₱ 563	₱ 3,592	638.01%	
EXPENSES	(1,239,785)	(992,406)	247,379	24.93%	
LOSS BEFORE INCOME TAX	₱ (1,235,630)	₱ (991,843)	₱ 243,787	24.58%	
PROVISION FOR INCOME TAX	-	-	-	-	
NET LOSS	₱ (1,235,630)	₱ (991,843)	₱ 243,787	24.58%	
OTHER COMPREHENSIVE INCOME	-	-	-	-	
TOTAL COMPREHENSIVE LOSS	₱ (1,235,630)	₱ (991,843)	₱ 243,787	24.58%	

Income

The Company's interest income for the current period in the amount of ₱4,155 has increased by ₱3,592 compared with the same period last year. This represents an increase of 638.0%.

Expenses

Total expenses during the period amounted to ₱1.24 million, higher by ₱0.25 million compared with the same period last year. This represents an increase of 24.9% compared with same period last year. The increase was mainly accounted for by the following:

- **Increase in Outside Services** by ₱0.10million or 120.0% from ₱0.09million to ₱0.19million is primarily due to payment for background and credit investigation services.
- **Increase in Directors' Fees** by ₱0.07million or 500.0% from ₱0.02million to ₱0.09million due to the board meetings held during the period.
- **Increase in Other Expenses** such as transportation and travel, meals, and other miscellaneous expenses by ₱0.07million or equivalent to 169.2% from ₱0.04 million to ₱0.11million.

The above cost increases were partly offset by the following:

- **Decrease in Professional Fees** by ₱0.02million or equivalent to 2.03% from ₱0.69million to ₱0.67million.
- **Decrease in Depreciation** by ₱0.11million or equivalent to 37.4% from ₱81.57million to

₱54.38million due to disposal of a transportation equipment.

STATEMENT OF FINANCIAL POSITION

Assets

The total assets of the Company decreased by ₱2.36million from ₱45.46million as of December 31, 2022 to ₱43.10million as of March 31, 2023. The 5.2% decrease was mainly due to the following:

- **Cash** decreased by ₱2.40million or 7.1% from ₱33.84million in 2022 to ₱31.44million in 2023, mainly due to the payments of current obligations.
- **Property and equipment** decreased by ₱0.04million or 5.4% from ₱0.64million in 2022 to ₱0.60million in 2023 due to disposal of a transportation equipment.

The above decreases were partly offset by the following:

- **Receivables** increased by ₱0.02million or 7.7% from ₱0.26 million in 2022 to ₱0.28million in 2023 due to unliquidated cash advances of employees.
- **Due from related parties** increased by ₱0.04million or 1.7% from ₱2.32million in 2022 to ₱2.36million in 2023 to support the working capital requirements of the related parties.

Liabilities

The total liabilities of the Company increased by ₱1.13million or 0.6% from ₱180.75million in 2022 to ₱179.62million in 2023, primarily due to the increase of accrued expenses and other current liabilities.

- **Accrued Expenses and Other Current Liabilities** increased by ₱1.13 million or 0.6% from ₱195.27 million in 2022 to ₱194.14 million in 2023 due to unpaid statutory payables.

Equity

The stockholders' equity of the Company increased by ₱1.24million or 0.8% from ₱149.81million in 2022 to ₱151.04million as of March 31, 2023 due to the net loss incurred during the period.

STATEMENT OF CASH FLOWS

As of March 31, 2023, the cash used in operating activities amounting to ₱2.40million was mainly due to the payments of current obligations. There are no other significant movements in cash.

Item 2 - Financial Statements

The unaudited Financial Statement of Prime Media Holdings, Inc. as of March 31, 2023, and for the three-month period ended March 31, 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:

	Horizontal Analysis				Vertical Analysis	
	Mar. 31, 2023 (Unaudited)	2022 (Audited)	Change	% Change	2023	2022
ASSETS						
Current Assets						
Cash	₱ 31,441,163	₱ 33,839,166	₱ (2,398,003)	(7.1%)	73.0%	74.4%
Receivables	278,200	258,200	20,000	7.7%	0.6%	0.6%
Due from related parties	2,356,795	2,317,555	39,240	1.7%	5.5%	5.1%
Other current assets	5,117,851	5,109,828	8,023	0.2%	11.9%	11.2%
Total Current Assets	₱ 39,194,009	₱ 41,524,749	₱ (2,330,740)	(5.6%)	90.9%	91.3%
Non-current Assets						
Investment in a club share	₱ 3,300,000	₱ 3,300,000	₱ -	0.0%	7.7%	7.3%
Property and equipment	601,994	636,063	(34,069)	(5.4%)	1.4%	1.4%
Total Noncurrent Assets	₱ 3,901,994	₱ 3,936,063	₱ (34,069)	(0.9%)	9.1%	8.7%
	₱ 43,096,003	₱ 45,460,812	₱ (2,364,809)	(5.2%)	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accrued expenses and other current liabilities	₱ 179,620,168	₱ 180,749,347	₱ (1,129,179)	(0.6%)	416.8%	397.6%
Due to related parties	14,516,744	14,516,744	-	0.0%	33.7%	31.9%
Total Current Liabilities	₱ 194,136,912	₱ 195,266,091	₱ (1,129,179)	(0.6%)	450.5%	429.5%
Equity						
Capital stock	₱ 714,664,876	₱ 714,664,876	₱ -	0.0%	1,658.3%	1,572.0%
Deficit	(868,805,785)	(867,570,155)	(1,235,630)	(0.1%)	(2,016.0%)	(1,908.4%)
Other comprehensive income	3,100,000	3,100,000	-	0.0%	7.2%	6.8%
Total Equity	₱ (151,040,909)	₱ (149,805,279)	₱ (1,235,630)	0.8%	(350.5%)	(329.5%)
	₱ 43,096,003	₱ 45,460,812	₱ (2,364,809)	(5.2%)	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:

	March 31, 2023	March 31, 2022
Net Loss	(P1,235,630)	(P991,843)
Quick assets	31,679,095	14,248,861
Current assets	39,194,009	47,085,922
Total assets	43,096,003	49,038,031
Current liabilities	194,136,912	195,179,776
Total liabilities	194,136,912	195,179,776
Stockholders' Equity	(151,040,909)	(146,141,745)
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

	March 31, 2023	March 31, 2022
Liquidity ratios:		
Current ratio ⁽¹⁾	0.20:1	0.24:1
Quick ratio ⁽²⁾	0.16:1	0.07:1
Solvency Ratios:		
Debt ratio ⁽³⁾	4.50:1	3.98:1
Debt to Equity ratio ⁽⁴⁾	(1.29):1	(1.34):1
Profitability ratios:		
Loss per share ⁽⁵⁾	(0.004):1	(0.004):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 = 0.20:1

b. Quick Ratio

Quick asset / Total Current Liabilities = 0.16:1

Solvency Ratio

a. Debt Ratio

Total liabilities / Total assets = 4.50:1

b. Debt to Equity Ratio

Total liabilities / Shareholder's Equity = (1.29):1

Profitability Ratio

a. Return on Equity Ratio

Net Income (Loss) / Average shareholder's equity = (0.01):1

b. Return on Assets

Net Income (Loss)/ Average Total assets = (0.03):1

c. Asset to Equity Ratio:

Total Assets / Stockholders' Equity = (0.34):1

d. Asset Turnover:

Revenue/Total Assets = 0.00001

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: May 17, 2023

Signature and Title: 
DALE A. TONGCO
Risk Management Officer

Date: May 17, 2023

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

STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash	4	₱31,441,163	₱33,839,166
Receivables	5	278,200	258,200
Due from related parties	12	2,356,795	2,317,555
Other current assets	6	5,117,851	5,109,828
Total Current Assets		39,194,009	41,524,749
Noncurrent Assets			
Investment in a club share	7	3,300,000	3,300,000
Property and equipment	8	601,994	636,063
Total Noncurrent Assets		3,901,994	3,936,063
		₱43,096,003	₱45,460,812
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	9	₱179,620,168	₱180,749,347
Due to related parties	12	14,516,744	14,516,744
Total Current Liabilities		194,136,912	195,266,091
EQUITY			
Capital stock	10	714,664,876	714,664,876
Deficit		(868,805,785)	(867,570,155)
Cumulative fair value changes on investment in a club share	7	3,100,000	3,100,000
Total Equity		(151,040,909)	(149,805,279)
		₱43,096,003	₱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 March 31	
	Note	2023	2022
INCOME			
Interest income	4	₱4,155	₱10,465
Gain on disposal of equipment	8	—	43,046
		4,155	53,511
EXPENSES			
Professional fees		674,933	688,894
Outside services		191,705	87,140
Insurance		110,143	73,429
Directors' fees		90,000	15,000
Depreciation	8	34,069	54,379
Transportation and travel		31,017	3,859
Association dues		16,631	20,166
Taxes and licenses		12,626	12,651
Membership fees		11,905	13,420
Others		66,756	23,468
		1,239,785	992,406
LOSS BEFORE INCOME TAX		(1,235,630)	(991,843)
PROVISION FOR CURRENT INCOME TAX	11	—	—
NET LOSS		(1,235,630)	(991,843)
OTHER COMPREHENSIVE INCOME			
<i>Item that will not be reclassified to profit or loss</i>			
Unrealized fair value change on investment in a club share	7	—	—
TOTAL COMPREHENSIVE LOSS		(₱1,235,630)	(₱991,843)
Basic/Diluted Loss Per Share	14	(₱0.004)	(₱0.004)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN EQUITY

		Three Months Ended March 31	
	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		(1,235,630)	(991,843)
Balance at end of year		(868,805,785)	(862,356,621)
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
		(₱151,040,909)	(₱146,141,745)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Three Months Ended March 31	
	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(₱1,235,630)	(₱991,843)
Adjustments for:			
Depreciation	8	34,069	54,379
Interest income	4	(4,155)	(563)
Operating loss before working capital changes		(1,205,716)	(938,027)
Decrease (increase) in:			
Receivables		(20,000)	(145,000)
Due from related parties		(39,240)	—
Other current assets		(8,023)	(22,599)
Increase in:			
Accrued expenses and other current liabilities		(1,129,179)	817,068
Due to related parties		—	463,126
Net cash generated from (used for) operations		(2,402,158)	174,568
Interest received		4,155	563
Net cash provided by (used in) operating activities		(2,398,003)	175,131
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		(2,398,003)	175,131
CASH AT BEGINNING OF YEAR		33,839,166	7,110,931
CASH AT END OF YEAR	4	₱31,441,163	₱7,286,062

See accompanying Notes to Financial Statements.

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

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 at December 31, 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 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 at March 31, 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 ₱151.0 million and ₱149.8 million as at March 31, 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 New Era Empire Realty Corp.

On March 17, 2021, the Company initially signed a Memorandum of Understanding (MOU) with New Era Empire Realty Corp. (New Era) with the objective of working together to revitalize the Company by engaging in new businesses that may include: (a) commercial and residential real estate, hospitality; (b) media and entertainment, (c) gaming, Philippine Offshore Gaming Operators (POGO) allied services, and Fintech.

On July 28, 2021, the parties eventually decided to amend the MOU to proceed with a more definite memorandum of agreement to jointly explore businesses in gaming and real estate development. However, due to unfavorable worldwide market conditions which impacted the real estate property business, the Company, together with RYM have agreed to mutually terminate the MOU with New Era effective as at August 15, 2022.

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.

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:
 - Amendments to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the 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 at 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 right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

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 March 31, 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 at March 31, 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 at March 31, 2023 and December 31, 2022, the Company’s investment in a club share of Valley Golf & Country Club 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 at March 31, 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 2022, 2021 and 2020 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 benefits is 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 ₱151.0 million and ₱149.8 million as at March 31, 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 at March 31, 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 are 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 ₱33.8 million and ₱36.2 million as at March 31, 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 March 31, 2023 and for the year 2022.

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

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to officers, employees and service providers	5	₱278,200	₱258,200
Other current assets	6	5,117,851	5,109,828
Equipment	8	601,994	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 at March 31, 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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	₱10,000	₱5,000
Cash in banks	31,431,163	33,834,166
	₱31,441,163	₱33,839,166

Cash in banks earn interest at prevailing bank deposit rates. Interest income of ₱4,155 and ₱10,465 was earned for the period ended March 31, 2023 and for the year ended December 31, 2022, respectively.

5. Receivables

This account consists of:

	Note	March 31, 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		2,404,535	2,384,535
Rent receivables:			
Third parties		237,932	237,932
Related party	12	–	–
Interest receivable	12	–	–
		64,920,207	64,900,207
Less allowance for impairment losses		64,642,007	64,642,007
		₱278,200	₱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	March 31, 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	March 31, 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 2022 and 2021.

6. Other Current Assets

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
CWT and excess tax credits	₱3,159,222	₱3,159,222
Input VAT	1,726,715	1,608,549
Prepayments	231,914	342,057
	₱5,117,851	₱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:

	March 31, 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:

	March 31, 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	31,350	2,719	34,069
Disposal	—	—	—
Balance at end of year	117,150	48,031	165,181
Carrying Amount	₱595,650	₱6,344	₱601,994

	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:

	March 31, 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	2,278,493	3,379,895
Statutory payables	51,261	79,037
	₱179,620,169	₱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 2022 and 2021 amounted to ₱2.0 million and ₱2.4 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 at 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 at March 31, 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
<hr/>		
	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:

- Cumulative, nonparticipating, nonvoting, redeemable and convertible at the option of the Company.
- 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.
- 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 one class of common shares and deletion of all provisions relating to the preferred shares. As at 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 at March 31, 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 become 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% for RCIT 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	(P1,240,989)
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	—
	P430

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

	2022
Allowance for impairment losses on receivables	P12,928,401
NOLCO	1,206,749
MCIT	145,119
	P14,280,269

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 March 31, 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	P—	P5,252,413	P—	P5,252,413	2025
2020	781,334	—	—	781,334	2025
	P781,334	P5,252,413	P—	P6,033,747	

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 March 31, 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	P—	P430	P—	P430	2025
2021	91,689	—	—	91,689	2024
2020	53,000	—	—	53,000	2023
2019	71,360	—	(71,360)	—	2022
	P216,049	P430	(P71,360)	P145,119	

12. Related Party Transactions

Outstanding balances and transactions with related parties are as follows:

	Nature of	Amount of Transaction		Outstanding Balance	
	Transaction	2023	2022	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Receivables					
<i>Loans Receivable</i>					
Entity under common control	Loan	P—	P—	P—	P—
	Interest income	—	—	—	—
<i>Rent Receivables</i>					
Entity under common control	Rent income	—	—	—	—
Less: Allowance for impairment loss		—	—	—	—
				P—	P—
Due from related parties					
Entities under common control	Advances (Settlement)	P39,240	(P5,364,349)	P2,356,795	P2,317,555
Due to related parties					
Entities under common control	Advances	P—	P636,744	P636,744	P636,744
Parent Company	Management fee	—	—	13,880,000	13,880,000
				P14,516,744	P14,516,744

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

Terms and Conditions of Transactions with Related Parties

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 P5.5 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 amounting to P5.5 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 P200,746. 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 at March 31, 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 operates.

Compensation of Key Management Personnel

There is no compensation of key management personnel in for the period ended March 31, 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 March 31, 2023 and December 31, 2022.

Moreover, the Company has cash in its custody of ₱13.9 million as at March 31, 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:

	March 31, 2023 (Unaudited)	March 31, 2022 (Audited)
Net loss	(₱1,235,630)	(₱991,843)
Less dividend rights of preferred stockholders for the year	1,581,671	1,581,671
Loss attributable to common stockholders	(2,817,301)	(2,573,514)
Divided by weighted average number of common stock	700,298,616	700,298,616
Basic loss per share	(₱0.004)	(₱0.004)

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 March 31, 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.

March 31, 2023 (Unaudited)				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Financial assets at amortized cost:				
Cash in banks	₱31,431,163	₱—	₱—	₱31,431,163
Receivables*	—	—	62,515,672	62,515,672
Due from related parties	2,356,795	—	—	2,356,795
Financial assets at FVOCI -				
Investment in a club share	3,300,000	—	—	3,300,000
	₱37,807,958	₱—	₱62,515,672	₱99,603,630

*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:

	March 31, 2023 (Unaudited)				
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due and Impaired	Total
		Less Than 30 Days	31-60 Days		
Financial Assets at Amortized Cost					
Cash in banks	₱31,431,163	₱—	₱—	₱—	₱31,431,163
Receivables*	—	—	—	62,515,672	62,515,672
Due from related parties	2,356,795	—	—	—	2,356,795
	33,787,958	—	—	62,515,672	96,303,630
Financial Assets at FVOCI					
Investment in a club share	3,300,000	—	—	—	3,300,000
	₱37,087,958	₱—	₱—	₱62,515,672	₱99,603,630

*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		Past Due and Impaired	Total
		Less Than 30 Days	31-60 Days		
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 ₱2.2 million.

Credit Quality of Financial Assets. The credit quality of the Company's financial assets are being managed 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 March 31, 2023 and December 31, 2022, accrued expenses and other current liabilities (excluding statutory payable) and due to related parties aggregating ₱194.1 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 at March 31, 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:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	₱31,441,163	₱33,839,166	₱33,839,166	₱33,839,166
Receivables*	—	—	—	—
Due from related parties	2,356,795	2,317,555	2,317,555	2,317,555
Investment in a club share	3,300,000	3,300,000	3,300,000	3,300,000
	₱37,097,958	₱39,456,721	₱39,456,721	₱39,456,721
Financial Liabilities				
Accrued expenses and other current liabilities**	₱179,568,908	₱180,670,310	₱180,670,310	₱180,670,310
Due to related parties	14,516,744	14,516,744	14,516,744	14,516,744
	₱194,085,652	₱195,187,054	₱195,187,054	₱195,187,054

*Excluding advances to officers, employees and service providers amounting to ₱2.4 million as at March 31, 2023 and December 31, 2022.

**Excluding statutory payables amounting to ₱51,261 and ₱79,037 as at March 31, 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 at March 31, 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 at March 31, 2023 and December 31, 2022. The Company is not subject to externally-imposed capital requirements.