C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	2								

C O M P A N Y   N A M E

A. SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@anscor.ph	8819-0251	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,049	April 15	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	nancie.villaflor@anscor.com.ph	8819-0251	N/A

CONTACT PERSON's ADDRESS

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

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

2. SEC Identification Number PW **– 02** 3. BIR Tax Identification No. **000-103-216-000**

4. Exact name of issuer as specified in its charter **A. SORIANO CORPORATION**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **7/F Pacific Star Building, Makati Ave., cor Gil Puyat Avenue, Makati City** **1209**
   Address of principal office Postal Code

8. **(632) 8819-0251 to 60**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock, ₱1 par value	**2,500,000,000**
Preferred stock, P0.01 par value (not listed)	**500,000,000**
Long-term commercial paper	**none**

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [X] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange **Common stock, ₱1 par value**

12. Check whether the issuer:

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

    Yes [X] No [ ]

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

Yes [X]   No [ ]

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

Aggregate market value as of March 15, 2023 - ₱ 11,755,141,580

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

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

NOT APPLICABLE

Yes [ ]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;

Portion of the Company’s 2022 Annual Report to Stockholders is incorporated by reference into Part II of this report.

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

Definitive Information Statement filed pursuant to SRC Rule 20.

(c) Any prospectus filed pursuant to SRC Rule 8.1.

Not applicable

A. SORIANO CORPORATION
TABLE OF CONTENTS
SEC FORM 17-A

		Page
Part I – BUSINESS AND GENERAL INFORMATION		
Item 1.	Business	1-11
Item 2	Properties	11-12
Item 3	Legal Proceedings	12-13
Item 4	Submission of Matters to a Vote of Security Holders	13
Part II – OPERATIONAL AND FINANCIAL INFORMATION		
Item 5	Market for Issuer's Common Equity and Related Stockholder Matters	14-16
Item 6	Management's Discussion and Analysis or Plan of Operation	17-30
Item 7	Financial Statements	31
Item 8	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	31-32
Part III – CONTROL AND COMPENSATION INFORMATION		
Item 9	Directors and Executive Officers of the Issuer	33-37
Item 10	Executive Compensation	38-39
Item 11	Security Ownership of Certain Beneficial Owners and Management	39-41
Item 12	Certain Relationships and Related Transactions	41
Part IV – CORPORATE GOVERNANCE		
Item 13	Corporate Governance	42
Part V – EXHIBITS AND SCHEDULES		
Item 14	Exhibits and Reports on SEC Form 17-C	43
SIGNATURES		44
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES		45
INDEX TO EXHIBITS		46
INDEX TO SEC FORM 17-C		47

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, business process outsourcing and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments, mainly the trading gain on marketable securities and bonds.

Growing the businesses is vital to Anscor's long-term success. The Company keeps a tight watch on the existing portfolio of businesses and new opportunities as they emerge.

As of 31st December 2022, the Company's consolidated total assets stood at P25.1 billion. For the year ended 31st December 2022, consolidated revenues of the Company amounted to P13.6 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2022:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Ltd.	100%	Holding Company	British Virgin Island
IQ Healthcare Professional Connection, LLC	93%	Inactive	USA
Prople Limited	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines

Company	Ownership	Business	Jurisdiction
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Summerside Corporation	100%	Holding Company	Philippines
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Pamalican Utilities, Inc.	62%	Utility Company	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Fremont Holdings, Inc.	26%	Real Estate Holding	Philippines
ATRAM Investment Management Partners Corp.	20%	Asset Management	Philippines
KSA Realty Corporation	14%	Realty	Philippines

Investments

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

PDP Energy is the leading domestic integrated manufacturer of quality wires and cables.

Phelps Dodge International Philippines, Inc. (PDIPI), the parent company of PDP Energy, was incorporated in 1955 and commenced production in 1957. Its product line is composed principally of copper-based wires and cables including building wires, telecommunication cables, power cables, automotive wires and magnet wires. The Company's 100%-owned by Anscor. PDP Energy has a management contract with Anscor covering marketing, administration and finance. The management contract provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fee (VAT exclusive). Effective January 1, 2022, the P7.2 million payment of fixed fee was discontinued. The strategy of PDP Energy is to focus on the production of higher value-added wire and cable products. All the manufacturing operation of PDIPI effective September 1998, was lodged under PDP Energy.

On December 19, 2014, PDP Energy entered into a technical assistance and support agreement with GCC. The agreement provides that GCC shall make available to PDP Energy technical assistance and support services which include, among others the availability of technical and qualified resource persons with expertise in materials, technologies and manufacturing processes to be made available to PDP Energy through periodic consultation meetings with PDP Energy personnel and technical visits to PDP Energy.

On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GC) wherein GC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GC) which provides, among others, the exclusive distributor, reseller and representative for the sale of GC products to customers within the Philippines.

On December 22, 2014, Anscor acquired, for ₱3.0 billion, GCC's 60% stake in PDIPI, increasing Anscor's ownership to 100%.

PDP Energy's clients include telecommunication companies, contractors, building developers, power companies, government corporations and other industrial companies.

At present, PDP Energy's major supplier of copper rods are Merchandise Trading, Taihan and Furukawa; suppliers of Aluminium are TFO Networks and Phelps Dodge Thailand; supplier of chemicals are Dow Chemicals and Tosoh Polyvin Corp.

The Philippine wire and cable industry is comprised of both imported and domestically manufactured products. The leading four manufacturers in terms of sales are Phelps Dodge, American Wire and Cable Co., Inc., Columbia Wire and Cable Corp. and Philflex Cable Corp.

The principal products and percentage of contribution to sales are as follows:

Product Line	2022
Building wires	72**%**
Power Cables	15**%**
Autowires	3%
Others	10%

New products – fire rated cables, medium voltage cables, aluminum building wires and all aluminum alloys conductors – have been developed and introduced to domestic and export markets.

Pursuing its customer service, manufacturing process and cost reduction programs, the company secured ISO 9001/14001/18001 certification for Quality, Environment, and Health and Safety for PDEIC from Certification International (UK). PDP Energy also continued promoting new products and solutions, notably special cables for export, medium and high voltage cables up to 230 KV, low smoke halogen-free cables, and aluminum cables. It leveraged its medium voltage (MV) cable manufacturing facility to offer shorter delivery time of MV 35 KV cables to power utilities, and widened sales coverage to new provincial dealers and customers. t also advanced consumer education and safety awareness through the Philippine Electrical Wires Manufacturers Association's campaign against counterfeit wires.

PDP's focus on new products and new services, and its emphasis on quality and service were vital in growing its sales to developers and contractors, and to general consumers, particularly in the provinces. The company's philosophy of a working partnership with its customers secured new dealers.

The persistent momentum in profitable performance validates PDP's long-term strategy of building a wide array of services and products to serve customers. It also enables PDP to deploy capital to its manufacturing facilities, expand the company's product range and meet its delivery commitments. Internally, PDP continues to focus on its development program for key personnel.

PDP will continue with its growth strategy. Additional investments are being made to increase the company's production capability, which will give more production flexibility to serve different segments and increase the company's ability to deliver in the shortest possible time.

PDP continues its sustainability and governance programs, its enviable safety record, and its strongly adhered to health protocols. Studies have started on the feasibility of solar panels.

Seven Seas Resorts and Leisure, Inc. (SSRLI; owner of Amanpulo Resort)

Seven Seas Resorts and Leisure, Inc. was incorporated on August 28, 1990 for the primary purpose of planning, developing, operating and promoting Pamalican Island as a world class resort named Amanpulo. The Resort started commercial operations on January 1, 1994.

SSRLI owns a 40-room resort in Pamalican Island, Cuyo Palawan and operates 18 luxurious villas, mostly each villa comprising four (4) rooms. Seven Seas is a joint venture among Anscor, Palawan Holdings, Limited and Les Folatieres Holdings. As of December 31, 2022, the resort manages a total of 62 villa rooms available for rent under management agreement executed by Pamalican Resort Inc. (PRI) and the villa owners.

As a resort operator, principal products/services offered are as follows:

Products/Services	Markets	Contribution to revenues
Rooms	Local & international	43.8%
Food and Beverage	-do-	27.1%
Others	-do-	29.1%

The resort's services are offered through the worldwide Aman marketing group based in Singapore, accredited travel agents, reservation sources/systems and direct selling.

Amanpulo is in competition with all other small 5 star resort companies in other destinations that are generally better known than the Philippines, such as Indonesia, Thailand and Malaysia.

On July 1, 2011, SSRLI transferred in the name of PRI all resort operation-related contracts entered into with related parties and with third parties, including its long-term loans with a bank.

On October 3, 2012, PRI entered into operating lease agreement with SSRLI covering all rights and interests in resort-related assets which include land, land improvements and building for a period beginning July 1, 2011.

Seven Seas entered into several agreements with Silverlink Group of Companies for the development, operation and promotion of Amanpulo. The term of the agreement is for 5 years, subject to renewal upon mutual agreement of both parties. The original contract expired in December 1998, renewed last December 2003 and December 2008. The last five years of the first 20-year agreements expired on June 23, 2013. These agreements are as follows: (1) Operating and Management Agreement, (2) Marketing Services Contract and (3) License Contract (4) Hotel Reservation Agreement.

On June 24, 2013, PRI and Amanresorts Management, B.V. (AMBV, the operator of Amanresorts) entered into a new Operating and Management Agreement (OMA), effective on the same date, in which PRI will pay a basic fee amounting to four percent (4%) of gross revenue and an incentive fee of ten percent (10%) based on the gross operating profit collectively known as “Management Fee”. In addition to the management fees discussed, the Company shall also reimburse the AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

On June 24, 2013, the parties entered into a new marketing services agreement with the same terms and conditions except for a lower marketing fee rate which decreased from three percent (3%) to one percent (1%) of gross revenue.

As of December 31, 2013, all contracts with related parties that are related to resort operations were transferred to PRI except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is non-transferrable.

In 2014, SSRLI completed paving the runway and the construction of seawall on the eastern side of the island; plugging the east reef hole; and expanding the laundry and housekeeping stations. The Company also extended and completely renovated the kitchen of the beach club.

The Resort completed the renovation of the beach club in 2015.

Capital improvements have focused on enhancing the cost structure and environment preservation. A new desalination plant is operating and all golf carts are solar-powered.

Several programs were initiated to address the Resort’s various constituents. To avoid further beach erosion, ₱17.0 million was spent to plug holes in the reef on the eastern side of the island. The organic farm was expanded to support the Food & Beverage department’s farm-to-table initiative. A new power generating unit became fully operational in September 2017 and will help lower energy expenses in the years to come and staff facilities were enhanced.

In 2018, the very first Kite and Surf Centre in the Aman Group began operations, adding a new source of revenue and guest experience, in addition to kayaking and stand up paddle boarding. Restoring ecosystem balance continues to be given a priority as witnessed by the building of seawalls to control beach erosion, the propagation of coral reefs and protecting the water from venomous crown-of-thorns starfish.

Amanpulo was officially certified for ISO 22000:2018 FMS a globally recognized food safety standard, and is one of just six hotels in the Philippines to achieve this feat.

Initiatives to attract foreign guests to Amanpulo, included visits from top-producing and high-potential travel agents, foreign press trips and releases featuring Amanpulo in top-tier publications, including Conde Nast Traveller (UK), Tatler (UK), Tatler (Asia), Travel+Leisure (SEA), and Robb Report (China).

Amanpulo's Marine Conservation Program continues to expand its reach with the launch of identifying resident turtles by volunteer team members and guests. In November, the Large Marine Vertebrates Research Institute Philippines trained the Amanpulo team on enhanced marine turtle conservation. A total of 1,927 turtle hatchlings were released to the sea and natural nest monitoring was increased.

Amanpulo was shortlisted as "Private Island of the Year" and awarded as "Asia's Leading Private Island Resort," the "Philippines' Leading Private Island Resort" and the "World's Leading Dive Resort" by the World Travel Awards 2022. The Resort also placed Top 8 in the "Top 10 Best Resorts in Southeast Asia" in the Travel + Leisure Asia's Best Awards 2022.

In August 2022, Pamalican Utility Inc., a utility company was established through subscription of SSRLI to its share.

ATRAM Investment Management Partners Corporation (ATRAM)

ATRAM focuses on asset and wealth management and financial technology. In 2017, Anscor increased its stake in ATRAM from 10% to 20%.

ATRAM expanded with new mandates and business partners and maintained its journey of constant improvement and innovation. In the Unit Investment Trust Funds area, the ATRAM Global Technology Feeder Fund was launched. ATRAM was also first to offer unit-paying funds to the market.

ATRAM's digital transformation initiatives over the past years enabled the firm to adapt quickly to the new virtual environment. With a successful work-from-home implementation, ATRAM was able to operate at full capacity throughout the year and service its clients with relative ease throughout the lockdowns.

ATRAM, in collaboration with its affiliate Seedbox, launched four new funds on GCash through GInvest, the investment platform that gives Filipinos access to fund products for low investment amounts. Through this collaboration, ATRAM's retail client base increased to over one million active investors at the end of 2021.

ATRAM continued to build its digital capabilities to reach target client segments and enhance customer brand experience. ATRAM Prime was launched in April 2022. It is a mobile-first investment platform to help clients grow their long-term wealth, simplify the investing process and access investment outlets and advice. Development of a wealth management platform, Wealth360, began in 2022 for rollout to clients in 2023.

The company earned multiple awards and industry recognitions. ATRAM was hailed as "Asset Management Company of the Year – Philippines" in The Asset Triple A Sustainable Investing Awards 2022. World Business Outlook and International Business Magazine also recognized ATRAM as the "Best Investment Solutions Provider" in the Philippines for 2022. In addition, ATRAM Trust Corporation was recognized as a 2022 Outstanding Bangko Sentral ng Pilipinas (BSP) Stakeholder for its role as a Personal Equity & Retirement Account (PERA) administrator during the 2022 Outstanding BSP Stakeholders Appreciation Ceremonies.

KSA Realty Corporation (KSA)

KSA was registered with the SEC on August 3, 1990. Anscor exchanged its old building located at Paseo de Roxas, Makati in 1990 for an 11.42 percent stake in KSA Realty Corporation, which developed The Enterprise Center (TEC), a two tower, grade A office building located at the corner of Ayala Avenue and Paseo de Roxas in Makati. The Enterprise Center starting January 1999 was offered for office space rental. TEC is registered with PEZA as an information technology building.

In July 2009, following the Securities and Exchange Commission's approval of a decrease in its authorized capital stock, KSA retired 2.4 million preferred shares.

In 2017, TEC underwent a ₱450.0 million upgrade. Due to the high demand for office spaces, KSA increased its leasable space by 2,000 square meters by converting part of the food court into office spaces and acquiring one floor from a previous owner.

The office leasing operations of The Enterprise Center (TEC) continued to face challenges, along with other office building operators in the country. TEC's occupancy and rental revenue declined due to the after effects of the COVID-19 pandemic: downsizing of leased premises to adapt to on-site work arrangements of companies and requests for rental concessions to reduce costs to cope with business slowdown.

Macquarie ASEAN Technology Investments Holdings II LP (Macquarie)

In 2018, Anscor invested US$5.0 million in Macquarie, a special purpose vehicle that invested exclusively in shares of Grab Holdings, Inc. Grab is the leading on-demand transportation and food delivery provider in Southeast Asia with leading market share in seven countries, including the Philippines.

In December 2021, Grab was listed on the Nasdaq via a special purpose acquisition vehicle. Sales grew 38%, as its Mobility and Deliveries benefited from economies reopening across the Association of Southeast Asian Nations (ASEAN) region. Despite the positive operating trends, shares in Grab Holdings, like many of its highgrowth peers, fell dramatically in 2022 and ended down 55% from its Initial Public Offering price.

Y-mAbs Therapeutics, Inc.(Y-mAbs)

Anscor began investing in Y-mAbs Therapeutics, Inc. in 2015 and it was listed on the NASDAQ (Ticker: YMAB) in September 2018. Y-mAbs is a clinical-stage biopharmaceutical company focused on the development and commercialization of novel, antibody-based therapeutic products to treat cancer. Anscor's investment thesis centered on Y-mAbs with two pivotal-stage product candidates, naxitamab and omburtamab.

Naxitamab received its first approval from the US Food and Drug Administration (USFDA) in November 2020. Unfortunately, the USFDA declined marketing approval of omburtamab in a Refusal-to-File letter dated October 2, 2020, citing the need for additional data to support an approval. In response, Y-mAbs has deprioritized the omburtamab program to focus on developing the Self-Assembly DisAssembly (SADA PRIT 2-STEP) technology platform.

Corporate restructuring extended its cash runway into 2024. Y-mAbs stock price fell 70% in 2022 from US$ 16.21 to US$ 4.88 a share.

Navegar I LP, Navegar II LP and Sierra Madre Philippines I LP

Anscor has committed US$20.0 million to Navegar I LP, Navegar II LP and Sierra Madre Philippines I LP, three Philippine-focused private equity funds. Investments are diversified across e-commerce, business process outsourcing, information technology, casual dining, logistics, education, and retail.

Asia Partners I LP, Asia Partners II LP and Asia Partners SCI (collectively Asia Partners)

In March 2021, Anscor committed US$6.0 million to Asia Partners I (AP I), a Singapore-based private equity fund focused on high growth technology and technology-enabled companies across Southeast Asia. In March 2022, on the back of a solid performance from AP I, a follow-on commitment of US$10.0 million was made to Asia Partners II.

Other Early Stage and Private Equity Investments

Additional investments that were initiated in 2022 included a US$3.0 million investment in Blue Voyant, an early-stage, US-based cybersecurity firm; a US$3.0 million commitment to Third Prime, a US-based private equity fund focused on finance and property technology; a US$1.2 million follow-on co-investment in SCI, a Singapore-based e-commerce company, alongside Asia Partners; a US$1.6 million co-investment in Kafene, an early-stage, US-based financial technology company, alongside Third Prime; and US$0.75 million in Wholesome Spirits, an early-stage, US company focused on the sales and marketing of “Volley”, a tequila-based seltzer drink.

Madaket, Inc. (Madaket)

Anscor invested S$1.0 million in Madaket. Madaket is an innovative software service platform that automates healthcare provider data management processes. The average US healthcare provider works with 25 insurance companies. Before receiving payment, each insurer requires a unique set of enrollment forms, procedures and data to be submitted, even for common provider-payer transactions. Madaket automates the enrollment process and ensures that the right information is sent to each applicable payer, resulting in less documentation and faster payment. It has 1.2 million providers under contract for Electronic Data Interchange Enrollment.

Prople Limited

On November 22, 2013, Prople Limited acquired 100% of the non-audit business of US-based Kellogg and Andelson Accountancy Corporation (K&A). Founded in 1939, K&A is a well-established accounting firm that provides tax, general accounting and consulting services to thousands of small-to-medium-sized companies in California and the Midwest. It operates out of five locations in Los Angeles, Woodland Hills, San Diego, Kansas City and Chennai (India).

In 2015, Prople Limited faced multiple challenges related to the 2013 acquisition of Kellogg & Andelson.

The US operation of Prople Limited was closed and the Board of Directors approved on October 20, 2016 the filing for bankruptcy under Chapter 11 - liquidation for E&A Global Management Co.

A. Soriano Air Corporation (ASAC)

ASAC was incorporated on March 28, 1985 to engage in the general business of a common and/or private carrier. Effective January 1, 1995, ASAC ceased its operations and transferred its license as operator of a common and/or private carrier to Island Aviation, Inc. (IAI), formerly A. Soriano Aviation Inc. (ASAI).

In May 2003, ASAC took over the hangar lease and the ground handling and avionics-related services that were previously performed by ASAI. Subsequently, ASAC resumed its commercial operations.

As of December 31, 2022, ASAC's operation is purely sublease of the hangar premises.

Pamalican Island Holdings, Inc. (PIHI)

PIHI was registered with the Securities and Exchange Commission on May 18, 1995 and has started commercial operations on June 2, 1995. Its primary purpose is to acquire, purchase, sell or dispose of airplanes, flying machines, or freight, or as common carriers on regularly established routes; to maintain a service station for the repair, overhauling and testing of said machines and dirigible balloons of any and all types whatsoever; to deal in parts and supplies for said machines; and, to carry for hire passengers, and to maintain supply depots for airplane and flying machines service generally.

On January 20, 1999, PIHI temporarily stopped its air charter operation and subsequently changed the nature of its business to holding company.

On June 8, 2001, the SEC approved the amended articles of incorporation of PIHI. Amendments to the First Article to change the name from Island Aviation, Inc. to Pamalican Island Holdings, Inc. and the Second Article to change the primary purpose of the Corporation – to acquire by purchase, lease, donation or otherwise, and to own, use, sell, mortgage, exchange, lease and hold for investment or otherwise, properties of all kinds, and improve, manage or otherwise dispose of buildings and houses, apartments, and other structures of whatever kind together with their appurtenances.

It owns 100% of Island Aviation, Inc.

Island Aviation, Inc. (IAI; formerly A. Soriano Aviation, Inc., ASAI)

IAI is PIHI's wholly owned charter airline operation registered with the SEC on January 7, 1987. In May 2003, ASAI was renamed IAI, it resumed its air service operations while other activities such as aircraft hangarage, ground handling and avionics-related services were transferred to ASAC.

IAI is now the exclusive air service provider of PRI/Amanpulo Resort and operates three (3) Dornier planes both for charter to Amanpulo and third parties.

IAI is in the process of purchasing two (2) new Twin Otter aircraft which will be operational in May and June 2023.

Anscor Consolidated Corporation (Anscorcon)

Anscorcon was registered with the SEC on April 8, 1995 primarily to invest the Anscorcon's fund in other corporations or businesses and to enter into, make, perform and carry out contracts of every kind and for any lawful purpose pertaining to the business of Anscorcon, or any manner incident thereto, as principal agent or otherwise, with any person, firm, association or corporation.

Anscorcon used to hold the Anscor Group stake in ICTSI which was sold last May 2006. It now owns 1,272,429,761 shares of Anscor as of December 31, 2022.

Anscor Holdings, Inc. (AHI)

AHI is a wholly owned subsidiary of Anscor. AHI, formerly Goldenhall Corporation, was registered with the SEC on July 30, 2012 primarily to engage in the management and development of real estate.

AHI is the landbanking company of the Group for properties in Cebu and Palawan.

AFC Agribusiness Corporation (AAC)
Anscor owns 81% of AAC which has a 97.4 hectare property in Guimaras, Province of Iloilo. AAC is working on the extension of the development on the property with the Department of Agrarian Reform.

Sutton Place Holdings, Inc. (Sutton)

Sutton was registered with the SEC on May 22, 1997, primarily to purchase, subscribe for or otherwise acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description.

<u>Other Information</u>

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development
- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

Employees

The Company and the Group as of December 31, 2022, has 22 and 709 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	10	178	188
Rank and file	12	509	521
TOTAL	**22**	**687**	**709**

- The Company and the Group were not subjected to any employees' strike in the past three years nor were there any threatening strike for the ensuing year.

- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).

- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Item 2. Properties

Anscor owns and maintains its office at 7/F, Pacific Star Building in Makati City with approximately 2,000 square meters. Also, the Company owns office unit A and D, 8th Floor, at 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City.

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectares property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. 62 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2022.

- AHI has interests in land covering an area of approximately 111.39 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 36.9 hectares in Cebu. Also, AHI owns 1.27 hectare properties in Puerto Princesa.

- AFC Agribusiness has 97.4 hectares of land in Guimaras.

Other Information

a) The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.
b) There were no commitments for major capital expenditures or acquisitions of properties in the next twelve (12) months.

Item 3. Legal Proceedings

There are no material pending Legal Proceedings to which Anscor or any of its subsidiaries or affiliates is a party except:

a) In March 2018, the Company filed before the Regional Trial Court of Makati City a civil case for specific performance in order to compel Red Core Group to comply with the provisions of the loan and investment agreement signed by the parties. On November 23, 2020, the Court partially granted the Motion for Summary Judgment filed by the Company.

   On August 15, 2022, the Court rendered a decision ordering Red Core Investments Corporation to pledge all its shares in Tayabas Geothermal Power, Inc., Tiaong Geothermal Power, Inc., and San Juan Geothermal Power Inc. and execute a deed of pledge in favor of the Company. The Court also decided to dismiss the claim of the Company for exemplary damages amounting to P0.1 million but granted the Company Attorney's fees amounting to P0.6 million and cost of suit against Red Core Group plus legal interest from judicial demand until amount is fully paid.

   On October 3, 2022, the Company filed a demand for payment under the loan and investment agreement to Red Core Group. As of March 1, 2023, the Company is yet to collect the amount due from Red Core Group.

b) ASAC is a defendant in labor lawsuits and claims. As at December 31, 2019, management has provisions for losses amounting to P5.7 million that may be incurred from these lawsuits. In 2020, ASAC reversed the provisions in full as management assessed that the claim is no longer probable due to the prescription of the period from which the complainants may file an independent action to re-open the labor lawsuits. The 10-year prescriptive period ended on April 20, 2020.

c) The Group have claims, commitments, litigations and contingent liabilities that arise in their normal course of their operations which are not reflected in the consolidated financial statements. Management is of the opinion that as at December 31, 2022, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

Except for the matter discussed above, the Company does not believe such litigation will have a significant impact on the financial results, operations or prospects of the Company or the Group.

For the last five years and as of February 28, 2023, management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

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

There were no items/matters submitted during the fourth quarter of 2022 to a vote of security holders through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

PRINCIPAL MARKET - Philippine Stock Exchange

Latest Market Price – March 15, 2023

Previous Close –	₱	10.26
High		10.70
Low		10.10
Close		10.10

The following are the high and low sales prices of the shares of the Company for each quarter within the last two fiscal years:

	2022		2021	
Quarter	**High**	**Low**	High	Low
First	10.44	7.70	7.80	6.00
Second	9.43	8.54	7.10	6.37
Third	9.10	8.00	7.50	6.10
Fourth	9.15	8.21	8.00	6.81

Source: Monthly PSE Report

Shareholdings Information

The total number of stockholders/accounts as of February 28, 2023 is 11,046 holding 2,500,000,000 shares of common stock and 1 stockholder holding 500,000,000 preferred shares.

The top 20 stockholders as of February 28, 2023 based on Stock Transfer Service, Inc. report is broken down as follows:

Stockholder Name	Type	Number of Shares	% of Ownership
1. Anscor Consolidated Corporation	Common	1,272,329,761*	42.411
2. A. Soriano Corporation Retirement Plan	Common Preferred	63,694,835** 500,000,000	2.123 16.667
3. PCD Nominee Corp. (Non-Filipino)	Common	497,919,306	16.597
4. A-Z Asia Limited Philippines, Inc.	Common	161,546,329	5.385
5. PCD Nominee Corp. (Filipino)	Common	112,242,636	3.741
6. Universal Robina Corporation	Common	64,605,739	2.154
7. Philippines International Life Insurance Co., Inc.	Common	57,921,593	1.931
8. C & E Property Holdings, Inc.	Common	28,011,922	0.934
9. Edmen Property Holdings, Inc.	Common	27,511,925	0.917
10. MCMS Property Holdings, Inc.	Common	26,513,928	0.884
11. Express Holdings, Inc.	Common	23,210,457	0.774
12. EJS Holdings, Inc.	Common	15,518,782	0.517
13. DAO Investment & Management Corp.	Common	8,628,406	0.288
14. Philippine Remnants Co., Inc.	Common	7,556,183	0.252
15. Balangingi Shipping Corporation	Common	2,767,187	0.092
16. Leonardo Siguion Reyna	Common	2,625,000	0.088
17. Lennie C. Lee	Common	2,000,000	0.067
18. Jocelyn C. Lee	Common	2,000,000	0.067
19. Jose C. Lee	Common	1,798,000	0.060
20. F. Yap Securities, Inc.	Common	1,409,741	0.047
Total		2,879,811,730	95.971

** Included 122,287,251 shares of Anscor Consolidated Corporation with ATRAM.*
*** Included 7,694,835 shares lodged with PCD Nominee Corp. (Filipino).*

The above shareholdings do not materially affect the holdings of the 5% beneficial owners, each director and nominee and all the directors and officers as a group.

Dividends

In 2021, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	P0.50	18-Feb-2021	17-Mar-2021	14-Apr-2021
Special	P0.25	17-Nov-2021	3-Dec 2021	27-Dec-2021

The cash dividends declared by the Board of Directors in 2022 was:

Classification	**Peso Rate Per Share**	**Declaration Date**	**Record Date**	**Payable Date**
Regular	P0.50	23-Feb-2022	11-Mar-2022	05-Apr-2022
Special	P0.50	11-Nov-2022	28-Nov-2022	15-Dec-2022

On March 1, 2023, the Board of Directors declared the following cash dividends:

Classification	**Peso Rate Per Share**	**Declaration Date**	**Record Date**	**Payable Date**
Regular	P0.50	01-Mar-2023	16-Mar-2023	10-Apr-2023

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of December 31, 2022, the Company has sufficient retained earnings available for dividend declaration.

Shares in the undistributed retained earnings of subsidiaries amounting to ₱6.1 billion and ₱4.3 billion as at December 31, 2022 and 2021, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Recent Sale of Unregistered Securities

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

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

Consolidated Financial Information
(In Million Pesos Except Per Share Data)

	2022	2021	2020	2019	2018
Net Income Attributable to Equity Holder of the Parent	2,800.6	2,504.1	165.6	1,843.6	808.4
Equity Attributable to Equity Holder of the Parent	21,961.7	20,460.6	18,695.6	19,943.1	18,575.9
Weighted Average Number of Shares Outstanding	1,227.6	1,227.6	1,242.0	1,208.0	1,215.5
Earnings Per Share*	2.28	2.04	0.13	1.53	0.67
Book Value Per Share**	17.89	16.67	15.23	15.95	15.33

	2022	2021	2020	2019	2018
Revenues and Net Investment Gains	13,624.7	11,354.1	6,883.7	10,695.4	9,781.0
Total Assets	25,138.2	23,625.0	21,602.3	23,112.4	22,290.0
Investment Portfolio	14,216.7	13,834.5	12,251.4	14,289.3	13,253.7

* *Ratio of net income attributable to equity holders of the Parent to weighted average number of shares outstanding during the year.*

** *Ratio of equity attributable to equity holders of the Parent to outstanding number of shares as of end-December.*

Below are the key performance indicators of the Company:

Over the last three years, consolidated revenues and net income from operations are as follows (in thousand pesos except earnings per share):

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Sale of goods - net	**P10,727,755**	P8,751,667	P6,448,195
Services	**1,292,107**	1,013,454	767,570
Dividend income	**295,307**	399,429	259,109
Interest income	**67,462**	53,534	82,204
	12,382,631	10,218,084	7,557,078
INVESTMENT GAINS (LOSSES)			
Gain on sale of long-term investment	**2,208,757**	-	-
Gain (loss) on increase (decrease) in market values of FVPL investments - net	**(994,108)**	1,124,061	(76,521)
Gain on sale of FVOCI investments - net	**764**	532	1,150
	1,215,413	1,124,593	(75,371)
EQUITY IN NET EARNINGS (LOSSES) AND IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATES	**26,640**	11,410	(598,006)
TOTAL	**13,624,684**	11,354,087	6,883,701
INCOME BEFORE INCOME TAX	**3,098,197**	2,917,745	460,045
PROVISION FOR INCOME TAX	**242,155**	380,152	291,320
NET INCOME	**2,856,042**	2,537,593	168,725
OTHER COMPREHENSIVE INCOME (LOSS)	**(71,847)**	176,601	(189,753)
TOTAL COMPREHENSIVE INCOME (LOSS)	**P2,784,195**	P2,714,194	(P21,028)
Net Income Attributable to:			
Equity holders of the Parent	**P2,800,558**	P2,504,080	P165,647
Noncontrolling interests	**55,484**	33,513	3,078
	P2,856,042	P2,537,593	P168,725
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	**P2,728,711**	P2,680,681	(P24,106)
Noncontrolling interests	**55,484**	33,513	3,078
	P2,784,195	P2,714,194	(P21,028)

	Years Ended December 31		
	2022	2021	2020
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	**P2.28**	P2.04	P0.13
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**P2.22**	P2.18	(P0.02)

Component of financial soundness and indicators of the Group are shown in Annex C of this report.

The Key Financial Indicators of our Major Subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

	12/31/2022	12/31/2021	12/31/2020
1. Net sales	**10,728**	8,752	6,448
2. Gross profit	**1,606**	1,603	1,366
3. Net income	**956**	910	692

Seven Seas Group

In Million Pesos

	12/31/2022	12/31/2021	12/31/2020
1. Occupancy rate	**47.1%**	40.0%	36.9%
2. Hotel revenue	**1,088.8**	836.1	646.3
3. Gross operating profit (GOP)	**441.4**	327.8	207.3
4. GOP ratio	**40.5%**	39.2%	32.1%
5. Resort net income	**133.1**	64.1	(9.5)
3. Villa development/lease net income	**10.4**	13.1	13.9
4. Consolidated net income	**143.5**	77.2	4.3

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

Financial Performance Year 2022

Net income in 2022 reached P2.8 billion primarily as a result of Anscor International's sale of AGP International Holdings Pte. Ltd., for a consideration of US$38.5 million, resulting in a one-time gain of P2.2 billion. Last year's profit reached P2.5 billion.

Anscor's operating company, Phelps Dodge Philippines Energy Products Corporation (PDP), continues to be the main contributor to Anscor's revenues at P1.04 billion, comprising P956.5 million in equity earnings and P100.1 million in management fees. Anscor share in resort earnings improved from P48.4 million in 2021 to P89.4 million in 2022, while KSA Realty Corporation provided P100.7 million in cash dividends.

Anscor's investment portfolio, which posted a gain of P1.4 billion in 2021, reversed to a loss of P0.9 billion, due to a decrease in market values of traded securities, both locally and abroad.

The Philippine Stock Exchange Index fell from 7,123 as of December 31, 2021 to 6,554 as of end December 2022. This contributed to a P194.2 million loss on Philippine-traded equities against a gain of P1.8 billion in 2021. Foreign traded shares accounted for a P586.7 million loss in 2022, lower than last year's loss of P900.3 million. Investment in bonds and managed funds were impacted by the increase in interest rates and registered a decline in value of P374.1 million versus a gain of P12.7 million in 2021.

Financial portfolio losses were slightly offset by larger foreign exchange gains from P130.1 million in 2021 to P294.6 million in 2022 as the strong US dollar boosted the value of our dollar-denominated assets.

Anscor paid a total cash dividend of P2.5 billion or P1.00 per share in 2022: P0.50 per share on April 5, 2022, and another P0.50 per share on December 15, 2022. The book value of the Company increased from P16.67 to P17.89 as of December 31, 2022.

Investments – Group Operations

Phelps Dodge International Philippines, Inc. (PDP, a wholly-owned subsidiary of Anscor)

PDP's sales volume increased by 5% over that of 2021. While its high-rise and mall project segment declined by 25%, the company achieved substantial inroads into the sectors of communication and of energy, among both distributors and generators. PDP continued to increase its provincial sales in the Visayas and Mindanao. Northern Luzon showed significant growth in both the retail sector and the business-to-business segments.

2022 revenues reached P10.7 billion, a 23% increase over last year, in part because of the higher average copper price during the year. Copper prices were volatile with an upward trend throughout the year. PDP's policy of maintaining stable selling prices was rewarded with a flow of steady orders from its distributors. PDP's innovative products met customers' need for safe and quality products at reasonable prices.

Net profit increased from P909.9 million to P956.5 million, the highest in PDP's history. Costs were kept at the same level as 2021, a notable achievement in an era of high inflation throughout the year.

Seven Seas Resorts And Leisure, Inc. (Owner of Amanpulo Resort, 62.3% owned by Anscor)

After two years of restricted international travel, the Philippine borders reopened to tourists in February 2022 and Amanpulo reintroduced itself as a must-travel destination. Through strategic sales and marketing activities and new products and offerings, Amanpulo bounced back strongly. Revenue improved to P1.1 billion and a net income of P143.5 million, nearly that of the pre-pandemic period.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

ATRAM weathered volatile markets in 2022, ending the year with assets under management at P157.1 billion, 9.9% lower from the previous year. Though inflation and geopolitical concerns kept investors on the sidelines, the company still generated positive net inflows of P4.2 billion, driven by the fund distribution and wealth businesses. ATRAM Group's revenues grew 19.9% to P872.7 million in 2022, from P727.6 million in 2021.

KSA Realty Corporation (14.28% owned by Anscor)

TEC's average effective rent for office leases decreased from P1,539 per sq.m. in 2021 to P1,430 per sq.m. in 2022. Rental income decreased by 18% and average occupancy during the year fell to 66%, as compared to last year's 80%. Net income stood at P0.7 billion.

Despite the negative growth in rental revenue and net income, KSA declared P0.7 billion in dividends in 2022, of which P100.7 million was Anscor's share as against P185.6 million in 2021.

Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of December 31, 2022 versus December 31, 2021.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2022 and 2021.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash generated from operating and investing activities mainly the net proceeds from sale of investment in AG&P, partially offset by cash used in financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements.)

Fair Value Through Profit and Loss (FVPL) Investments
The increase in the account can be attributed to the P1.2 billion net additions mainly investment in PE Funds and foreign exchange gain of P198.1 million, partially offset by the decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P994.1 million.

Receivables
The increase in receivables was mainly due to improved revenues of the wire manufacturing business and resort operation.

Inventories
The increase was due to higher level of finished goods, work in process and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Prepayments
Increase in this account pertains mainly to payments for inventories in transit of the wire manufacturing subsidiary wherein the new terms and conditions in the contract with the supplier doesn't meet the criteria for it to be classified and presented as inventories.

Other Current Assets
Change in the account balance can be attributed to the increase in prepaid taxes of the Parent Company.

Fair Value Through Other Comprehensive Income Investments (FVOCI) – noncurrent
Minimal decrease in this account amounted to P4.9 million. The decrease can be attributed to net disposal of P4.8 million and the decline in market value of the FVOCI investments of P4.6 million, partially offset by unrealized foreign exchange gain of P4.5 million.

Notes Receivable
The decrease was attributable to the collection of advances by the Parent Company to Anscor Retirement Trust Fund.

Investments and Advances
The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P26.6 million.

Property, Plant and Equipment - net
The increase can be traced to net acquisition of property and equipment of P457.7 million offset by depreciation amounting to P295.0 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties - net
Decrease was mainly due to depreciation amounting to P14.7 million mainly of 8 Rockwell office condominium unit.

Retirement Plan Assets
Change in the retirement plan asset arises mainly from fair value adjustments of the underlying assets of the retirement plan of the Group.

Right-of-Use-Assets
With the adoption of PFRS 16, Leases, the manufacturing and aviation subsidiaries as a lessee recognized asset representing the right to use the asset/property during the lease term.

Deposit to suppliers
Change in the account balance can be attributed to the increase in deposits to suppliers related to capital expenditure requirements for the purchase of new aircraft of the aviation subsidiary.

Notes Payable
Notes payable in 2021 represent unsecured, short-term, interest-bearing liabilities of the aviation subsidiary which was paid in 2022.

Accounts Payable and Accrued Expenses
The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries as a result of increased volume of their businesses.

Lease Liability (current and noncurrent)
With the adoption of PFRS 16, Leases, the manufacturing and aviation subsidiary as a lessee recognized a liability for future lease payments.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2022 due to problematic addresses of some of the Company’s stockholders. Last cash dividend payment of P0.50 per share to shareholders was on December 15, 2022.

Income Tax Payable
Movement in the account was attributable to income tax paid by the resort, aviation and wire manufacturing subsidiaries, partially offset by provision for income tax during the year by the Group.

Long-term Debt (current and noncurrent)
The outstanding long-term debt in 2021 pertained to PDP loan which was paid in 2022.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect of unrealized decline in market value of FVPL investments.

Retirement Benefits Payable
Decrease resulted mainly from payment of contribution to the plan.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. The net decreased in CTA balance is P47.2 million, mainly due to realization of CTA related to the sale of AG&P of P234.2 million.

Unrealized valuation gain on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to December 31, 2022.

Remeasurement on Retirement Benefits
Movement in the account was mainly due to the decrease in fair value of the underlying assets under the retirement plan.

Noncontrolling Interest (equity portion)
Increase was mainly due to share of minority shareholders in the net income of the resort and aviation subsidiaries for the year 2022.

Others
There were no commitments for major capital expenditures in 2022.

Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The discussions below were based on the consolidated results of the Company and its subsidiaries for the year ended December 31, 2022 as compared to consolidated results for the year ended December 31, 2021:

Revenues
This year's consolidated gross revenues of P13.6 billion was higher from last year's revenue of P11.4 billion due to gain on sale of investment in AGP of P2.2 billion and higher revenues of the resorts and the wire manufacturing operations.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher copper cost of the wire manufacturing subsidiary and increased volume of products sold.

Cost of Services Rendered
Increase in cost of services rendered was due to higher occupancy rate of the resort subsidiary.

Operating Expenses
The Group reported an increase in consolidated operating expenses for 2022 due to higher overhead of the parent company (from bonus paid based on higher net income in 2021) and rise in operating expenses of the resort and wire manufacturing subsidiaries due to higher volume of business.

Interest Expense
Interest expense in 2022 was lower than 2021 due to payment of loan by PDP.

Foreign Exchange Gain (loss)
Due to the depreciation of peso vis-à-vis dollar, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
The current tax provision of the resort, aviation and wire manufacturing subsidiaries was offset by the benefit from deferred income tax, mainly of the parent company, attributable to unrealized loss from decline in market value of FVPL investments.

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020 (as reported in 2021 SEC 17-A)

Revenues
This year's consolidated gross revenues of P11.4 billion was higher from last year's revenue of P6.9 billion due to improved market value of FVPL investments and higher revenues of the resort and the wire manufacturing operations despite the community quarantine due to COVID-19 pandemic.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher copper cost of the wire manufacturing subsidiary and increased volume of products sold.

Services Rendered
Increase in cost of services rendered was due to higher occupancy rate of the resort subsidiary.

Operating Expenses
The Group reported an increase in operating expenses for 2021 due to higher volume of business of the manufacturing and resort subsidiaries, offset by lower operating cost of the parent company.

Interest Expense
Interest expense in 2021 was lower than 2020 due to payment of loan by PDP.

Foreign Exchange Gain (loss)
Due to the depreciation of peso vis-à-vis dollar, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
Movement in the account was mainly due to the higher provision for deferred income tax of the parent company for the increase in market value of its FVPL investments and rise in unrealized foreign exchange gain.

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019 (as reported in 2020 SEC 17-A)

Revenues
This year's consolidated gross revenues of P6.9 billion were significantly lower than the last year's revenues of P10.7 billion mainly due to decrease in market value of FVPL investments of P76.5 million vs a gain of P1.2 billion in 2019. Revenues of the resort and wire manufacturing operations were lower than last year as a result of community quarantine imposed by the Government due to COVID-19 pandemic, while share in net losses of associates amounting to P598.0 million was higher as compared to P517.1 million in 2019. Dividend income also decreased from P373.6 million to P259.1 million.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to decline in volume sold by the wire manufacturing subsidiary.

Services Rendered
Decrease in cost of services rendered was mainly due to lower occupancy rate of the resort subsidiary this year versus last year.

Operating Expenses
The Group reported a decrease in operating expenses for 2020 mainly due to lower overhead of the subsidiaries due to the quarantine imposed in 2020 due to COVID-19. Lower salaries, advertising and promotion, delivery and utilities cost were reported in 2020.

Interest Expense
Amount in 2020 was lower than 2019 due to payment of long-term loan by the Parent Company and PDP.

Foreign Exchange Gain (loss)
Due to the depreciation of dollar vis-à-vis peso, the parent company reported foreign exchange loss on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
The tax provision of the resort and wire manufacturing subsidiaries for 2020 decreased due to lower profits.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Annual Improvements to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Other Financial Information

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

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2022 and onwards.

- The management has no knowledge of 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 revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant no restructuring.

- There is no other material event subsequent to the reporting period that has not been reflected in the financial statements.

Item 7. Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippine Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by Revised SRC Rule 68 as amended (2019) and PFRS.

3. The consolidated financial statements include disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted for the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote for the appointment of SGV as independent auditors of the Company for the ensuing year.

In compliance with SRC Rule 68 paragraph 3(b) (ix) (Rotation of External Auditors), the SGV audit partner, as of December 2022, is Ms. Dhonabee B. Señeres, who is on her fourth year of audit engagement.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

The Company has no disagreements with its independent auditors on Accounting and Financial Disclosures and changes in Accounting and Financial Disclosures are included in the attached Notes to Financial Statements, if applicable.

Audit and Audit Related Fees

The Company paid to its external auditors the following fees in the past two years:

Year	Audit Fees
2022	**₱1,320,000**
2021	₱1,320,000

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

Consultancy and Other Fees

Consultancy and other fees paid by the Company to SGV for the year 2022 amounted to P303,800.

Consultancy and other fees paid to the external auditors are evaluated and approved by the Audit Committee ensuring always that the independence of the external auditors is maintained.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Directors

The Board of Directors of the Company has ultimate responsibility for the administrative affairs of the Company. The business address of all of the Directors is the registered office of the Company. The Board meets approximately once every quarter or about four times a year. A majority of the Board shall constitute a quorum for the holding of a Board meeting. The decision of a majority of the quorum present shall be sufficient to pass a Board resolution.

The Directors and their respective positions with the Company are listed below.

Name	Position	Term of Office	Period Served as Director
Andres Soriano III	Director, Chairman and Chief Executive Officer	1 year	40 years
Eduardo J. Soriano	Director and Vice Chairman	1 year	42 years
Ernest K. Cuyegkeng	Director, President and Chief Operating Officer	1 year	14 years
Oscar J. Hilado	Director	1 year	24 years
Alfonso S. Yuchengco III	Director	1 year	4 years
Johnson Robert G. Go Jr.	Director	1 year	3 year
William H. Ottiger	Director	1 year	1 year

Executive Committee and Management

The management structure of the Company consists of an Executive Committee that reports directly to the Board of Directors. The following are the members of the Executive Committee, Audit Committee, Compensation Committee and Nomination Committee:

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Oscar J. Hilado	Member
Mr. Ernest K. Cuyegkeng	Member
Mr. William H. Ottiger	Member

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. William H. Ottiger	Member
Mr. Johnson Robert G. Go Jr.	Member
Mr. Alfonso S. Yuchengco III	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Alfonso S. Yuchengco III	Member

Nomination Committee:

Mr. Eduardo J. Soriano	Chairman
Mr. Oscar J. Hilado	Member
Mr. Alfonso S. Yuchengco III	Member

Selected biographical information on the Company's directors and other principal officers is set out below.

Directors

ANDRES SORIANO III, age 71, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of The Andres Soriano Foundation, Inc. (1985 to present), Phelps Dodge International Philippines, Inc. (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present) and Pamalican Resort, Inc. (May 2011 to present); Director of International Container Terminal Services, Inc. (ICTSI) (July 1992 to present). Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation and was subsequently the Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 68, Filipino, Director of the Company since 21 May 1980; Vice Chairman of the Company (1990 to present) and Treasurer (1990 to September 2018); Chairman of Anscor Holdings, Inc. (2012 to present); Member of the Board of Trustees and President of The Andres Soriano Foundation, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 76, Filipino, Director of the Company since 22 April 2009; President and Chief Operating Officer of the Company (2022 to present), President and Director of Phelps Dodge Philippines Energy Products Corporation (1999 to present), and Anscor Holdings, Inc. (2012 to present); Director (2008 to present) and President (since 2021) of Seven Seas Resorts and Leisure, Inc.; KSA Realty Corporation (2001 to present), Prople, Inc. (2007 to present), Testech, Inc. (2003 to present), T-O Insurance (2008 to present), Sumifru, Singapore (2003 to present), and Philippine British Assurance Co. Inc. (Nov. 2011 to present); Chairman and Director of ArthaLand Corporation (2007 to present); Member of the Board of Trustees of The Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968), Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHNSON ROBERT G. GO, JR., age 58, Filipino, Director of the Company since 19 November 2019; Director of JG Summit Holdings, Inc., Universal Robina Corporation (May 5, 2005 to present) and Robinsons Land Corporation; President of the Dameka Trading, Inc., member of the Senior Advisory Board of Robinsons Bank Corporation and a Trustee of the Gokongwei Brothers Foundation, Inc. He received his Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University.

OSCAR J. HILADO, age 85, Filipino, an Independent Director of the Company since 13 April 1998; Chairman-Emeritus & Chairman of the Executive Committee of Phinma Corporation; Vice Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Union Galvasteel Corporation (March 2017 to present), Director of Phil. Cement Corporation (July 2018 to present), Phinma Solar Energy Corporation (July 2017 to present); Phinma Hospitality, Inc. (July 2011 to present), Phinma Education Holdings, Inc. (March 2016 to present), Araullo University, Inc. (April 2004 to present), Cagayan de Oro College, Inc. (June 2005 to present), University of Iloilo, Inc. (August 2009 to present), University of Pangasinan, Inc. (August 2009 to present), Southwestern University (June 2016 to present), Manila Cordage Corporation (1986 to present); Independent Director of Philex Mining Corporation (December 2009 to present), Metro Pacific Investments Corporation (May 2021 to present), Rockwell Land Corporation (May 2015 to present), Smart Communications, Inc. (May 2013 to present), Digital Telecommunications Philippines, Inc. (DIGITEL) (May 2013 to present), Roxas Holdings, Inc. (March 2016 to present), Seven Seas Resorts & Leisure, Inc. and Pamalican Resort, Inc. (May 2011 to present), Beacon Property Ventures, Inc. (December 1994 to present), Cebu Light Industrial Park, Inc. (February 1996 to present), Pueblo de Oro Development Corporation (February 1996 to present), United Pulp and Paper Company, Inc. (December 1969 to present). Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce (1958), Masters Degree in Business Administration, Harvard Graduate School of Business, (1962).

WILLIAM H. OTTIGER, age 55, Swiss, Director of the Company since 20 April 2022; Executive Vice President and Corporate Development Officer of the Company (2013 to present); Director of Anscor International, Inc. (2021 to present); Director of Seven Seas Resorts and Leisure, Inc. (2019 to present); Director of ATRAM Trust Corporation (2019 to present); Director of ATR Asset Management, Inc. (2019 to present); Director of Phelps Dodge International Philippines, Inc. (April 2016 to present); Director of AG&P International Holdings Pte. Ltd. (2014 to 2022) Formerly CEO of Cirrus Medical Staffing, Inc. (USA), an Anscor portfolio investment sold in 2017; UBS Investment Bank, London (UK) and San Miguel Brewing Hong Kong Ltd. Graduate of Washington & Lee University, B.A. European History, (1990); London Business School, MBA, (2001).

ALFONSO S. YUCHENGCO III, age 63, Filipino, an Independent Director of the Company since 10 April 2019 to present; Director of Mapua Institute of Technology (1999 to present); Chairman of Testech, Inc. (2003 to present); Chairman of Prople, Inc. (2009 to present); Member of the Board of Trustees of Semiconductor and Electronics Industries in the Philippines, Inc. (2011 to present). He is a graduate of BS Asian Studies from De La Salle University (1981).

The following are not nominees but incumbent officers of the Company:

LORNA PATAJO-KAPUNAN age 70, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of Kapunan & Castillo Law Offices; Corporate Secretary, Roxas Holdings, Inc. (1995 to 2014), Central Azucarera de Don Pedro (February 1995), Central Azucarera de la Carlota (March 1996), Beverage Industry Association of the Philippines (February 1991 to present), Seven Seas Resorts & Leisure, Inc. (November 1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to 2011), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (February 1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to 2014), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to 2014), Jose M. Velero Corporation (2001 to 2014), Creative Concoctions, Inc. (2001 to 2014), Hotel Concepts, Inc. (September 2001 to present), Creative Hotel Concepts, Inc. (September 2001 to 2014), Culinary Events, Inc. (2001 to 2014), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to 2014), It's About Taste (I'ATE), Inc. (2002 to 2014), Kitchen Alley, Inc. (2001 to 2014), Les Maitres Gourmands, Inc. (July 2001 to 2014); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present), Elixir Gaming Technologies Philippines, Inc. (2007 to 2008), Elixir Group Philippines, Inc. (2006 to 2008); Director of AMAX Holdings Limited (2008 to 2014); Corporate Secretary, Blessed Mary Mother of the Poor Foundation, Inc. (2014), Montemar Beach Club, Inc. (2013 to present), Philcomsat Communications Satellite Corporation (Philcomsat) (2013 to present), UNLAD Foundation (2015). Graduate of University of the Philippines College of Law, (1978); Seminar Courses: Japan Institute of Invention and Innovation (JIII) Tokyo (1997); National Institute on Humanitarian Law, San Remo, Italy (September 2005); Summer Course International Humanitarian Law, Magdalene College, Cambridge University, London UK (July 2010). Bar Examiner, Mercantile Law (1988). The Outstanding Women In The Nations Service (TOWNS) Awardee – Corporate Law (1995); Filipinas Women Network (FWN) Influential Women Award (2016); Columnist, Business Mirror "Legally Speaking"; Program Host/Commentator "Laban Para Sa Karapatan" DWIZ, 882 AM; Top 100 Lawyers in the Philippines (2019 to 2021); and 2021 Corporate Int'l Global Awardee.

LORENZO D. LASCO, age 60, Filipino, Vice President (joined the group in 1997); Director and General Manager of Anscor Holdings, Inc. (2000 to present); Director of AFC Agribusiness Corp.; Project Manager at Seven Seas Resorts and Leisure, Inc. (Amanpulo); used to be connected with Ayala Land, Inc. (ALI); Graduate of the Asian Institute of Management, Masters in Business Administration (1989).

NARCISA M. VILLAFLOR, age 60, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure, Inc., Pamalican Resort, Inc. and Anscor Holdings, Inc., The Andres Soriano Foundation, Inc., Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation and A. Soriano Air Corporation; Trustee of The Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989; Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

JOSHUA L. CASTRO, age 48, Filipino, Vice President (April 2017 to present) and Assistant Corporate Secretary of the Company; Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge Philippines Energy Products Corporation and The Andres Soriano Foundation, Inc. (2006 to present); and Anscor Holdings, Inc. (2012 to present), Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005); Graduate of San Beda College of Law (1999).

SALOME M. BUHION, age 50, Filipino, Assistant Vice President- Accounting (April 2017 to present) and Accounting Manager (January 1998 to April 2017) of the Company; Assistant Manager, Business System Division (Support Management Group), Equitable PCI Bank, (1997); Auditor, SyCip Gorres Velayo & Co. (1994 to 1997); Certified Public Accountant.

MA. VICTORIA L. CRUZ, age 58, Filipino, Assistant Vice President of the Company (April 2017 to present); Executive Secretary to the Chairman (September 1998 to March 2017). Ms. Cruz was formerly the Executive Assistant to the Head of Mission of the Embassy of Peru. She also worked with Shangri-La's Mactan Island Resort, John Clements Consultants, Inc. and the Mandarin Oriental Hotel, Manila. She received a Bachelor of Science degree major in Business Management from De La Salle University in 1984.

Additional Information:

There is no person who is not an executive and is expected by the registrant to make a significant contribution to the business.

Except for Andres Soriano III and Eduardo J. Soriano who are brothers, the directors, executive officers or persons nominated or chosen by the registrant to become directors or executive officers have no family relationship up to the 4th civil degree either by consanguinity or affinity.

For the last five years and as of February 28, 2023, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Item 10. Executive Compensation

As approved in 2004, Directors are paid a per diem of P20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and Board of Directors.

The total compensation paid to the top six (9) Officers of the Company and the rest of the Directors for the last two years and the ensuing year are as follows:

Name	Principal Position	Compensation		
		2021 Actual	2022 Actual	2023 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng	President & Chief Operating Officer			
William H. Ottiger	Vice President, & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller/Treasurer			
Lorenzo D. Lasco	Vice President			
Joshua L. Castro	Vice President & Assistant Corporate Secretary			
Salome M. Buhion	Assistant Vice President-Accounting			
Ma. Victoria L. Cruz	Assistant Vice President			
Executive Directors*				
Salaries		₱ 39,798,168	₱ 43,282,543	₱ 40,619,965
Bonus		–	62,950,000	72,100,000
		39,798,168	106,232,543	112,719,965
Other Executive Officers**				
Salaries		13,971,076	17,577,138	17,928,826
Bonus		0	15,850,000	19,500,000
Benefits		2,513,949	1,916,916	1,916,916
		16,485,025	35,344,054	39,345,742
Subtotal Executive Director and Officers		56,283,193	141,576,597	152,065,707
Non-Executive Directors***				
Consultancy Fee		4,642,857	3,660,714	3,125,000
Bonus		0	19,264,286	18,600,000
Directors Fees		760,000	580,000	560,000
Subtotal Non-Executive Directors		5,402,857	23,505,000	22,285,000
Total		₱ 61,686,050	₱ 165,081,597	₱ 174,350,707

* *Executive Directors include members of the Board of Directors who are at the same time Executive Officers.*

** *Other Executive Officers include Executive Officers who are not members of the Board of Directors*

*** *Non-Executive Directors include members of the Board of Directors who are not at the same time Executive Officers of the Company.*

There are no other arrangements, including consulting contracts, to which any director was compensated, directly or indirectly.

All the executive officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named executive officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named executive officers' responsibilities following a change in control.

There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Except as indicated below, no person holds 5% or more of the common stock of the Company under a voting trust or similar agreement.

a. Security Ownership of Certain Record (R) and Beneficial Owners (B)

As of February 28, 2023, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

Title of Class	Name/Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,272,329,761*	42.411%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	496,475,045	16.549%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	161,546,329	5.385%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	112,242,636	3,741%
Common & Preferred	A. Soriano Corp. Retirement Plan (Filipino) 7th Flr. Pacific Star Bldg., Makati City	A. Soriano Corp. Retirement Plan (Filipino)	Filipino	63,694,835** Common 500,000,000 Preferred	2.123% 16.667%

* *Includes 122,287,251 shares lodged with PCD Nominee Corp. (Filipino).*

** *Includes 7,694,835 shares lodged with PCD Nominee Corp. (Filipino).*

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. (“PCD”), is the registered owner of the shares in the books of the Company’s transfer agent in the Philippines. The beneficial owners of such shares are PCD’s participants, who hold the shares on their behalf or in behalf of their clients of which ATRAM Trust Corporation is the sole owner of more than 5%, specifically 24.84%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. Shares owned by Deerhaven, LLC are indirectly owned by Andres Soriano III. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on 25 April 2003. Shares owned by A-Z Asia Limited Philippines, Inc. are indirectly owned by Eduardo J. Soriano.

A. Soriano Corporation Retirement Plan (the Plan) is a retirement benefit program established by the Company for the benefit of its employees. The Plan is administered by Trustees who are at the same time employees of the Company.

Other than the above, there are no Stockholders owning more than 5% of the Company’s outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

b. Security Ownership of Certain Beneficial Owners and Management

As of February 28, 2023, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Security Ownership		Citizenship	Percentage
Common	Andres Soriano III	489,428,270	Direct/Indirect	American	16.314%
Common	Eduardo J. Soriano	177,285,111	Direct/Indirect	Filipino	5.910%
Common	Oscar J. Hilado	20,000	Direct	Filipino	0.001%
Common	William H. Ottiger	20,000	Direct	Filipino	0.001%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	Johnson Robert G. Go, Jr.	20,100	Direct	Filipino	0.001%
Common	Alfonso S. Yuchengco III	20,000	Direct	Filipino	0.001%
Total		666,813,481			22.228%

Narcisa M. Villaflor, Lorenzo D. Lasco, Atty. Lorna Patajo-Kapunan, Atty. Joshua L. Castro, Salome M. Buhion and Ma. Victoria L. Cruz do not own shares of the Company.

c. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholders.

d. Changes in Control

No change in control of the Company occurred since the beginning of the last fiscal year. Management is not aware of any arrangement which may result in a change in control of the Company.

Except as indicated in the above section on Security Ownership of Certain Record and Beneficial Owners, there are no other persons holding 5% or more of the common stock of the Company.

As of February 28, 2023 the foreign ownership level of total outstanding shares is 19.93%.

The Company does not own any other equity securities beneficially owned by its directors.

Item 12. Certain Relationships and Related Transactions

There are no Management transactions during the year or proposed transaction to which the Company was or is to be a party, in which any of its Directors, nominees for election as Directors, Executive Officers, security holders owning more than 5% of the outstanding shares of the Company, or any member of the immediate family of any of the forgoing persons, have or is to have material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with Leading Practice on Corporate Governance

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC. On 02 July 2014, the Company submitted to the SEC and PSE its Amended Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 9, Series of 2014.

With the promulgation of the Code of Corporate Governance for Publicly Listed Companies under SEC Memorandum Circular No. 19 dated November 22, 2016, the Company submitted to the SEC and PSE its Manual on Corporate Governance in compliance with said Circular. This Manual superseded all previous Manuals on Corporate Governance of the Company including its revisions.

All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

The Board of Directors and Management evaluates on an annual basis, the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. These improvements are contained in the Company's Integrated Annual Corporate Governance Report and updates thereto to be submitted to the SEC yearly. Further, Directors of the Company are required, before assuming office and annually thereafter, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, following SEC's thrust to promote a better corporate governance environment, the Company complied with SEC Memorandum Circular No. 11, Series of 2014, which provides for template for publicly-listed companies' websites. The Company's website contains all the items indicated in said Circular.

As of 28 February 2023, there were no deviations from the Company's Manual on Corporate Governance.

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

Exhibit	(1)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	NA
Exhibit	(2)	Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Exhibit	(3)	Voting Trust Agreement	NA
Exhibit	(4)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	INFORMATION STATEMENT, ANNUAL REPORT & FORM 17-Q
Exhibit	(5)	Letter re: Change in Certified Public Accountant	NA
Exhibit	(6)	Letter re: Change in Accounting Principles	NA
Exhibit	(7)	Report Furnished to Security Holders	ANNUAL REPORT & FORM 17-Q
Exhibit	(8)	Subsidiaries of the Registrant	LIST OF SUBSIDIARIES FINANCIAL STATEMENTS OF SIGNIFICANT FOREIGN SUBSIDIARIES
Exhibit	(9)	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
Exhibit	(10)	Consents of Experts and Independent Counsel	NA
Exhibit	(11)	Power of Attorney	NA
Exhibit	(12)	Additional Exhibits	2022 Sustainability Report

(b) SEC Form 17-C

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on March 1, 2023.

Andres Soriano III Chairman and Chief Executive Officer	Date	**Ernest K. Cuyegkeng** President and Chief Operations Officer	Date
Narcisa M. Villaflor Vice President - Comptroller/Treasurer	Date	**Salome M. Buhion** Assistant Vice President - Accounting	Date
Atty. Lorna Kapunan Corporate Secretary	Date		

SUBSCRIBED AND SWORN to before me this 1st day of March 2023, affiants exhibited to me the following:

NAMES	PASSPORT NO. GOV'T ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE
Andres Soriano III	506368805	01-14-2015	U.S.A
Ernest K. Cuyegkeng	P7236847A	05-19-2018	DFA NCR South
Narcisa M. Villaflor	P8592511A	09-04-2018	DFA NCR West
Salome M. Buhion	P9335323A	10-28-2018	DFA NCR Northeast
Atty. Lorna Kapunan	P7585527B	09-13-2021	DFA Manila

Doc. No. 146;
Page No. 35;
Book No. I;
Series of 2023.

HILARY FAYE A. MERCADO
Appointment No. M-038
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80733
PTR No. 9573251/Makati City/01-07-2023
IBP No. 260989/Rizal (RSM)/01-05-2023
MCLE Exempted-Admitted to the bar in 2022

A. SORIANO CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

	Page
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Management's Responsibility for Financial Statements	48
Report of Independent Public Accountants	49-53
Consolidated Balance Sheets as of December 31, 2022 and 2021	54-55
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2022, 2021 and 2020	56-57
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2022, 2021 and 2020	58
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021 and 2020	59-60
Notes to Financial Statements	61-141
SUPPLEMENTARY SCHEDULES	
Report of Independent Public Accountants on Supplementary Schedules	142
Index To The Consolidated Financial Statements and Supplementary Schedules	143
Annexes	
A. Reconciliation of Retained Earnings Available for Dividend Declaration	144
B. Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered	145
C. Supplementary Schedules Required by Annex 68-J	
• Schedule A - Financial Assets	146 -148
• Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	149
• Schedule C- Amounts of Receivable/Payable from/to Related Parties which are Eliminated During the Consolidation of Financial Statements	150 - 152
• Schedule D - Long-Term Debt	153
• Schedule E- Indebtedness to Related Parties	154
• Schedule F - Guarantees of Securities of Other Issuers	155
• Schedule G -Capital Stock	156
Report of Independent Accountants on Components of Financial Soundness Indicators	157
Financial Indicators	158-159

A. SORIANO CORPORATION
INDEX TO EXHIBITS

Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders Report Furnished to Security Holders	ANNUAL REPORT, INFORMATION STATEMENT & FORM 17-Q
Subsidiaries of the Registrant	LIST OF SUBSIDIARIES FINANCIAL STATEMENTS OF SIGNIFICANT FOREIGN SUBSIDIARIES
Additional Exhibits	2022 SUSTAINABILITY REPORT

A. SORIANO CORPORATION
SEC FORM 17-C

The following is a summary of submissions of SEC Form 17-C filed during the year 2022:

April 20,2022	SEC 17-C Results of Annual or Special Stockholders' Meeting
April 20, 2022	SEC 17-C Results of Organizational Meeting of Board of Directors
February 23, 2022	SEC 17-C Declaration of Cash Dividends
February 17, 2022	SEC 17-C Sale of Shares of Investment Portfolio of the Company
November 11, 2022	SEC 17-C Declaration of Cash Dividend

A. SORIANO CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANDRES SORIANO	**ERNEST K. CUYEGKENG**	**NARCISA M. VILLAFLOR**
Chairman &	President &	Vice President
Chief Executive Officer	Chief Operations Officer	- Comptroller/Treasurer

Signed this 1st day of March 2023

REPUBLIC OF THE PHILIPPIENS)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this 1st day of March 2023, affiants exhibited to me the following:

Andres Soriano III	506368805	Jan. 14, 2015 to Jan 13, 2025 / U.S.
Ernest K. Cuyegkeng	P7236847A	May 19, 2018 to May 18, 2028 / DFA NCR South
Narcisa M. Villaflor	P859511A	Sept. 4, 2018 to Sept. 3, 2028 / DFA NCR West

Doc. No. 162
Page No. 34
Book No. I
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HILARY FAYE A. MERCADO
Appointment No. M-038
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80733
PTR No. 9573251/Makati City/01-07-2023
IBP No. 260989/Rizal (RSM)/01-05-2023
MCLE Exempted-Admitted to the bar in 2022

A. SORIANO CORPORATION, 7TH FLOOR, PACIFIC STAR BUILDING, MAKATI AVENUE COR. GIL J. PUYAT AVENUE, 1209 MAKATI CITY
P.O. BOX 1304 MAKATI CENTRAL POST OFFICE, 1252 MAKATI CITY PHILIPPINES • TEL: 819-0251 to 70 • E-MAIL: asoriano@globe.com.ph

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building,
Makati Avenue corner Gil Puyat Avenue Extension,
Makati City

Opinion

We have audited the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill

The goodwill arising from the acquisitions of Phelps Dodge International Philippines, Inc. and Seven Seas Resorts and Leisure, Inc. amounted to ₱1,302.3 million as at December 31, 2022 and is considered significant to the consolidated financial statements. Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. We considered the recoverability of goodwill as a key audit matter due to the materiality of the amount involved and the sensitivity of the estimated recoverable amount to management's assumptions and judgments. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions that are subject to higher level of estimation uncertainty, such as revenue growth rates, discount rates and long-term growth rates, in estimating the value-in-use of these cash-generating units (CGUs).

The Group's disclosures on goodwill are included in Note 7 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill. We compared the key assumptions used, such as growth rates against the historical performance of the CGUs. In testing the discount rates, we performed an independent testing of the determination of discount rates using market-based parameters. In addition, we reviewed the disclosures in the consolidated financial statements related to the key assumptions used and the sensitivity of the estimates to these key assumptions, particularly those to which the impairment test is most sensitive.

Valuation of Unquoted Equity Instruments

In accordance with PFRS 9, *Financial Instruments*, the Group classified its unquoted equity investments, with carrying value of ₱2,885.8 million as at December 31, 2022, as financial assets through profit or loss. We considered the valuation of these unquoted equity investments as a key audit matter because of the materiality of the amount involved, the significant judgments applied in selecting the valuation techniques and inputs that are not market observable, and the other significant assumptions used in estimating future cash flows from these unquoted equity investments.

The Group's disclosures about its equity investments are included in Note 9 to the consolidated financial statements.

Audit Response

We evaluated the valuation techniques and inputs and the other assumptions used. These assumptions include discount rates, revenue growth rates and comparable companies. In testing the discount rates, we performed independent testing of the determination of discount rates using market-based parameters. For investments valued using the income approach, we compared the revenue growth rates to the historical performance of the investments and the industry/market outlook. For investments valued under the market approach, we assessed the comparable companies used in the valuation and confirmed factors such as additional funding of the investees that would warrant the change in market value of the investments. For private equity fund investments valued using the cost approach (adjusted net asset value method), we inspected the financial information of the investees and evaluated whether the financial information used reflect the fair values of the investee's assets and liabilities. In addition, we reviewed the disclosures in the consolidated financial statements related to the significant unobservable inputs to the fair value measurement.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dhonabee B. Señeres.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 97133-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564699, January 3, 2023, Makati City

March 1, 2023

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	**₱2,948,401,655**	₱2,729,230,396
Fair value through profit or loss (FVPL) investments (Note 9)	**12,046,804,002**	11,677,813,985
Receivables (Note 10)	**2,240,424,459**	1,813,420,607
Inventories (Note 11)	**1,695,039,141**	1,625,125,201
Prepayments	**190,812,484**	44,807,611
Other current assets	**218,264,039**	203,343,107
Total Current Assets	**19,339,745,780**	18,093,740,907
Noncurrent Assets		
Fair value through other comprehensive income (FVOCI) investments (Note 12)	**41,453,401**	46,396,340
Notes receivable (Note 27)	**245,854,878**	297,608,131
Investments and advances (Note 13)	**357,031,299**	329,433,282
Goodwill (Note 7)	**1,302,276,264**	1,302,276,264
Property and equipment (Notes 14 and 19)	**2,705,108,750**	2,544,386,610
Investment properties (Note 15)	**472,052,732**	480,124,965
Retirement plan asset - net (Note 24)	**122,351,083**	147,141,624
Deferred income tax assets - net (Note 25)	**114,115,228**	111,523,102
Right-of-use assets (Note 30)	**17,419,789**	13,186,541
Deposits to suppliers (Note 30)	**296,417,399**	136,316,998
Other noncurrent assets (Notes 16 and 30)	**124,408,616**	122,839,566
Total Noncurrent Assets	**5,798,489,439**	5,531,233,423
TOTAL ASSETS	**₱25,138,235,219**	₱23,624,974,330
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 17)	**₱–**	₱23,166,200
Accounts payable and accrued expenses (Note 18)	**1,343,101,690**	1,110,782,433
Current portion of lease liabilities (Note 30)	**10,133,770**	9,810,744
Dividends payable (Note 20)	**501,959,779**	519,529,172
Income tax payable	**90,712,935**	138,913,467
Current portion of long-term debt (Note 19)	–	75,714,286
Total Current Liabilities	**1,945,908,174**	1,877,916,302

(Forward)

	December 31	
	2022	2021
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 30)	**₱9,082,542**	₱6,789,705
Deferred income tax liabilities - net (Note 25)	**417,846,430**	521,283,828
Retirement benefits payable - net (Note 24)	**39,931,355**	48,147,054
Other noncurrent liabilities (Notes 16 and 30)	**111,736,509**	113,730,977
Total Noncurrent Liabilities	**578,596,836**	689,951,564
Total Liabilities	**2,524,505,010**	2,567,867,866
Equity Attributable to Equity Holders of the Parent (Note 20)		
Capital stock	**2,505,000,000**	2,505,000,000
Additional paid-in capital	**1,859,383,287**	1,859,383,287
Cumulative translation adjustment	**179,017,188**	226,174,184
Net unrealized valuation gains (loss) on FVOCI investments (Note 12)	**(3,183,933)**	273,449
Remeasurement gain on retirement benefits (Note 24)	**54,423,304**	75,656,172
Retained earnings (Note 20):		
Appropriated	**7,150,000,000**	7,150,000,000
Unappropriated	**12,872,294,566**	11,299,307,145
Cost of shares held by a subsidiary (1,272,429,761 shares in 2022 and 2021) (Note 20)	**(2,655,215,372)**	(2,655,215,372)
	21,961,719,040	20,460,578,865
Noncontrolling Interests (Note 3)	**652,011,169**	596,527,599
Total Equity	**22,613,730,209**	21,057,106,464
TOTAL LIABILITIES AND EQUITY	**₱25,138,235,219**	₱23,624,974,330

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Sale of goods - net (Note 5)	**₱10,727,755,227**	₱8,751,666,475	₱6,448,195,660
Services (Notes 5 and 30)	**1,292,106,914**	1,013,453,849	767,569,969
Dividend income (Note 9)	**295,306,868**	399,429,444	259,109,001
Interest income (Notes 8, 9, 12 and 23)	**67,461,869**	53,534,090	82,203,823
	12,382,630,878	10,218,083,858	7,557,078,453
INVESTMENT GAINS (LOSSES)			
Gain on sale of noncurrent asset held for sale (Note 13)	**2,208,757,397**	–	–
Gain (loss) on increase (decrease) in market values of FVPL investments - net (Notes 9 and 29)	**(994,108,320)**	1,124,061,312	(76,521,488)
Gain on sale of FVOCI investments - net (Note 12)	**764,165**	532,067	1,150,196
	1,215,413,242	1,124,593,379	(75,371,292)
EQUITY IN NET EARNINGS (LOSSES) ON INVESTMENTS IN ASSOCIATES (Note 13)	**26,639,523**	11,409,604	(598,006,474)
TOTAL	**13,624,683,643**	11,354,086,841	6,883,700,687
Cost of goods sold (Note 21)	**(9,048,418,434)**	(7,071,619,957)	(5,023,688,235)
Cost of services rendered (Note 21)	**(404,526,169)**	(347,923,582)	(268,702,449)
Operating expenses (Note 21)	**(1,373,857,309)**	(1,091,980,471)	(1,051,650,414)
Interest expense (Notes 17, 19, 23 and 30)	**(4,687,677)**	(10,259,686)	(24,411,138)
Foreign exchange gain (loss) - net	**282,751,590**	139,150,079	(106,404,104)
Other income (charges) - net (Notes 23 and 30)	**22,251,511**	(53,708,290)	51,200,190
INCOME BEFORE INCOME TAX	**3,098,197,155**	2,917,744,934	460,044,537
PROVISION FOR INCOME TAX (Note 25)	**242,155,199**	380,152,014	291,319,541
NET INCOME	**2,856,041,956**	2,537,592,920	168,724,996
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation losses on FVOCI investments (Note 12)	**(3,845,678)**	(2,705,833)	(7,732,576)
Income tax effect	**961,420**	856,583	2,319,773
	(2,884,258)	(1,849,250)	(5,412,803)

(Forward)

	Years Ended December 31		
	2022	2021	2020
Realized gains on FVOCI investments recognized in the consolidated profit or loss (Note 12)	**(₱764,165)**	(₱532,067)	(₱1,150,196)
Income tax effect	**191,041**	133,017	345,059
	(573,124)	(399,050)	(805,137)
	(3,457,382)	(2,248,300)	(6,217,940)
Cumulative translation adjustment	**(47,156,996)**	126,913,660	(173,987,557)
	(50,614,378)	124,665,360	(180,205,497)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 24)	**(27,918,980)**	65,259,567	(13,097,687)
Income tax effect	**6,686,112**	(13,323,808)	3,550,622
	(21,232,868)	51,935,759	(9,547,065)
OTHER COMPREHENSIVE INCOME (LOSS)	**(71,847,246)**	176,601,119	(189,752,562)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱2,784,194,710**	₱2,714,194,039	(₱21,027,566)
Net Income Attributable to:			
Equity holders of the Parent	**₱2,800,557,660**	₱2,504,080,376	₱165,646,806
Noncontrolling interests	**55,484,296**	33,512,544	3,078,190
	₱2,856,041,956	₱2,537,592,920	₱168,724,996
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	**₱2,728,710,414**	₱2,680,681,495	(₱24,105,756)
Noncontrolling interests	**55,484,296**	33,512,544	3,078,190
	₱2,784,194,710	₱2,714,194,039	(₱21,027,566)
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 26)	**₱2.28**	₱2.04	₱0.13
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent (Note 26)	**₱2.22**	₱2.18	(₱0.02)

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Equity Attributable to Equity Holders of the Parent (Note 20)										
						Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on FVOCI Investments (Note 12)	Remeasurement on Retirement Benefits (Note 24)	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2019	**₱2,500,000,000**	**₱1,859,383,287**	**₱273,248,081**	**₱8,739,689**	**₱33,267,478**	**₱7,150,000,000**	**₱10,487,853,458**	**(₱2,369,372,182)**	**₱19,943,119,811**	**₱561,737,834**	**₱20,504,857,645**
Net income	–	–	–	–	–	–	165,646,806	–	165,646,806	3,078,190	168,724,996
Other comprehensive loss	–	–	(173,987,557)	(6,217,940)	(9,547,065)	–	–	–	(189,752,562)	–	(189,752,562)
Total comprehensive income (loss) for the year	–	–	(173,987,557)	(6,217,940)	(9,547,065)	–	165,646,806	–	(24,105,756)	3,078,190	(21,027,566)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 20)	–	–	–	–	–	–	(937,595,814)	–	(937,595,814)	–	(937,595,814)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–	–	(285,843,190)	(285,843,190)	–	(285,843,190)
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	–	(541)	(541)
BALANCES AT DECEMBER 31, 2020	**2,500,000,000**	**1,859,383,287**	**99,260,524**	**2,521,749**	**23,720,413**	**7,150,000,000**	**9,715,904,450**	**(2,655,215,372)**	**18,695,575,051**	**564,815,483**	**19,260,390,534**
Net income	–	–	–	–	–	–	2,504,080,376	–	2,504,080,376	33,512,544	2,537,592,920
Other comprehensive income (loss)	–	–	126,913,660	(2,248,300)	51,935,759	–	–	–	176,601,119	–	176,601,119
Total comprehensive income (loss) for the year	–	–	126,913,660	(2,248,300)	51,935,759	–	2,504,080,376	–	2,680,681,495	33,512,544	2,714,194,039
Issuance of preferred shares	5,000,000	–	–	–	–	–	–	–	5,000,000	–	5,000,000
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱954.3 million (Note 20)	–	–	–	–	–	–	(920,677,681)	–	(920,677,681)	–	(920,677,681)
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	–	(1,800,428)	(1,800,428)
BALANCES AT DECEMBER 31, 2021	**2,505,000,000**	**1,859,383,287**	**226,174,184**	**273,449**	**75,656,172**	**7,150,000,000**	**11,299,307,145**	**(2,655,215,372)**	**20,460,578,865**	**596,527,599**	**21,057,106,464**
Net income	–	–	–	–	–	–	2,800,557,660	–	2,800,557,660	55,484,296	2,856,041,956
Other comprehensive loss	–	–	(47,156,996)	(3,457,382)	(21,232,868)	–	–	–	(71,847,246)	–	(71,847,246)
Total comprehensive income (loss) for the year	–	–	(47,156,996)	(3,457,382)	(21,232,868)	–	2,800,557,660	–	2,728,710,414	55,484,296	2,784,194,710
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱1,272.4 million (Note 20)	–	–	–	–	–	–	(1,227,570,239)	–	(1,227,570,239)	–	(1,227,570,239)
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	–	(726)	(726)
BALANCES AT DECEMBER 31, 2022	**₱2,505,000,000**	**₱1,859,383,287**	**₱179,017,188**	**(₱3,183,933)**	**₱54,423,304**	**₱7,150,000,000**	**₱12,872,294,566**	**(₱2,655,215,372)**	**₱21,961,719,040**	**₱652,011,169**	**₱22,613,730,209**

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,098,197,155**	₱2,917,744,934	₱460,044,537
Adjustments for:			
Loss (gain) on sale/disposal of:			
Noncurrent asset held for sale (Note 13)	**(2,208,757,397)**	–	–
FVOCI investments (Note 12)	**(764,165)**	(532,067)	(1,150,196)
Property and equipment	**69,643**	(129,464)	–
Loss (gain) on decrease (increase) in market values of FVPL investments - net (Note 9)	**994,108,320**	(1,124,061,312)	76,521,488
Depreciation and amortization (Note 21)	**324,387,794**	302,595,454	292,174,080
Dividend income (Note 9)	**(295,306,868)**	(399,429,444)	(259,109,001)
Unrealized foreign exchange losses (gains) - net	**(122,004,309)**	(98,948,706)	60,354,216
Interest income (Note 23)	**(67,461,869)**	(53,534,090)	(82,203,823)
Equity in net losses (earnings) and impairment loss on investments in associates (Note 13)	**(26,639,523)**	(11,409,604)	598,006,474
Retirement benefit costs (Note 24)	**14,690,747**	23,169,533	18,123,185
Interest expense (Note 23)	**4,687,677**	10,259,686	24,411,138
Impairment losses, net of recoveries (Note 23)	**825,054**	54,543,952	64,920,658
Gain on rent concession (Note 23)	–	–	(3,917,535)
Operating income before working capital changes	**1,716,032,259**	1,620,268,872	1,248,175,221
Decrease (increase) in:			
FVPL investments	**(1,212,179,031)**	(431,799,766)	896,473,599
Receivables	**(473,640,997)**	(99,723,528)	133,664,944
Inventories	**(69,913,940)**	(572,539,264)	(148,158,417)
Prepayments and other current assets	**(160,925,805)**	(10,492,160)	8,085,481
Increase (decrease) in accounts payable and accrued expenses	**400,843,702**	(40,807,883)	(141,197,705)
Cash generated from operations	**200,216,188**	464,906,271	1,997,043,123
Income taxes paid	**(388,546,682)**	(382,738,499)	(324,280,247)
Dividends received	**317,558,427**	404,680,797	237,686,696
Interest received	**91,022,401**	56,714,726	77,902,962
Interest paid	**(2,308,186)**	(8,368,724)	(21,699,183)
Retirement benefit contribution (Note 24)	**(26,034,885)**	(22,187,256)	(13,719,373)
Net cash flows from operating activities	**191,907,263**	513,007,315	1,952,933,978

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Noncurrent asset held-for-sale (Note 13)	**₱1,974,595,600**	₱–	₱–
FVOCI investments (Note 12)	**31,323,320**	147,576,210	284,642,953
Property and equipment (Note 14)	**2,862,322**	129,464	–
Additions to:			
FVOCI investments (Note 12)	**(26,887,859)**	(78,986,314)	(60,860,417)
Property and equipment (Notes 14 and 33)	**(656,264,596)**	(144,240,885)	(186,285,160)
Investment properties (Note 15)	**(6,607,518)**	(3,914,394)	–
Collection from (advances to) affiliates (Notes 13 and 27)	**(958,492)**	57,197,246	91,061,736
Decrease on investments at equity (Note 13)	**234,161,796**	–	–
Decrease (increase) in other noncurrent assets	**(167,166,152)**	(71,364,670)	40,824,382
Net cash flows from (used in) investing activities	**1,385,058,421**	(93,603,343)	169,383,494
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of notes payable (Notes 17, 31 and 33)	**–**	–	28,166,200
Payments of (Note 31):			
Dividends (Note 20)	**(1,189,139,632)**	(725,217,672)	(813,500,482)
Long-term debt (Note 19)	**(75,714,286)**	(151,428,571)	(275,719,246)
Notes payable (Note 17)	**(23,166,200)**	–	(5,000,000)
Lease liabilities (Note 30)	**(17,416,249)**	(9,421,290)	(12,038,287)
Advances from affiliates (Note 13)	**25,719,337**	99,760,513	30,705,903
Company shares purchased by a subsidiary (Note 20)	**–**	–	(285,843,190)
Net cash flows used in financing activities	**(1,279,717,030)**	(786,307,020)	(1,333,229,102)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**297,248,654**	(366,903,048)	789,088,370
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(78,077,395)**	4,174,099	(6,007,280)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,729,230,396**	3,091,959,345	2,308,878,255
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱2,948,401,655**	₱2,729,230,396	₱3,091,959,345

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Consolidated Financial Statements

Corporate Information

A. Soriano Corporation (Anscor or the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses.

The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded.

The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issue by the Board of Directors (BOD) on March 1, 2023.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for debt and equity securities that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted, as long as this fact is disclosed.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  PFRS 17, which is not expected to apply to the Group, is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements, and* PAS 28*, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Basis of Consolidation and Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following subsidiaries as at December 31:

		Percentage of Ownership		
	Nature of Business	**2022**	2021	2020
A. Soriano Air Corporation (ASAC, Note 30)	Services/Rental	**100**	100	100
Pamalican Island Holdings, Inc. (PIHI)	Investment Holding	**62**	62	62
Island Aviation, Inc. (IAI, Note 30)	Air Transport	**62**	62	62
Anscor Consolidated Corporation (Anscorcon)	Investment Holding	**100**	100	100
Anscor Holdings, Inc. (AHI, Note 30)	Real Estate Holding	**100**	100	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100	100
Lakeroad Corporation	Real Estate Holding	**100**	100	100
Mainroad Corporation	Real Estate Holding	**100**	100	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100	100
Mountainridge Corporation	Real Estate Holding	**100**	100	100
Rollingview Corporation	Real Estate Holding	**100**	100	100
Timbercrest Corporation	Real Estate Holding	**100**	100	100
Anscor International, Inc. (AI, Note 13)	Investment Holding	**100**	100	100
IQ Healthcare Investments Limited (IQHIL)	Holding	**100**	100	100
IQ Healthcare Professional Connection, LLC (IQHPC) (inactive)	Manpower Services	**93**	93	93
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 7 and 30)	Investment Holding	**100**	100	100
Minuet Realty Corporation (Minuet, Note 7)	Landholding	**100**	100	100
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 7 and 30)	Wire Manufacturing	**100**	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	**100**	100	100
Summerside Corp. (Summerside)*	Investment Holding	**100**	100	40
Sutton Place Holdings, Inc. (Sutton)	Investment Holding	**100**	100	100
AFC Agribusiness Corporation (AAC, Note 15)	Real Estate Holding	**81**	81	81
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 7 and 30)	Villa Project Development	**62**	62	62
Pamalican Resort, Inc. (PRI, Notes 7 and 30)	Resort Operations	**62**	62	62
Pamalican Utilities, Inc. (PUI)**	Utility Company	**62**	–	–

**In September 2021, the Group purchased shares of Summerside representing 60% equity interest. Accordingly, Summerside became a wholly-owned subsidiary of the Company as of December 31, 2021. As at December 31, 2020, the Group has 100% beneficial ownership over Summerside.*

***In August 2022, PUI was established through subscription of SSRLI to its shares.*

Except for AI and its subsidiaries, all the companies above are based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Material Partly-Owned Subsidiaries (SSRLI, PRI and PUI)
Set out below are the summarized financial information of entities that have noncontrolling interest (NCI) that is material to the Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Significant details of the statements of financial position and statements of comprehensive income of SSRLI and PRI are presented below as at and for the years ended December 31 (in millions):

	2022	2021
Statements of Financial Position:		
Current assets	**₱1,114.3**	₱866.4
Noncurrent assets	**849.9**	1,043.9
Current liabilities	**544.4**	481.1
Noncurrent liabilities	**111.7**	115.8
Equity	**1,308.1**	1,313.5
Equity attributable to NCI	**493.1**	495.2

	2022	2021
Statements of Comprehensive Income:		
Revenue	**₱1,094.0**	₱838.5
Income before tax	**179.7**	99.3
Net income	**143.5**	77.7
Other comprehensive income	**1.2**	2.4
Total comprehensive income	**144.7**	80.1
Total comprehensive income allocated to NCI during the year	**54.6**	30.2

	2022	2021
Statements of Cash Flows:		
Cash flows from operations	**₱167.1**	₱262.6
Cash flows used in investing activities	**(63.4)**	(181.8)
Cash flows from (used in) financing activities	**(161.4)**	15.9

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated statements of financial position and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining the significant influence are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The loss is recognized under "Equity in net losses and impairment loss on investments in associates" in the consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit or loss, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

If the Group's interest in an associate is reduced (e.g., through actual sale or deemed disposal), but the investment continues to be classified as an associate, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in the OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated profit or loss.

The following are the Group's associates as at December 31:

		Percentage of Ownership		
	Nature of Business	**2022**	2021	2020
Vicinetum Holdings, Inc. (VHI)	Investment Holding	**32**	32	32
Prople Limited (Note 13)	Business Process Outsourcing	**32**	32	32
Fremont Holdings, Inc. (FHI, Note 13)	Real Estate Holding	**26**	26	26
ATRAM Investment Management Partners Corp. (AIMP, Note 13)	Asset Management	**20**	20	20
AGP International Holdings Pte Ltd. (AGP-SG, Note 13)*	Investment Holding	–	21	21
BehaviorMatrix, LLC (BM, Note 13)*	Behavior Analytics Services	–	21	21

**In February 2022 and December 2022, the Group sold the AGP and BM investment, respectively.*

The principal business location of AIMP, VHI and FHI is in the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in BVI, Singapore, USA and Hong Kong, respectively.

<u>Business Combinations and Goodwill</u>
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share

of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Noncurrent Assets Held for Sale and Discontinued Operations
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

The Group discontinues the use of the equity method for its investment in associate from the date that the investment (or the portion of it) is classified as held for sale; instead, the associate or joint venture is then measured at the lower of its carrying amount and fair value less cost to sell.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net income (loss) after tax from discontinued operations in the consolidated statements of income.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVPL equity instruments are recognized in the consolidated profit or loss.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at the end of reporting period and their statements of profit or loss are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated profit or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Fair Value Measurement

The Group measures financial assets, such as fair value through profit or loss (FVPL) investments and fair value through other comprehensive income (FVOCI) investments, at fair value at each balance sheet date. Also, fair values of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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.

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

Initial recognition and measurement of financial instruments
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified at initial recognition as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Classification of financial instruments
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

As at December 31, 2022 and 2021, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets at FVPL

This category includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL
The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Financial assets at FVPL are recorded in the consolidated statements of financial position at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at December 31, 2022 and 2021, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features and managed/hedged funds amounting to ₱12,046.8 million and ₱11,677.8 million, respectively (see Note 9). No financial liability at FVPL is outstanding as at December 31, 2022 and 2021.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated profit or loss when the asset is derecognized, modified or impaired.

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. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as "Provision for impairment losses on receivables" account under "Other income (charges) - net" in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, cash equivalents, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

As at December 31, 2022 and 2021, the Group's FVOCI investments include investments in bonds (see Note 12).

(d) Financial liabilities - loans and borrowings

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated profit or loss.

As at December 31, 2022 and 2021, included in this category are the Group's notes payable, accounts payable and accrued expenses, lease liabilities, long-term debt and dividends payable.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

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

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in the consolidated profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in the consolidated profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in the consolidated profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

“Day 1” Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated statements of financial position. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event,

and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV).

Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method, while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale.

For cable and wire manufacturing, finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Prepayments
Prepayments include advance payments of various goods and services that are yet to be delivered or received by the Group and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

These are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Value Added Tax (VAT)
Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. In case of capital goods, input VAT is spread evenly over the useful life or 60 months, whichever is shorter. Effective January 1, 2022, all input tax on purchases of capital goods shall already be allowed upon purchase/payment and will no longer need to be deferred.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes 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 operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written off either when disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

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

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	30
Leasehold improvements	5 - 20*
Flight, ground, machinery and other equipment	2 - 25
Furniture, fixtures and office equipment	2 - 5
Transportation equipment	3 - 5

**or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Depreciation commences when an asset is in its operational location or working condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Construction in progress (CIP) is stated at cost net of accumulated impairment losses, if any. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress
Property development in progress includes villa development costs and related expenses incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties
Investment properties comprise completed property and property under construction or re-development (land, buildings and condominiums) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated profit or loss in the year of retirement or disposal.

Impairment of Nonfinancial Assets
At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated profit or loss.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as at the end of each financial reporting period.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets include restricted cash funds for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Deposits to suppliers in relation to major aircraft maintenance and acquisition of specific property and equipment are also classified as part of other noncurrent assets.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects of retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore, is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and stated at acquisition cost. No gain or loss is recognized in the consolidated profit or loss on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

Sale of goods

Revenue from the sale of goods is recognized at a point in time when the control over the goods are transferred to the buyer which is generally upon delivery of the goods.

Sale of services

Revenue from rooms is recognized over time based on the actual occupancy of the guests. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Revenue from air transport services is recognized at a point in time when the related services have been substantially performed.

Other income

Other income is recognized over time when the control of the services is transferred to the customer, generally on delivery of the services.

Contract Balances

Trade receivables

Trade receivables represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

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

Other Revenue/Income

Interest

Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends

Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in the consolidated profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business and are expensed as incurred. These are generally measured at the amount paid or payable.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of services rendered
Cost and expenses related to room services and other ancillary services are charged to operations when incurred.

Operating expenses
Operating expenses include selling, and general and administrative expenses that are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in the consolidated profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category	Number of Years
Building	5 years
Leasehold improvement	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the Group calculates depreciation using the estimated useful life of the asset.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of office equipment and warehouse (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has non-contributory defined benefit retirement plans.

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

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

Defined benefit costs comprise the following:

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if:

(a) a legally enforceable right exists to set off current income tax assets against current income tax liabilities; and
(b) deferred income taxes are levied by the same taxation authority on either: the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income and the total comprehensive income attributable to the equity holders of the Parent for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as at December 31, 2022, 2021 and 2020.

Dividends
Dividends are recognized as a liability and deducted from equity when approved by the respective BOD of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of the reporting period.

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6.

4. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Determination of functional currency
The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, 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 definition 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 consolidated statements of financial position (see Note 29).

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at December 31, 2022 and 2021, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Assessment of control over the entities for consolidation
The Group has ownership interest on the entities discussed in Note 3. Management concluded that the Group controls those entities arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

Determining the classification of assets held for sale
On November 19, 2021, the BOD authorized the management to proceed with the sale of all its AGP-SG shares, representing 21.4% ownership interest in AGP-SG, after negotiating with the potential buyer. Management believes that all the criteria for recognition of asset held for sale in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Group classified such investment as asset held for sale. On February 17, 2022, the said investment in associate held for sale was sold (see Note 13).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Allowance for expected credit losses as at December 31, 2022 and 2021 amounted to ₱778.2 million and ₱782.7 million, respectively. Receivables and advances, net of valuation allowance, amounted to

₱2,488.9 million and ₱2,112.7 million as at December 31, 2022 and 2021, respectively (see Notes 10, 13 and 27).

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted equity instruments at fair value, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group (see Note 29).

Unquoted equity investments amounted to ₱2,885.8 million and ₱1,827.3 million as at December 31, 2022 and 2021, respectively (see Notes 9 and 29).

Impairment of FVOCI debt investments
For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. No impairment loss was recognized in 2022, 2021 and 2020. The carrying value of FVOCI debt investments amounted to ₱41.5 million and ₱46.4 million as at December 31, 2022 and 2021, respectively (see Note 12).

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase the recorded expenses and decrease current assets.

Allowance for inventory losses and obsolescence amounted to ₱102.1 million and ₱103.6 million as at December 31, 2022 and 2021, respectively. The carrying amount of the inventories amounted to ₱1,695.0 million and ₱1,625.1 million as at December 31, 2022 and 2021, respectively (see Note 11).

Estimation of useful lives of the Group's property and equipment and investment properties
The Group estimates the useful lives of property and equipment and investment properties based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2022 and 2021, the carrying value of depreciable property and equipment and investment properties amounted to ₱2,799.4 million and ₱2,653.4 million, respectively (see Notes 14 and 15).

Recoverability of investment in associates
The carrying value of investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next five years, as well as the terminal value at the end of fifth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

As discussed in Note 13, in 2019, the Group recognized impairment loss on its investment in AGP-SG amounting to ₱232.3 million (after considering the effect of dilution) and, due to accumulated equity in net losses, the carrying value of the investment has been reduced to nil as at December 31, 2020. As at December 31, 2021, the investment has been classified as noncurrent asset held-for-sale and was sold in February 17, 2022. The carrying amounts of the remaining investments in associates amounted to ₱354.4 million and ₱327.8 million as at December 31, 2022 and 2021, respectively (see Note 13).

Impairment of non-financial assets

(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group 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; and
- significant negative industry or economic trends.

As at December 31, 2022 and 2021, the carrying value of property and equipment and investment properties amounted to ₱3,177.2 million and ₱3,024.5 million, respectively (see Notes 14 and 15).

There is no impairment loss on property and equipment for each of the three years in the period ended December 31, 2022 (see Note 14). For investment properties, management recognized impairment loss amounting to ₱24.8 million in 2021 (nil in 2022 and 2020) (see Note 15).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

As at December 31, 2022 and 2021, the carrying value of goodwill amounted to ₱1,302.3 million (see Note 7).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As at December 31, 2022 and 2021 the Group recognized gross deferred income tax assets amounting to ₱122.0 million and ₱118.8 million, respectively. The Group has also temporary differences for which the deferred income tax assets are not recognized. Further details of the recognized and unrecognized deferred income tax assets are provided in Note 25.

Determination of retirement benefits
The cost of defined benefit pension plans, as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net retirement plan asset as at December 31, 2022 and 2021 amounted to ₱122.4 million and ₱147.1 million, respectively. Net retirement benefits payable as at December 31, 2022 and 2021 amounted to ₱39.9 million and ₱48.1 million, respectively. Further details are provided in Note 24.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 24.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in Notes 3 and 32, respectively.

5. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the Year Ended December 31, 2022			
	Cable and Wire Manufacturing	**Resort Operations and Villa Development**	**Other Operations***	**Total**
Type of revenues:				
Sale of goods	**₱10,727,755,227**	**₱–**	**₱–**	**₱10,727,755,227**
Services	–	**1,088,755,491**	**203,351,423**	**1,292,106,914**
Total revenue from contracts with customers	**₱10,727,755,227**	**₱1,088,755,491**	**₱203,351,423**	**₱12,019,862,141**
Timing of revenue recognition:				
At a point in time	**₱10,727,755,227**	**₱611,669,341**	**₱203,351,423**	**₱11,542,775,991**
Over time	–	**477,086,150**	–	**477,086,150**
Total revenue from contracts with customers	**₱10,727,755,227**	**₱1,088,755,491**	**₱203,351,423**	**₱12,019,862,141**

Other Operations include ASAC and AHI.

	For the Year Ended December 31, 2021			
	Cable and Wire Manufacturing	Resort Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱8,751,666,475	₱–	₱–	₱8,751,666,475
Services	–	836,086,850	177,366,999	1,013,453,849
Total revenue from contracts with customers	₱8,751,666,475	₱836,086,850	₱177,366,999	₱9,765,120,324
Timing of revenue recognition:				
At a point in time	₱8,751,666,475	₱345,111,557	₱177,366,999	₱9,274,145,031
Over time	–	490,975,293	–	490,975,293
Total revenue from contracts with customers	₱8,751,666,475	₱836,086,850	₱177,366,999	₱9,765,120,324

**Other Operations include ASAC and AHI.*

	For the Year Ended December 31, 2020			
	Cable and Wire Manufacturing	Resort Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱6,448,195,660	₱–	₱–	₱6,448,195,660
Services	–	646,324,208	121,245,761	767,569,969
Total revenue from contracts with customers	₱6,448,195,660	₱646,324,208	₱121,245,761	₱7,215,765,629
Timing of revenue recognition:				
At a point in time	₱6,448,195,660	₱379,854,673	₱121,245,761	₱6,949,296,094
Over time	–	266,469,535	–	266,469,535
Total revenue from contracts with customers	₱6,448,195,660	₱646,324,208	₱121,245,761	₱7,215,765,629

**Other Operations include ASAC and AHI.*

Contract liabilities
Contract liabilities amounted to ₱101.1 million and ₱76.1 million as at December 31, 2022 and 2021, respectively. These pertain to customer advances received for customer orders (see Note 18). In 2022, 2021 and 2020, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱76.1 million, ₱54.3 million and ₱52.7 million, respectively.

Information about the Group's performance obligations are summarized below:

Sale of goods
The Group enters into contracts to sell with one identified performance obligation, which is satisfied upon delivery of the goods. Receivables are generally collected within 30 to 60 days from the delivery of goods and receipt of invoice.

Villa development project
The performance obligation is satisfied at a point in time and payment is generally received in advance during the construction of the villa.

Resort operations
This pertains to the services provided to the guests which is satisfied over time. Some payments are received in advance from the guests.

6. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered, as discussed below.

- Holding company segment pertains to the operations of the Company.

- Resort Operations segment pertains to the Company's subsidiary providing hotel and resort accommodation, relaxation and entertainment, among others, while Villa Development includes the sale of villa lots, construction of structures and set-up of furniture, fixture and equipment. In 2022, 2021 and 2020, the Group has no sale of villa lots and construction of structures.

- Cable and Wire Manufacturing segment pertains to the Company's subsidiaries engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, goods such as building wires, power cables, aluminum wires and cables, copper rods, automotive wires and other energy-related goods of electrical nature, including all equipment, materials, supplies used or employed in or related to the manufacture of its finished products.

- Other operations include air transportation, hangarage, real estate holding and management.

  Amounts for the investments in associates comprise the Group's cost, equity in net losses and impairment loss.

Majority of the companies within the Group were incorporated and operating within the Philippines. The amounts disclosed were determined consistent with the measurement basis under PFRSs.

The following tables present the financial information of the business segments as at and for the years ended December 31, 2022, 2021 and 2020 (in thousands):

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2022							
Revenues, excluding interest income[2]	**₱2,001,817**	**₱1,088,755**	**₱10,727,755**	**₱1,523,882**	**₱15,342,209**	**(₱3,027,040)**	**₱12,315,169**
Interest income	**55,085**	**5,277**	**6,929**	**171**	**67,462**	**–**	**67,462**
Investment gains (losses)	**(704,043)**	**–**	**12,900**	**1,512,594**	**821,451**	**393,962**	**1,215,413**
Interest expense	**(10)**	**(68)**	**(1,186)**	**–**	**(1,264)**	**(3,424)**	**(4,688)**
Income tax expense (benefit from income tax)	**(88,695)**	**36,231**	**295,120**	**7,494**	**250,150**	**(7,995)**	**242,155**
Equity in net earnings	**–**	**–**	**–**	**26,640**	**26,640**	**–**	**26,640**
Net income	**2,276,878**	**143,464**	**956,472**	**2,732,632**	**6,109,446**	**(3,253,404)**	**2,856,042**
Total assets	**18,911,599**	**2,014,456**	**6,006,014**	**14,731,925**	**41,663,994**	**(16,525,759)**	**25,138,235**
Investments and advances	**7,044,805**	**97,747**	**–**	**282,486**	**7,425,038**	**(7,068,007)**	**357,031**
Property and equipment	**10,810**	**692,085**	**829,783**	**197,676**	**1,730,354**	**974,755**	**2,705,109**
Total liabilities	**801,443**	**706,365**	**602,851**	**2,180,317**	**4,290,976**	**(1,766,471)**	**2,524,505**
Depreciation and amortization	**18,172**	**111,388**	**112,238**	**66,297**	**308,095**	**16,293**	**324,388**
Cash flows from (used in):							
Operating activities	**665,146**	**167,097**	**564,622**	**(203,686)**	**1,193,179**	**(1,001,272)**	**191,907**
Investing activities	**1,234,073**	**(63,403)**	**(251,639)**	**165,774**	**1,084,805**	**300,253**	**1,385,058**
Financing activities	**(1,319,919)**	**(161,411)**	**(336,939)**	**12,091**	**(1,806,178)**	**526,461**	**(1,279,717)**

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net earnings (losses) of associates and impairment loss.*
[2] *Majority of the revenues of the Group were derived in the Philippines.*

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2021							
Revenues, excluding interest income[2]	₱1,417,559	₱836,087	₱8,751,666	₱1,168,237	₱12,173,549	(₱2,009,000)	₱10,164,549
Interest income	48,849	1,942	2,657	86	53,534	–	53,534
Investment gains (losses)	1,984,265	–	2,100	856,009	2,842,374	(1,717,781)	1,124,593
Interest expense	(9)	(233)	(9,027)	(1,169)	(10,438)	178	(10,260)
Income tax expense (benefit from income tax)	51,886	21,533	304,230	10,498	388,147	(7,995)	380,152
Equity in net earnings	–	–	–	11,410	11,410	–	11,410
Net income	3,359,704	77,733	909,950	1,789,262	6,136,649	(3,599,056)	2,537,593
Total assets	19,252,541	1,910,305	5,355,905	14,653,052	41,171,803	(17,546,829)	23,624,974
Investments and advances	7,556,096	97,747	–	2,153,034	9,806,877	(9,477,444)	329,433
Property and equipment	7,261	703,161	680,194	152,365	1,542,981	1,001,406	2,544,387
Total liabilities	891,199	596,838	659,955	3,186,100	5,334,092	(2,766,224)	2,567,868
Depreciation and amortization	18,326	111,534	112,870	53,507	296,237	6,358	302,595
Cash flows from (used in):							
Operating activities	857,570	262,620	109,205	(234,382)	995,013	(482,006)	513,007
Investing activities	(180,406)	(181,838)	63	930,261	568,080	(661,683)	(93,603)
Financing activities	(648,667)	15,894	(410,850)	(665,434)	(1,709,077)	922,770	(786,307)

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net earnings (losses) of associates and impairment loss.*
[2] *Majority of the revenues of the Group were derived in the Philippines.*

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2020							
Revenues, excluding interest income[2]	₱1,533,497	₱646,324	₱6,448,196	₱1,095,519	₱9,723,536	(₱2,248,661)	₱7,474,875
Interest income	66,254	4,938	10,918	94	82,204	–	82,204
Investment gains (losses)	(730,936)	–	(2,800)	746,378	12,642	(88,013)	(75,371)
Interest expense	2,536	245	16,898	4,977	24,656	(245)	24,411
Income tax expense (benefit from income tax)	(1,694)	13,698	284,623	2,688	299,315	(7,995)	291,320
Equity in net losses and impairment loss	–	–	–	(598,006)	(598,006)	–	(598,006)
Net income	569,610	626	692,026	1,138,401	2,400,663	(2,231,938)	168,725
Total assets	17,394,215	1,783,053	4,866,355	13,323,536	37,367,159	(15,764,874)	21,602,285
Investments and advances	7,623,492	–	–	2,044,491	9,667,983	(9,349,654)	318,329
Property and equipment	7,128	752,878	595,628	97,151	1,452,785	1,028,056	2,480,841
Total liabilities	565,491	551,421	833,657	3,078,431	5,029,000	(2,687,105)	2,341,895
Depreciation and amortization	17,892	108,128	96,110	46,184	268,314	23,860	292,174
Cash flows from (used in):							
Operating activities	1,292,360	13,038	693,227	281,550	2,280,175	(327,241)	1,952,934
Investing activities	(116,222)	(181,208)	(62,843)	615,788	255,515	(86,132)	169,383
Financing activities	(896,645)	76,367	(406,193)	(887,940)	(2,114,411)	781,182	(1,333,229)

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in earnings (losses) of associates and impairment loss.*
[2] *Majority of the revenues of the Group were derived in the Philippines.*

7. Business Combinations

a. Goodwill represents the excess of acquisition cost of the following subsidiaries over Anscor's share in the fair value of their net assets. As at December 31, 2022 and 2021, the carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) is as follows:

PDP	₱1,202,945,277
SSRLI (Note 30)	99,330,987
	₱1,302,276,264

b. Impairment Testing of Goodwill

   i. PDP Group

   The recoverable amount of the investment in PDP Group has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a four or five-year period.

The key assumptions used to determine the recoverable amount as at December 31, 2022 and 2021 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rates applied to cash flow projections in 2022 and 2021 are 12. 9% and 11.9% respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 4.7% and 4.5% in 2022 and 2021, respectively, and the difference between the discount rate and growth rate.

Growth rate
PDP Group assumed a growth rate of 5.0% in 2022 and 2021, respectively. Management used the average industry growth rate for the forecast.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

ii. SSRLI

The recoverable amount of the investment in SSRLI has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used to determine the recoverable amount as at December 31, 2022 and 2021 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections in 2022 and 2021 are 12.9% and 11.1%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 5.4% and 4.9% in 2022 and 2021, and the difference between the discount rate and growth rate.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2022 and 2021 are supported by the different initiatives of SSRLI. SSRLI used 1.57% to 10.78% and 9.5% to 20.8% growth rate in revenue for its cash flow projection in 2022 and 2021, respectively.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

8. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱1,334,687,516**	₱1,692,599,481
Cash equivalents	**1,613,714,139**	1,036,630,915
	₱2,948,401,655	₱2,729,230,396

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These investments earn interest at prevailing rates (see Note 23).

9. FVPL Investments

	2022	2021
Quoted equity shares	**₱6,334,416,035**	₱7,405,486,958
Unquoted equity shares	**2,885,848,761**	1,827,306,698
Funds and equities	**2,139,724,268**	1,790,855,560
Proprietary shares	**518,127,073**	399,877,073
Bonds	**162,948,774**	246,425,256
Others	**5,739,091**	7,862,440
	₱12,046,804,002	₱11,677,813,985

This account consists of investments that are designated as FVPL and held-for-trading investments. Quoted equity shares consist of marketable equity securities that are listed and traded in the Philippine Stock Exchange (PSE), Nasdaq Stock Market (NASDAQ) and New York Stock Exchange (NYSE). The fair market values of these listed shares are based on their quoted market prices as at December 31, 2022 and 2021, which are assessed to be the exit prices.

Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g., call and put options) that significantly modify the security's cash flow. These investments are classified under bonds.

FVPL investments in bonds represent foreign currency-denominated bond securities with variable and fixed interest rates. The FVPL coupon interest rate per annum ranges from 2.3% to 8.3%, 4.2% to 6.5%, and 2.4% to 8.3% in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, the Group has equity investments amounting to ₱11,883.9 million and ₱11,431.4 million, respectively.

The fair market values of the unquoted equity shares are based on valuation techniques applied as at December 31, 2022 and 2021 using income, market and cost approach (adjusted net asset value method).

The Group's FVPL unquoted equity shares and significant investment in funds and equities include the following:

a. KSA Realty Corporation (KSA)

   As at December 31, 2022 and 2021, the Company's investment in KSA amounted to ₱1,021.7 million (see Note 29).

   The Company earned cash dividends from KSA amounting to ₱100.7 million, ₱185.6 million and ₱121.4 million in 2022, 2021 and 2020, respectively.

b. Madaket, Inc. (Madaket)

Madaket developed Electronic Data Interchange Enrollment, a service platform that automates healthcare provider data management processes in the United States.

The Group, through AI, recognized losses in fair value adjustment in its investment in Madaket amounting to ₱16.4 million in 2020 (nil in 2022 and 2021).

As at December 31, 2022 and 2021, the Group's total investment in Madaket, inclusive of foreign exchange adjustment, amounted to nil.

c. Element Data, Inc. (Element Data)

Element Data, a Seattle, Washington-based Artificial Intelligence Company which uses Decision Intelligence platform incorporates a deep learning knowledge-graph with an active sense-and-response architecture, powering a decision intelligence engine that understands complex interdependencies between data and people.

In 2019, the Group, through AI recognized losses on fair value adjustment amounting to ₱26.7 million in its investment in Element Data (nil in 2022, 2021 and 2020).

Total investment carrying value in Element Data amounted to nil as at December 31, 2022 and 2021. On December 31, 2022, the said investment was sold with a consideration of US$1 (₱55).

d. Navegar I LP (Navegar I)

The Group, through AI, recognized a gain (loss) on fair market value adjustment in its investment in Navegar I amounting to ₱21.5 million, ₱2.0 million and (₱2.4 million) in 2022, 2021 and 2020, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱50.0 million and ₱25.4 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.04 million and US$0.05 million, respectively.

e. Navegar II LP (Navegar II)

In 2019, the Group committed to invest US$10.0 million in Navegar II. AI invested US$1.70 (₱92.70 million), US$1.49 million (₱76.08 million), and US$1.0 million (₱46.5 million) in 2022, 2021 and 2020, respectively.

In 2022, 2021 and 2020, the Group recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱9.21 million, ₱31.8 million and ₱14.2 million, respectively.

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱286.4 million and ₱183.6 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Navegar II amounted to US$5.6 million (₱312.2 million) and US$7.3 million (₱372.2 million), respectively.

f. Sierra Madre Philippines I LP (Sierra Madre)

Sierra Madre focuses on providing growth capital to small and mid-sized Philippine companies. The Group committed to invest US$9.0 million in Sierra Madre.

In 2022, 2021 and 2020, the Group, through AI made additional investments to Sierra Madre amounting to US$3.2 million (₱175.9 million), US$1.2 million (₱63.5 million), and US$1.1 million (₱52.8 million), respectively. In 2022, the Group received distribution notice amounting to US$0.6 million (₱35.7 million (nil in 2021).

The Group recognized gain (loss) on fair market value adjustment amounting to (₱39.2 million), ₱120.6 million and (₱23.2 million), in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱498.0 million and ₱326.7 million, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Sierra Madre amounted to US$0.6 million (₱33.4 million) and US$4.4 million (₱224.4 million), respectively.

g. Asia Partners I LP, Asia Partners II LP and Asia Partners SCI (collectively Asia Partners)

In 2021, the Group, through AI committed to invest US$6.0 million in Asia Partners I LP, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia. In addition, AI committed to invest US$1.0 million in Asia Partners SCI and US$10.0 million in Asia Partners II, LP.

In 2022 and 2021, the Group made investment to Asia Partners amounting to US$4.0 million (₱219.1 million) and US$5.2 million (₱263.9 million), respectively.

In 2022 and 2021, the Group recognized gain on fair market value adjustment in its investment in Asia Partners amounting to ₱72.4 million and ₱5.9 million, respectively.

As at December 31, 2022 and 2021, total investment in Asia Partners, inclusive of foreign exchange adjustment, amounted to ₱591.71 million and ₱269.9 million, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Asia Partners amounted to US$9.0 million (₱502.5 million) and US$9.0 million (₱458.9 million), respectively.

h. Blue Voyant

In 2022, the Group, through AI invested US$3.0 million (₱154.3 million) in Blue Voyant, a cybersecurity company that enables cybersecurity defense and protection through technology and tailored services. No recognized gains or losses on fair value adjustment during year. As of December 31, 2022, total investment in Blue Voyant, inclusive of foreign exchange gain, amounted to ₱167.3 million.

i. Third Prime Alpha III-A and Third Prime (Kafene B) (collectively Third Prime Series)

In 2022, the Group, through AI invested US$0.6 million (₱31.8 million) in Third Prime Alpha III-A, a venture firm focused primarily on the FinTech, PropTech and Crypto sectors. In addition, AI invested US$1.5 (₱79.3 million) million in Third Prime (Kafene B).

In 2022, the Group recognized fair market value loss adjustment in its investment in Third Prime Alpha III-A and Third Prime (Kafene B) amounting to ₱0.5 million and ₱0.1 million, respectively.

As at December 31, 2022, total investment in Third Prime Alpha III-A and Third Prime (Kafene B), inclusive of foreign exchange adjustment, amounted to ₱32.9 million and ₱84.4 million, respectively.

As at December 31, 2022, the Group's remaining capital commitment to be called for Third Prime Alpha III-A amounted to US$1.5 million (₱83.6 million).

Net gains (losses) on increase (decrease) in market value of FVPL investments as at December 31 are as follows (in millions):

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2022	2021	**in 2022**
Quoted equity shares	**₱2,443.0**	₱3,353.2	**(₱910.2)**
Unquoted equity shares	**726.2**	633.7	**92.5**
Proprietary shares	**476.2**	357.9	**118.3**
Funds and equities	**(231.3)**	91.1	**(322.4)**
Bonds	**(63.5)**	(42.5)	**(21.0)**
Others	**(1.0)**	1.0	**(2.0)**
Total	**3,349.6**	4,394.4	**(1044.8)**
Add realized gain on sale of FVPL investments			**50.7**
Net loss on increase in market value of FVPL investments			**(₱994.1)**

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2021	2020	in 2021
Quoted equity shares	₱3,353.2	₱2,613.9	₱739.3
Unquoted equity shares	633.7	491.2	142.5
Proprietary shares	357.9	321.7	**36.2**
Funds and equities	91.1	44.9	46.2
Bonds	(42.5)	(17.8)	(24.7)
Others	1.0	3.7	(2.7)
Total	₱4,394.4	3,457.6	936.8
Add realized loss on sale of FVPL investments			187.3
Net gain on increase in market value of FVPL investments			₱1,124.1

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2020	2019	in 2020
Quoted equity shares	₱2,613.9	₱3,084.1	(₱470.2)
Unquoted equity shares	491.2	456.6	34.6
Proprietary shares	321.7	325.5	(3.8)
Funds and equities	44.9	(15.7)	60.6
Bonds	(17.8)	(17.3)	(0.5)
Others	3.7	(1.4)	5.1
Total	3,457.6	3,831.8	(374.2)
Add realized gain on sale of FVPL investments			297.7
Net loss on decrease in market value of FVPL investments			(₱76.5)

There were no outstanding forward transactions as at December 31, 2022, 2021 and 2020.

10. **Receivables**

	2022	2021
Trade	**₱2,312,815,653**	₱1,935,826,780
Receivables from villa owners	**100,880,108**	37,908,027
Interest receivable	**8,563,901**	6,172,679
Dividend receivable	**–**	22,251,559
Others	**31,545,240**	29,144,224
	2,453,804,902	2,031,303,269
Less allowance for expected credit losses	**213,380,443**	217,882,662
	₱2,240,424,459	₱1,813,420,607

Trade receivables are noninterest-bearing and are normally settled on a 30 to 60 days term.

Receivables from villa owners pertain to SSRLI's net rental share and handling fees and reimbursable expenses such as guest supplies and other amenities, operating supplies, utilities, manpower, laundry services and other materials used for repairs and maintenance of the villas.

Interest receivable pertains to accrued interest income from cash and cash equivalents, notes receivable, FVPL and FVOCI investments in debt instruments.

Dividend receivable in 2021 pertains to uncollected dividend income from investments in equity securities. This was subsequently collected in 2022.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

	2022		
	Trade	**Interest and Others**	**Total**
At January 1	**₱216,292,344**	**₱1,590,318**	**₱217,882,662**
Provision for the year (Note 23)	**906,550**	**–**	**906,550**
Write-off	**(5,327,273)**	**–**	**(5,327,273)**
Recoveries (Note 23)	**(81,496)**	**–**	**(81,496)**
At December 31	**₱211,790,125**	**₱1,590,318**	**₱213,380,443**

	2021		
	Trade	Interest and Others	Total
At January 1	₱186,825,539	₱1,590,318	₱188,415,857
Provision for the year (Note 23)	29,731,764	–	29,731,764
Write-off	(264,959)	–	(264,959)
At December 31	₱216,292,344	₱1,590,318	₱217,882,662

11. Inventories

	2022	2021
At cost:		
Raw materials	**₱296,310,774**	₱153,323,893
Aircraft parts in transit	**43,135,148**	30,615,926
Reel inventory	**23,320,516**	9,519,683
Materials in transit	**22,353,279**	377,956,695
Food and beverage	**16,845,661**	10,964,889
	401,965,378	582,381,086
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱32.0 million in 2022 and ₱34.1 million in 2021	**746,835,910**	611,042,906
Work in process - net of allowance for inventory obsolescence of ₱6.0 million in 2022 and ₱6.2 million in 2021	**180,931,430**	136,257,388
Raw materials - net of allowance for inventory obsolescence of ₱13.3 million in 2022 and ₱12.8 million in 2021	**210,425,667**	181,605,892
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱40.6 million in 2022 and ₱40.3 million in 2021	**120,207,854**	83,676,820
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.6 million in 2022 and 2021	**34,067,346**	29,555,553
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2021 and 2020	**605,556**	605,556
	1,293,073,763	1,042,744,115
	₱1,695,039,141	₱1,625,125,201

The total cost of inventories carried at NRV amounted to ₱1.4 billion and ₱1.1 billion as at December 31, 2022 and 2021, respectively.

Net provision for inventory obsolescence recognized in 2022, 2021 and 2020, which was recorded under "Materials used and changes in inventories", amounted to ₱1.6 million, ₱18.8 million, and ₱1.5 million respectively (see Note 21).

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as at December 31, 2022 and 2021.

Operating supplies pertain to inventory items used in providing services such as printing, cleaning and office and guest supplies.

Construction-related materials are excess materials and supplies from Villa Development Project. These are held for use in construction of villa or future repair or renovation of villas.

Inventories charged to cost of goods sold and services sold amounted to ₱8,633.7 million, ₱6,697.5 million, and ₱4,675.9 million in 2022, 2021 and 2020, respectively (see Note 21).

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12. **FVOCI Investments**

As at December 31, 2022 and 2021, FVOCI investments amounted to ₱41.5 million and ₱46.4 million, respectively, and these were recognized under noncurrent assets.

FVOCI investments in bonds represent the following:

a. Foreign currency-denominated bond securities are subject to variable and fixed coupon interest rate per annum ranging from 2.35% to 6.13% in 2022, 4.13% to 6.13% in 2021 and 4.00% to 5.95% in 2020. Maturity dates range from February 16, 2025 to June 30, 2028 for bonds held as at December 31, 2022, and October 31, 2026 to June 30, 2028 for bonds held as at December 31, 2021.

b. Geothermal Project

   In January 2014, a loan and investment agreement was entered by the Company with SKI Construction Company, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power) and San Juan Geothermal Power, Inc. (San Juan Power), collectively referred to as Red Core Group to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to lend up to ₱172.0 million for the exploration phase of the three sites.

   The Company may choose to convert each note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company opts not convert the note within the agreed time frame, these notes will accrue interest until they mature 62 months from the initial drawdown date.

   In 2017, the Company recognized ₱82.9 million impairment loss, bringing the investment balance to nil as at December 31, 2022 and 2021.

In March 2018, the Company filed before the Regional Trial Court of Makati City a civil case for specific performance in order to compel Red Core Group to comply with the provisions of the loan and investment agreement signed by the parties. On November 23, 2020, the Court partially granted the Motion for Summary Judgment filed by the Company.

On August 15, 2022, the Court rendered a decision ordering Red Core Investments Corporation to pledge all its shares in Tayabas Geothermal Power, Inc., Tiaong Geothermal Power, Inc., and San Juan Geothermal Power Inc. and execute a deed of pledge in favor of the Company. The Court also decided to dismiss the claim of the Company for exemplary damages amounting to ₱0.1 million but granted the Company Attorney's fees amounting to ₱0.6 million and cost of suit against Red Core Group, plus legal interest from judicial demand until amount is fully paid.

On October 3, 2022, the Company filed a demand for payment under the loan and investment agreement to Red Core Group. As of March 1, 2023, the Company is yet to collect the amount due from Red Core Group.

In 2022, 2021 and 2020, gain on sale of FVOCI investments amounted to ₱0.8 million, ₱0.5 million, and ₱1.2 million, respectively.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

	2022	2021
Beginning balance	**₱273,449**	₱2,521,749
Loss recognized directly in equity - net of tax	**(2,884,258)**	(1,849,250)
Amount removed from equity and recognized in consolidated statement of comprehensive income - net of tax	**(573,124)**	(399,050)
Ending balance	**(₱3,183,933)**	₱273,449

13. **Investments and Advances**

	2022	2021
Investments at equity - net of valuation allowance	**₱354,423,186**	₱327,783,660
Advances - net of allowance for expected credit losses of ₱564.8 million in 2022 and 2021	**2,608,113**	1,649,622
	₱357,031,299	₱329,433,282

Investments at equity consist of:

	2022	2021
Acquisition cost		
Common shares and Preferred shares	**₱722,121,654**	₱2,680,072,537
Accumulated equity in net losses and impairment loss	**(367,698,471)**	(2,586,450,673)
Effect of foreign exchange differences	**–**	234,161,796
	₱354,423,183	₱327,783,660

The significant transactions involving the Group's investments in associates in 2022 and 2021 follow:

AGP-SG and AGP-BVI

AGPI is a BVI business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated. AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries. In 2018, the Group decided to focus on the development and construction of LNG terminals, transportation assets and platforms to deliver natural gas to end-customers and its related business (the "LNG Business") gas logistics due to the identified opportunity to combine the Group's expertise in liquefied natural gas (LNG) industry and decades-long experience in modular construction.

The principal place of business of AGP-SG is 600 North Bridge Road, Parkview Square, Singapore.

The total acquisition cost of the investment in AGP-SG amounted to US$45.0 million (₱1,958.0 million). The Group recognized an impairment loss of ₱232.3 million (after considering the effect of dilution) in 2019. In 2020 and 2019, the Group recognized equity in net losses amounting to ₱601.4 million and ₱294.1 million, respectively. The unrecognized share in net losses of AGP-SG as at December 31, 2020 amounted to ₱417.1 million. The Group is not committed to contribute to AGP-SG for any losses in excess of the cost of the investment.

The following are the significant financial information of AGP-SG as at and for the year ended December 31, 2020 (in millions):

Statements of Financial Position *:	
Current assets	₱6,125.2
Noncurrent assets	13,657.9
Current liabilities	9,391.9
Noncurrent liabilities	8,348.6
Equity	2,042.6
Statement of Comprehensive Income*:	
Revenue	₱4,646.9
Loss before tax	4,859.0
Net loss	4,952.4

**Based on the latest available unaudited financial information.*

As at December 31, 2020, the carrying value of the investment amounted to nil.

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer. Management believes that all the criteria for recognition of noncurrent asset held-for-sale (NCAHFS) in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Group discontinued the use of the equity method for its investment in AGP-SG and classified such investment as NCAHFS. Based on the available financial information, for the period ended before the classification as NCAHFS, AGP-SG incurred net losses and, as at date of classification as NCAHFS, the carrying value of the investment in AGP-SG remains nil. On February 17, 2022, the said investment in associate held for sale was sold for a total consideration of US$35.8 million (₱1,974.6 million). The Group recognized ₱2,208.8 million gain in its consolidated statements of comprehensive income, including the reversal of the related cumulative translation adjustment of ₱234.2 million.

AIMP

AIMP reported net income amounting to ₱133.5 million, ₱67.5 million and ₱23.3 million in 2022, 2021 and 2020, respectively. The Group recognized equity in net earnings amounting to ₱27.1 million, ₱13.5 million and ₱4.4 million in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, the carrying value of the investment in AIMP amounted to ₱179.4 million and ₱152.3 million, respectively.

FHI

In 2021, FHI made a cash advance to the Company amounting to ₱76.6 million (nil in 2022). Total outstanding cash advance from FHI amounted to ₱104.3 million as of December 31, 2022 and 2021, which is presented under "Accounts payable and accrued expenses" (see Note 18).

FHI reported a net loss amounting to ₱1.9 million, ₱8.2 million and ₱5.5 million in 2022, 2021 and 2020, respectively. The Group recognized equity in net losses amounting to ₱0.5 million, ₱2.1 million and ₱1.4 million in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, the carrying value of the investment and advances in FHI amounted to ₱175.0 million and ₱175.5 million, respectively.

BM

As at December 31, 2022 and 2021, the net carrying value of AI's investment in BM amounted to nil.

On December 31, 2022, the said investment in associate was sold with a consideration of $1 (₱55).

Prople Limited

In 2020, Prople Limited redeemed the preference shares held by the Group amounting to ₱10.1 million.

As at December 31, 2022 and 2021, the net carrying value of the Group's investment in Prople Limited amounted to nil.

The Group has no share in the contingent liabilities of any associate as at December 31, 2022 and 2021.

In 2022 and 2021, the Group received advances from Prople Limited amounting to ₱32.4 million and ₱20.3 million, respectively.

14. Property and Equipment

	2022					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	**₱2,856,525,648**	**₱1,445,488,604**	**₱590,993,498**	**₱242,667,463**	**₱133,199,797**	**₱5,268,875,010**
Additions	**16,046,794**	**85,662,447**	**36,510,093**	**43,373,136**	**277,101,077**	**458,693,547**
Reclassification	**53,469,254**	**155,731,340**	**9,400,215**	**6,234,844**	**(224,835,653)**	–
Retirement/disposals	–	–	**(2,641,518)**	**(16,617,494)**	–	**(19,259,012)**
December 31	**2,926,041,696**	**1,686,882,391**	**634,262,288**	**275,657,949**	**185,465,221**	**5,708,309,545**
Accumulated Depreciation and Amortization						
January 1	**1,057,063,996**	**955,993,020**	**509,685,407**	**201,745,977**	–	**2,724,488,400**
Depreciation and amortization (Note 21)	**80,684,749**	**147,102,326**	**50,854,564**	**16,397,803**	–	**295,039,442**
Retirement/disposals	–	–	**(2,641,518)**	**(13,685,529)**	–	**(16,327,047)**
December 31	**1,137,748,745**	**1,103,095,346**	**557,898,453**	**204,458,251**	–	**3,003,200,795**
Net Book Value	**₱1,788,292,951**	**₱583,787,045**	**₱76,363,835**	**₱71,199,698**	**₱185,465,221**	**₱2,705,108,750**

	2021					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱2,827,677,520	₱1,299,169,781	₱562,058,832	₱227,167,476	₱15,247,681	₱4,931,321,290
Additions	759,943	107,695,404	23,829,693	14,579,629	194,947,264	341,811,933
Reclassification	28,088,185	38,623,419	5,104,973	5,178,571	(76,995,148)	–
Retirement/disposals	–	–	–	(4,258,213)	–	(4,258,213)
December 31	2,856,525,648	1,445,488,604	590,993,498	242,667,463	133,199,797	5,268,875,010
Accumulated Depreciation and Amortization						
January 1	974,260,193	823,535,504	470,055,166	182,629,005	–	2,450,479,868
Depreciation and amortization (Note 21)	82,803,803	132,457,516	39,630,241	23,375,185	–	278,266,745
Retirement/disposals	–	–	–	(4,258,213)	–	(4,258,213)
December 31	1,057,063,996	955,993,020	509,685,407	201,745,977	–	2,724,488,400
Net Book Value	₱1,799,461,652	₱489,495,584	₱81,308,091	₱40,921,486	₱133,199,797	₱2,544,386,610

Construction in progress includes cost of the on-going construction of the land and building improvements and cost of assembling machineries and equipment.

Depreciation amounted to ₱295.0 million, ₱278.3 million and ₱267.9 million in 2022, 2021 and 2020, respectively (see Note 21).

15. Investment Properties

	2022		
	Land	**Condominium**	**Total**
Cost			
January 1	**₱241,924,965**	**₱293,595,000**	**₱535,519,965**
Additions	**6,607,517**	**–**	**6,607,517**
December 31	**248,532,482**	**293,595,000**	**542,127,482**
Accumulated Depreciation and Amortization			
January 1	**–**	**30,582,812**	**30,582,812**
Depreciation and amortization (Note 21)	**–**	**14,679,750**	**14,679,750**
	–	**45,262,562**	**45,262,562**
Accumulated Impairment Loss	**–**	**24,812,188**	**24,812,188**
Net Book Value	**₱248,532,482**	**₱223,520,250**	**₱472,052,732**

	2021		
	Land	Condominium	Total
Cost			
January 1	₱238,010,571	₱293,595,000	₱531,605,571
Additions	3,914,394	–	3,914,394
December 31	241,924,965	293,595,000	535,519,965
Accumulated Depreciation and Amortization			
January 1	–	15,903,062	15,903,062
Depreciation and amortization (Note 21)	–	14,679,750	14,679,750
	–	30,582,812	30,582,812
Accumulated Impairment Loss			
Provision for impairment loss (Note 23)	–	24,812,188	24,812,188
Net Book Value	₱241,924,965	₱238,200,000	₱480,124,965

The Group's investment properties include 136.8 hectares of land in Palawan, 36.9 hectares of land in Cebu, and 97.4 hectares of land in Guimaras. Condominium pertains to the two (2) commercial condominium units purchased by the Company in 2019 and are held for lease to other parties and associate. The aggregate fair value of these investment properties as at December 31, 2022 amounted to ₱3.6 billion.

Fair valuation of the land properties was performed by professionally qualified, SEC-accredited and independent appraiser as at October 2022. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are either for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties. Under Department of Agrarian Reform (DAR) rules, AAC has to complete the development on the Guimaras land by September 2018. On November 11, 2018, DAR approved the Group's request for extension to develop the property within a non-extendible period of five years from the receipt of order or until December 6, 2023. The notice of order was received by the Group on December 7, 2018.

Fair valuation of the condominium units was also performed by a professionally qualified, SEC-accredited, and independent appraiser. Based on the report of the appraiser rendered for 2022, the fair value of the condominium units is ₱270.1 million.

The fair value of the condominium units was arrived at through the use of the "sales comparison approach," They used properties that are situated within the subject building or in other comparable condominium buildings nearby for comparison. The fair value of the condominium units is categorized as Level 3. The highest and best use of these properties is for leasing.

The Group recognized rental income of ₱13.0 million, ₱12.6 million, and ₱12.3 million from these investment properties in 2022, 2021 and 2020, respectively (see Note 30).

The aggregate direct expenses pertaining to real property taxes, condominium dues and depreciation expense amounted to ₱16.1 million, ₱15.5 million, and ₱19.2 million in 2022, 2021 and 2020, respectively.

16. Other Noncurrent Assets and Other Noncurrent Liabilities

The Group's other noncurrent assets comprise the following as of December 31:

	2022	2021
Fund for villa operations and capital expenditures (Note 30)	**₱82,722,493**	₱108,519,123
Property held for future development (Note 30)	**26,950,301**	3,676,224
Refundable deposits	**3,210,124**	1,068,312
Computer software - net of accumulated depreciation of ₱14.3 million and ₱13.1 million as of December 31, 2022 and 2021, respectively	**3,646,890**	4,896,118
Other receivables	**3,502,696**	3,502,696
Others	**4,376,112**	1,177,093
	₱124,408,616	₱122,839,566

Fund for villa operations and capital expenditures is a restricted cash fund of PRI and PUI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated statements of financial position (see Note 30).

Other receivables pertain to claims for the sold land in Quezon, Palawan.

Other noncurrent liabilities amounted to ₱111.7 million and ₱113.7 million as at December 31, 2022 and 2021, respectively, which include the related liability for the fund asset of PRI and PUI recognized above and other liabilities arising from funds for future infrastructure and utility development of villas and funds for replacement of power generating units and desalination plant.

17. Notes Payable

As at December 31, 2021, notes payable represent unsecured, short-term, interest-bearing liabilities of IAI amounting to ₱23.2 million (nil in 2022).

Details of the Group's short-term borrowing transactions are as follows:

a. In January and February 2020, IAI obtained loans from a bank amounting to ₱10.2 million and ₱18.0 million, respectively. The amounts loaned from the bank were used for the additional working capital of IAI. The loans have interest initially fixed at 5.0% subject to review and resetting by the bank every 30 days based on prevailing market rates at such time of review and resetting. On January 11, 2021 and February 19, 2021, the loans were rolled-over for a year amounting to ₱5.2 million and ₱18.0 million with interest fixed at a rate of 5.5% based on prevailing market rates and subject to the same terms. Subsequently, on January 6, 2022 and February 14, 2022, the loans were rolled-over for another year with the same respective principal amounts and with interest fixed at rates of 4.3% and 4.5%, respectively.

b. Total interest expense from these loans recognized in the consolidated profit or loss amounted to ₱0.35 million, ₱1.1 million, and ₱1.2 million in 2022, 2021 and 2020, respectively

c. The Group's unavailed credit line from banks amounted to ₱2,850.0 million and ₱3,165.0 million as at December 31, 2022 and 2021, respectively.

18. Accounts Payable and Accrued Expenses

	2022	2021
Trade payables	**₱397,486,369**	₱329,381,248
Refundable deposits	**272,260,088**	194,596,351
Accruals for:		
Personnel expenses	**168,865,274**	156,783,490
Taxes and licenses	**7,329,816**	4,643,847
Others	**38,872,422**	58,013,297
Payable to a related party (Note 13)	**170,219,545**	144,043,755
Contract liabilities (Note 5)	**101,124,098**	76,098,883
Payable to government agencies	**92,059,039**	32,552,217
Payable to villa owners	**59,523,979**	81,123,952
Payable to contractors	**18,296,102**	16,613,819
Other payables	**17,064,958**	16,931,574
	₱1,343,101,690	₱1,110,782,433

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Other accrued expenses include unpaid operating costs of the Group.

Refundable deposits mainly pertain to advance payments made by guests.

Contract liabilities pertain to the customers' advances for the delivery of goods and services.

Payable to contractors are amounts due to suppliers for ongoing and completed construction projects.

19. **Long-term Debt**

As at December 31, 2021, the Group's outstanding long-term debt from a local bank amounting to ₱75.7 million presented under current liabilities pertain to PDP Energy.

a. In 2015, PDP Energy obtained a long-term loan to partially fund the ₱1.5 billion cash dividend paid to Anscor. Principal amount of the loan amounted to ₱1.2 billion payable in seven years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

   PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks except for working capital requirement; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2021, PDP Energy is in compliance with the debt covenants. The loan is fully paid in 2022.

   In addition, the long-term loan is secured by the following collaterals, among others:

   - Real estate mortgage over the land owned by Minuet;
   - Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
   - Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
   - Assignment of leasehold rentals of the properties located in PDP Energy's premises.

   On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

   The long-term loan also provides for pretermination without penalty.

20. **Equity**

Equity holders of the Parent

Authorized capital stock as at December 31 consists of the following shares:

	2022		2021	
	Number of Shares	**Amount**	Number of Shares	Amount
Common - ₱1.0 par value	**3,459,310,958**	**₱3,459,310,958**	3,459,310,958	₱3,459,310,958
Preferred - ₱0.01 par value	**500,000,000**	**5,000,000**	500,000,000	5,000,000
	3,959,310,958	**₱3,464,310,958**	3,959,310,958	₱3,464,310,958

Issued and outstanding shares as at December 31 consists of the following:

	2022		2021	
	Number of Shares	**Amount**	Number of Shares	Amount
Common	**2,500,000,000**	**₱2,500,000,000**	2,500,000,000	₱2,500,000,000
Preferred	**500,000,000**	**5,000,000**	500,000,000	5,000,000
	3,000,000,000	**₱2,505,000,000**	3,000,000,000	₱2,505,000,000

On February 19, 2020, the Company's BOD approved the amendment of its Articles of Incorporation (AOI) wherein authorized capital stock of 5,000,000 common shares (par value of ₱1.00 per share) amounting to ₱5.0 million will be reclassified to 500,000,000 preferred shares (par value of ₱0.01 per share) amounting to ₱5.0 million. In August 2020, the Company applied for the amendment of the AOI with the SEC and this was approved by SEC on June 21, 2021.

Outstanding common shares, net of shares held by a subsidiary, as at December 31, 2022 and 2021 totaled 1,227,570,239. The Company's equity holders as at December 31, 2022 and December 31, 2021 is 11,049, and 11,070 respectively.

The Philippine SEC authorized the offering/sale to the public of the Company's 10.0 million and 140.0 million common shares with par value of ₱1.00 each on December 29, 1948 and January 17, 1973, respectively. On August 30, 1996, the Philippine SEC authorized the licensing of 910,476,302 common shares at the subscription price of ₱2.50 per share.

In 2022, 2021 and 2020, the Company declared the following cash dividends:

	2022	2021	2020
Month of declaration	**March and November**	February and November	March
Cash dividend per share	**₱0.50 and ₱0.50**	₱0.50 and ₱0.25	₱0.75
Total cash dividend	**₱2,500.0 million**	₱1,875.0 million	₱1,875.0 million
Share of a subsidiary	**₱1,272.4 million**	₱920.7 million	₱937.4 million

As at December 31, 2022 and 2021, the Company's dividends payable amounted to ₱502.0 million and ₱519.5 million, respectively, and represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2022 and 2021 due to problematic addresses of some of the Company's stockholders.

The Company's BOD approved the following appropriation of the Company's unrestricted retained earnings:

Date of Appropriation	Amount
2011	₱2,100,000,000
2013	900,000,000
2014	1,600,000,000
2015	1,700,000,000
2016	850,000,000
	₱7,150,000,000

The appropriation will be used for the Company's investment program within the next three years on business activities related to tourism, business process outsourcing and manufacturing, whether based in the Philippines or offshore.

Appropriations in 2011 and 2013 were extended in 2017. Appropriations in 2014 and 2015 were extended in 2018 and 2019, respectively.

On November 11, 2020, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years.

The unappropriated retained earnings is restricted for the dividend declaration by the following:

- Balance of gross deferred income tax assets, fair value adjustments related to unrealized market to market gains of FVPL investments and unrealized foreign exchange gains (except those attributable to cash and cash equivalents) amounting to ₱6,491.4 million and ₱4,344.2 million as at December 31, 2022 and 2021, respectively.
- Shares in the undistributed retained earnings of subsidiaries and accumulated equity in net earnings of associates amounting to ₱6.1 billion and ₱4.3 billion as at December 31, 2022 and 2021, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Shares held by a subsidiary
As at December 31, 2022 and 2021, Anscorcon holds 1,272,429,761 shares of the Company. Anscorcon purchased the Company's shares amounting to ₱285.8 million (22,557,515 shares) in 2020. In 2019, Anscorcon sold 56.0 million Company shares for ₱359.9 million.

21. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2022	2021	2020
Materials used and changes in inventories (Note 11)	**₱8,602,843,214**	₱6,664,260,843	₱4,654,071,070
Salaries, wages and employee benefits (Note 22)	**155,455,583**	127,037,370	108,218,705
Utilities	**101,357,802**	68,495,190	72,743,297
Depreciation and amortization (Note 14)	**100,590,598**	109,216,132	92,478,983

(Forward)

	2022	2021	2020
Repairs and maintenance	**₱47,393,337**	₱81,254,728	₱75,010,253
Professional fees	**10,469,808**	495,257	378,179
Security services	**7,433,248**	6,922,570	5,992,989
Insurance	**4,470,742**	2,078,351	2,127,082
Transportation and travel	**3,806,819**	3,359,266	6,045,156
Others	**14,597,283**	8,500,250	6,622,521
	₱9,048,418,434	₱7,071,619,957	₱5,023,688,235

Cost of services rendered consists of:

	2022	2021	2020
Resort operating costs	**₱142,844,960**	₱125,670,705	₱101,363,691
Salaries, wages and employee benefits (Note 22)	**87,778,405**	68,582,611	50,926,678
Depreciation and amortization (Note 14)	**52,910,287**	32,500,287	28,521,875
Materials and supplies - resort operations (Note 11)	**30,894,212**	33,249,480	21,855,679
Fuel cost	**24,469,324**	24,299,842	16,956,751
Transportation and travel	**23,824,212**	18,607,935	18,045,475
Commissions	**13,057,150**	8,096,975	7,191,262
Repairs and maintenance	**10,869,034**	14,100,851	9,122,274
Insurance	**10,151,631**	7,996,096	6,063,533
Taxes and licenses	**5,871,088**	3,224,122	3,247,109
Outside services	**1,268,152**	1,268,843	726,978
Others	**587,714**	10,325,835	4,681,144
	₱404,526,169	₱347,923,582	₱268,702,449

Operating expenses consist of:

	2022	2021	2020
Salaries, wages and employee benefits (Note 22)	**₱340,845,513**	₱262,348,562	₱292,989,341
Depreciation and amortization (Notes 14, 15 and 30)	**170,886,909**	160,879,035	171,173,222
Utilities	**136,737,400**	84,926,823	63,194,782
Advertising, marketing and management fee (Note 30)	**129,279,596**	94,978,399	92,191,957
Shipping and delivery expenses	**125,034,606**	96,400,481	72,923,630
Taxes and licenses	**74,963,797**	90,916,131	72,842,002
Repairs and maintenance	**67,321,569**	41,843,014	61,348,628
Professional and directors' fees	**62,323,136**	25,274,180	37,395,138
Transportation and travel	**50,266,466**	32,264,886	24,703,019
Commissions	**27,408,445**	27,212,971	19,791,818
Insurance	**26,822,760**	26,084,688	23,278,643
Security services	**21,306,153**	19,182,366	20,457,933
Office supplies	**18,472,462**	18,925,461	6,817,298
Donation and contribution	**14,742,214**	12,940,389	10,026,883

(Forward)

	2022	2021	2020
Communications	**₱14,444,211**	₱14,102,634	₱13,399,461
Association dues	**8,624,847**	8,400,598	7,769,547
Medical expenses	**7,629,053**	4,262,816	3,805,958
Meetings and conferences	**7,611,742**	8,255,195	8,299,842
Trainings	**5,382,846**	2,428,179	2,676,059
Entertainment, amusement and recreation	**5,030,562**	6,054,664	6,692,946
Computer programming	**3,838,143**	3,166,553	2,546,436
Others	**54,884,879**	51,132,446	37,325,871
	₱1,373,857,309	₱1,091,980,471	₱1,051,650,414

In 2022 and 2020, the Company paid bonus to its non-executive directors amounting to ₱19.3 million and ₱14.0 million, respectively (nil in 2021).

As approved in 2004, the directors are given bonus representing no more than 1.0% of previous year's net income of the Company.

22. Personnel Expenses

	2022	2021	2020
Salaries and wages	**₱481,002,471**	₱372,619,250	₱381,286,501
Social security premiums and other employee benefits	**87,064,856**	62,179,760	52,725,038
Pension costs (Notes 23 and 24)	**16,012,174**	23,169,533	18,123,185
	₱584,079,501	₱457,968,543	₱452,134,724

In 2022 and 2020, the Group declared and paid bonuses to its executive officers amounting to ₱78.8 million and ₱65.5 million, respectively (nil in 2021).

Annual bonus of no more than 3.0% of the preceding year's net income is given to executive officers of the Company as approved in 2004.

23. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2022	2021	2020
Debt instruments (Notes 9 and 12)	**₱25,807,800**	₱32,197,278	₱47,215,234
Cash and cash equivalents (Note 8)	**24,918,106**	6,235,233	15,417,105
Notes receivable (Note 27)	**15,393,943**	15,043,868	18,038,590
Others	**1,342,020**	57,711	1,532,894
	₱67,461,869	₱53,534,090	₱82,203,823

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.3 million, ₱0.2 million, and ₱0.2 million in 2022, 2021 and 2020, respectively.

Interest expense arose from the following:

	2022	2021	2020
Lease liabilities (Note 30)	**₱2,379,491**	₱1,890,962	₱2,520,847
Long-term debt (Note 19)	**1,943,829**	7,135,812	19,230,512
Notes payable (Note 17)	**347,493**	1,054,460	1,215,914
Others	**16,864**	178,452	1,443,865
	₱4,687,677	₱10,259,686	₱24,411,138

Other income (charges) - net consists of:

	2022	2021	2020
Rental income (Note 30)	**₱13,228,239**	₱12,809,631	₱12,579,912
Retirement benefit income	**1,321,427**	–	–
Provision for impairment losses on receivables (Note 10)	**(906,550)**	(29,731,764)	(75,243,352)
Recovery of impairment losses (Note 10)	**81,496**	–	10,322,694
Impairment loss on investment properties (Note 15)	**–**	(24,812,188)	–
Receipt of escrow fund and tax refund	**–**	–	83,967,456
Gain on rent concession (Note 30)	**–**	–	3,917,535
Others - net	**8,526,899**	(11,973,969)	15,655,945
	₱22,251,511	(₱53,708,290)	₱51,200,190

Others included ASAC's reimbursement from lessees and reversal of accrued expenses.

24. **Pension**

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. The benefits to be received by the officers and employees under the pension plans shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641.

The funds are administered by trustee banks under the control and supervision of the Board of Trustees (BOT) of the pension plans, which is composed of the executive officers of the Company.

The Group contributes to the funds as required under accepted actuarial principles to maintain the plan in sound condition and reserves the right to discontinue, suspend or change the rate and amount of its contribution to the funds at any time.

Funding Policy

The Group contributes to the plans amounts (estimated by an actuary on the basis of reasonable actuarial assumptions) which are necessary to provide the defined benefits. No member is required to make any contribution to the plans. Contributions to the plans are determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future in respect of services in the current period. The past service cost (PSC) is the present value of the units of benefits payable in the future in respect of services rendered prior to valuation date.

The Group's management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group's current strategic investment strategy consists of 40% of equity instruments and 60% of debt instruments.

As at December 31, 2022 and 2021, the Company's defined benefit retirement fund (Fund) has investments in shares of stock of the Company with a cost of ₱413.6 million. The fair value of the shares of stock amounted to ₱575.8 million and ₱506.4 million as at December 31, 2022 and 2021, respectively.

All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's gain arising from the changes in market prices amounted to ₱61.04 million and ₱75.6 million in 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Fund's fair value amounted to ₱839.9 million and ₱720.6 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated profit or loss and the fund status and amounts recognized in the consolidated statements of financial position.

	2022	2021	2020
Retirement benefit cost:			
Current service cost	**₱19,185,398**	₱24,193,146	₱20,555,238
Net interest income	**(4,494,651)**	(1,023,613)	(2,432,053)
Net benefit expense (Notes 22 and 23)	**₱14,690,747**	₱23,169,533	₱18,123,185
Actual return on plan assets	**₱107,014,499**	₱160,279,066	₱46,900,559

Changes in net retirement plan asset are as follows:

	2022	2021	2020
Net retirement plan assets, beginning	**₱147,141,624**	₱91,612,330	₱84,470,839
Current service cost	**(9,314,406)**	(13,409,755)	(12,178,895)
Net interest income	**6,681,667**	2,910,178	4,034,196
	(2,632,739)	(10,499,577)	(8,144,699)
Actuarial changes arising from:			
Changes in financial assumptions	**(13,603,079)**	12,608,462	(15,731,936)
Experience adjustments	**26,120,992**	14,654,816	3,213,923
Changes in the effect of asset ceiling	**(124,421,947)**	(113,372,593)	(1,514,499)
Remeasurement of plan assets	**81,047,994**	143,381,265	21,595,526
Changes in demographic adjustments	**836,842**	1,033,745	–
	(30,019,198)	58,305,695	7,563,014
Contribution	**8,219,373**	7,723,176	7,723,176
Transfer to net retirement payable	**(357,977)**	–	–
Net retirement plan assets, end	**₱122,351,083**	₱147,141,624	₱91,612,330

Changes in net retirement benefits payable are as follows:

	2022	2021	2020
Net retirement benefits payable, beginning	**(₱48,147,054)**	(₱56,895,050)	(₱32,252,060)
Current service cost	**(9,870,992)**	(10,783,391)	(8,376,343)
Net interest expense	**(2,187,016)**	(1,886,565)	(1,602,143)
	(12,058,008)	(12,669,956)	(9,978,486)
Actuarial changes arising from:			
Changes in financial assumptions	**12,435,292**	14,172,068	(18,812,882)
Experience adjustments	**(3,206,968)**	(4,452,910)	(3,225,553)
Remeasurement of plan assets	**(7,128,106)**	(2,801,571)	1,377,734
Changes in demographic adjustments	**–**	39,289	–
Changes in the effect of asset ceiling	**–**	(3,004)	–
	2,100,218	6,953,872	(20,660,701)
Contribution	**17,815,512**	14,464,080	5,996,197
Transfer from net retirement assets	**357,977**	–	–
Net retirement benefits payable, end	**(₱39,931,355)**	(₱48,147,054)	(₱56,895,050)

Changes in the present value of defined benefit obligation:

	2022	2021
Defined benefit obligation, beginning	**₱482,724,903**	₱493,788,432
Current service cost	**19,185,398**	24,193,146
Interest cost	**22,398,989**	16,625,399
Remeasurement in other comprehensive income:		
Actuarial gain - changes in financial assumptions	**(33,621,857)**	(26,787,615)
Actuarial loss (gain) - experience adjustments	**28,515,892**	(10,183,068)
Actuarial loss (gain) - changes in demographic assumptions	**107,278**	(1,086,929)
Benefits paid from plan assets	**(13,697,334)**	(13,712,153)
Benefits paid from the Company's fund	**–**	(112,307)
Defined benefit obligation, ending	**₱505,613,269**	₱482,724,905

Changes in the fair value of plan assets:

	2022	2021
Fair value of plan assets, beginning	**₱720,570,814**	₱551,816,645
Interest income	**33,094,611**	19,699,372
Contributions	**26,034,885**	22,187,256
Remeasurement gain	**73,919,888**	140,579,694
Benefits paid from plan assets	**(13,697,334)**	(13,712,153)
Fair value of plan assets, ending	**₱839,922,864**	₱720,570,814

Changes in the effect of asset ceiling:

	2022	2021
Beginning balance	**₱138,851,339**	₱23,310,933
Changes in the effect of asset ceiling	**107,835,361**	113,375,597
Interest on the effect of asset ceiling	**6,203,004**	2,164,809
Ending balance	**₱252,889,704**	₱138,851,339

The fair value of plan assets as at December 31 are as follows:

	2022	2021
Equity instruments	**₱384,920,021**	₱293,820,138
Debt instruments	**224,485,094**	410,413,591
Cash and cash equivalents	**195,832,140**	11,157,674
Unit investment trust funds	**18,815,551**	1,084,512
Others	**15,870,058**	4,094,899
	₱839,922,864	₱720,570,814

The financial instruments with quoted prices in active market amounted to ₱533.2 million and ₱561.4 million as at December 31, 2022 and 2021, respectively. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the Company, PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2022	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	+100 bps	**(₱8,404,905)**
	-100 bps	**9,570,911**
Future salary increases	+100 bps	**9,684,474**
	-100 bps	**(8,645,252)**

2021	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱17,213,823)
	-100 bps	19,452,832
Future salary increases	+100 bps	19,333,257
	-100 bps	(17,429,176)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the subsidiaries except PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2022	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	+100 bps	**(₱8,633,715)**
	-100 bps	**9,508,484**
Future salary increases	+100 bps	**10,290,778**
	-100 bps	**(9,569,584)**

2021	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱1,199,594)
	-100 bps	1,356,306
Future salary increases	+100 bps	1,328,139
	-100 bps	(1,198,536)

The Group expects to make contributions amounting to ₱57.4 million to its defined benefit pension plans in 2023.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2022	2021
Discount rate	**3.00% to 7.19%**	3.00% to 5.05%
Future salary increases	**3.00% to 5.00%**	4.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2022 and 2021 ranges from 2.2 to 8.1 years and 1.4 to 10.3 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2022:

Year	Amount
2023	₱291,550,959
2024	23,176,741
2025	20,584,478
2026	22,348,901
2027	84,112,126
2028 to 2032	181,589,911

There were no changes from the previous period in the method and assumptions used in preparing the sensitivity analysis.

25. Income Taxes

The provision for income tax consists of:

	2022	2021	2020
Current	**₱338,153,898**	₱327,071,822	₱332,501,209
Deferred	**(95,998,699)**	53,080,192	(41,181,668)
	₱242,155,199	₱380,152,014	₱291,319,541

As at December 31, 2022 and 2021, tax credits or refunds included in “other current assets” amounted to ₱201.9 million and ₱190.5 million, respectively.

The components of the net deferred income tax assets (liabilities) are as follows:

	2022		2021	
	Net Deferred Income Tax Assets[1]	**Net Deferred Income Tax (Liabilities)[2]**	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]
Recognized in the consolidated profit or loss:				
Deferred income tax assets on:				
Allowance for expected credit losses	**₱66,674,274**	**₱–**	₱66,503,058	₱–
Allowance for inventory obsolescence and losses	**23,130,697**	**–**	23,659,440	–
Net retirement benefits payable	**16,393,630**	**–**	17,481,703	–
Unamortized past service cost	**3,728,945**	**926,771**	1,340,091	926,771
Unrealized foreign exchange loss	**505,747**	**–**	–	–
Others	**9,622,011**	**–**	8,889,196	–
	120,055,304	**926,771**	117,873,488	926,771
Deferred income tax liabilities on:				
Unrealized foreign exchange gains	**(262,065)**	**(32,715,001)**	(500,115)	(2,934,499)
Net retirement plan assets	**(50,628)**	**(9,278,564)**	(315,838)	(7,017,414)
Fair value adjustment on equity investments	**–**	**(292,426,401)**	–	(300,421,730)
Market adjustment on FVPL investments	**–**	**(62,559,448)**	–	(175,482,323)
Others	**–**	**–**	–	(5,206,010)
	(312,693)	**(396,979,414)**	(815,953)	(491,061,976)
	119,742,611	**(396,052,643)**	117,057,535	(490,135,205)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	**–**	**1,061,311**	–	(91,150)
Cumulative actuarial gains	**(5,627,383)**	**(22,855,098)**	(5,534,433)	(31,057,473)
	(5,627,383)	**(21,793,787)**	(5,534,433)	(31,148,623)
	₱114,115,228	**(₱417,846,430)**	₱111,523,102	(₱521,283,828)

(1) *Pertain to SSRLI, ASAC, PDP and AHI.*
(2) *Pertain to Anscor and Anscorcon.*

The following are the deductible temporary differences and carryforward benefits for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not probable:

	2022	2021
Deductible temporary differences on:		
Allowances for:		
Impairment losses	**₱1,050,380,658**	₱1,812,677,232
Expected credit losses	**567,537,073**	567,537,073
Accrued pension benefits and others	**880,535**	1,603,894
Carryforward benefits of:		
NOLCO	**45,313,509**	43,908,287
MCIT	**6,293,385**	7,603,047
Others	**87,084**	–

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic corporations.
- For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax of 10% is repealed.

The reconciliation of provision for income tax computed at the statutory income tax rate (25% in 2022 and 2021 and 30% in 2020) with the provision for income tax is as follows:

	2022	2021	2020
Provision for income tax at statutory tax rates	**₱774,549,289**	₱729,436,234	₱138,013,361
Additions to (reductions from) income taxes resulting from:			
Nontaxable income	**(493,648,900)**	–	(218,673,569)
Movement in unrecognized deferred income tax assets	**191,691,568**	38,363,894	41,862,258
Decrease (increase) in market values of marketable equity securities and other investments subjected to final tax	**(145,941,385)**	(326,645,836)	216,649,877

(Forward)

	2022	2021	2020
Dividend income not subject to income tax	**(₱66,751,373)**	(₱90,948,354)	(₱72,379,100)
Income tax at 5% GIT	**(33,624,145)**	(7,253,409)	(17,975,832)
Equity in net losses (earnings) of associates not subject to income tax	**(6,659,881)**	(2,852,401)	179,401,942
Interest income already subjected to final tax	**(123,402)**	(131,030)	(1,458,413)
Change in income tax rate (impact of CREATE)	**–**	15,507,248	–
Others	**22,663,428**	24,675,668	25,879,017
	₱242,155,199	₱380,152,014	₱291,319,541

The Group has available NOLCO and MCIT which can be claimed as deduction from taxable income and as credit against income tax due, respectively, as follows:

NOLCO

Period of Recognition	Availment Period	Beginning of the year	Additions	Applied	Expired	End of the year
2019	2020-2022	₱15,633,297	₱–	₱–	(₱15,633,297)	₱–
2020	2021-2025	18,174,117	–	–	–	18,174,117
2021	2022-2026	10,100,873	–	–	–	10,100,873
2022	2023-2025	–	17,038,519	–	–	17,038,519
		₱43,908,287	₱17,038,519	₱–	(₱15,633,297)	₱45,313,509

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Hence, the incurred NOLCO of the Group in taxable year 2020 and 2021 can be claimed as deduction from the regular taxable income from taxable years 2021 to 2025 and taxable years 2022 to 2026, respectively, in pursuant to the Bayanihan to Recover As One Act.

MCIT

Period of Recognition	Availment Period	Beginning of the year	Additions	Applied	Expired	End of the year
2019	2020-2022	₱3,866,181	₱–	₱–	(₱3,866,181)	₱–
2020	2021-2023	1,713,931	–	–	–	1,713,931
2021	2022-2024	2,022,934	–	–	–	2,022,934
2022	2023-2025	–	2,556,520	–	–	2,556,520
		₱7,603,046	₱2,556,520	₱–	(₱3,866,181)	₱6,293,385

26. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2022	2021	2020
Net income attributable to equity holders of the Parent	**₱2,800,557,660**	₱2,504,080,376	₱165,646,806
Total comprehensive income (loss) attributable to equity holders of the Parent	**2,728,710,415**	2,680,681,495	(24,105,756)
Weighted average number of shares	**1,227,570,239**	1,227,570,239	1,241,967,264
Earnings (Loss) Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	**₱2.28**	₱2.04	₱0.13
Basic/diluted, for comprehensive income (loss) attributable to equity holders of the Parent	**₱2.22**	₱2.18	(₱0.02)

The Company does not have potentially dilutive common stock equivalents in 2022, 2021 and 2020.

27. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

All related party transactions exceeding ₱5.0 million in a single transaction or in aggregate transactions within the last twelve (12) months shall be disclosed to and evaluated by the Related Party Transaction Committee for approval by at least majority of the BOD.

All material related party transactions, representing 10% or more of the consolidated total assets of the Group, shall be approved by at least two-thirds (2/3) vote of the BOD, with at least majority of the independent directors voting to approve the material related party transactions. These transactions shall be disclosed with the SEC.

In the normal course of business and in addition to those disclosed in Notes 13 and 30, the Group grants/ receives cash advances to/from its associates and affiliates. Related Party transactions are generally settled through cash.

Compensation of the Group's key management personnel (in millions):

	2022	2021	2020
Short-term employee benefits (Notes 21 and 22)	**₱205.9**	₱106.8	₱146.4
Retirement benefits (Notes 21, 22 and 24)	**4.4**	4.4	4.4
Total	**₱210.3**	₱111.2	₱150.8

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

On November 4, 2019, the Company granted a five-year loan amounting to ₱363.5 million to A. Soriano Corporation Retirement Plan (the Retirement Plan) at 5% interest per annum. The loan is secured by the Company's shares of stock held by the Retirement Plan with a fair value of ₱506.2 million and ₱445.2 million as at December 31, 2022 and 2021, respectively.

The balance of the loan, which is presented as "Notes receivable" in the consolidated statements of financial position, amounted to ₱245.9 million and ₱297.6 million as at December 31, 2022 and 2021, respectively.

28. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable, lease liabilities and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields, and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk, and operating and regulatory risks. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Treasurer and Corporate Development Officer, and an independent consultant. The Committee meets at least every quarter for the review and evaluation. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures
The table below shows the gross maximum exposure for each class of financial assets before the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2022	2021
Cash in banks	**₱1,333,555,278**	₱1,691,559,733
Cash equivalents	**1,613,714,139**	1,036,630,915
FVPL investments - bonds	**162,948,774**	246,425,256
FVOCI investments - bonds	**41,453,401**	46,396,340
Advances	**567,408,113**	566,449,622
	3,719,079,705	3,587,461,866
Receivables:		
Trade	**2,312,815,653**	1,935,826,780
Notes receivable	**245,854,878**	297,608,131
Receivable from villa owners	**100,880,108**	37,908,027
Interest receivable	**8,563,901**	6,172,679
Dividend receivable	**–**	22,251,559
Others	**31,545,240**	29,144,224
	2,699,659,780	2,328,911,400
	₱6,418,739,485	₱5,916,373,266

Credit quality per class of financial assets
For the Group’s financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group’s rating policy.

Trade receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix.

		Days Past Due But Not Impaired					
December 31, 2022	**Current**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Total**
Expected credit loss rate	**0%**	**0% - 0.01%**	**0%- 0.02%**	**0%-0.04%**	**0% - 99.49%**	**100%**	
Estimated total gross carrying amount at default	**₱1,358,737,772**	**₱316,259,359**	**₱242,520,337**	**₱183,419,945**	**₱43,423,375**	**₱168,454,865**	**₱2,312,815,653**
Expected credit loss	**₱–**	**₱21,552**	**₱45,977**	**₱64,251**	**₱43,203,480**	**₱168,454,865**	**₱211,790,125**

		Days Past Due But Not Impaired					
December 31, 2021	Current	Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	Total
Expected credit loss rate	0%	0% - 1.05%	0% - 0.02%	0%	0% - 19.45%	100%	
Estimated total gross carrying amount at default	₱1,027,300,883	₱414,967,480	₱133,918,402	₱61,636,855	₱108,415,875	₱189,587,285	₱1,935,826,780
Expected credit loss	₱–	₱4,685,005	₱24,441	₱–	₱21,995,613	₱189,587,285	₱216,292,344

Other financial assets
Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments.

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

2022	**12-month ECL**	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Cash in banks	**₱1,333,555,278**	**₱–**	**₱–**	**₱1,333,555,278**
Cash equivalents	**1,613,714,139**	**–**	**–**	**1,613,714,139**
FVOCI investments	**41,453,401**	**–**	**–**	**41,453,401**
Receivables:				
Notes receivable	**245,854,878**	**–**	**–**	**245,854,878**
Receivable from villa owners	**100,880,108**	**–**	**–**	**100,880,108**
Interest receivable	**7,972,806**	**–**	**591,095**	**8,563,901**
Others	**30,546,017**	**–**	**999,223**	**31,545,240**
Advances	**2,608,113**	**–**	**564,800,000**	**567,408,113**
	₱3,376,584,740	**₱–**	**₱566,390,318**	**₱3,942,975,058**

2021	12-month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Cash in banks	₱1,691,559,733	₱–	₱–	₱1,691,559,733
Cash equivalents	1,036,630,915	–	–	1,036,630,915
FVOCI investments	46,396,340	–	–	46,396,340
Receivables:				
Notes receivable	297,608,131	–	–	297,608,131
Receivable from villa owners	37,908,027	–	–	37,908,027
Interest receivable	5,581,584	–	591,095	6,172,679
Dividend receivable	22,251,559	–	–	22,251,559
Others	28,145,001	–	999,223	29,144,224
Advances	1,649,622	–	564,800,000	566,449,622
	₱3,167,730,912	₱–	₱566,390,318	₱3,734,121,230

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted contractual payments as well as the financial assets used for liquidity management.

December 31, 2022	**Within 6 Months**	**Over 6 to 12 Months**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Total**
Cash on hand and in banks	**₱1,334,687,516**	**₱–**	**₱–**	**₱–**	**₱1,334,687,516**
Cash equivalents	**1,613,714,139**	**–**	**–**	**–**	**1,613,714,139**
FVPL investments - bonds	**–**	**–**	**29,909,658**	**133,039,115**	**162,948,773**
FVOCI investments - bonds	**–**	**–**	**27,817,958**	**13,635,443**	**41,453,401**
Receivables*	**2,240,424,459**	**–**	**245,854,878**	**–**	**2,486,279,337**
	₱5,188,826,114	**₱–**	**₱303,582,494**	**₱146,674,558**	**₱5,639,083,166**
Accounts payable and accrued expenses**	**₱1,192,641,934**	**₱–**	**₱–**	**₱–**	**₱1,192,641,934**
Lease liabilities	**7,053,815**	**7,053,814**	**6,569,093**	**–**	**20,676,722**
Notes payable	**–**	**–**	**–**	**–**	**–**
Long-term debt	**–**	**–**	**–**	**–**	**–**
Dividends payable	**501,959,779**	**–**	**–**	**–**	**501,959,779**
	₱1,701,655,528	**₱7,053,814**	**₱6,569,093**	**₱–**	**₱1,715,278,435**

**Including notes receivable amounting to ₱245.8 million.*
*** Excluding non-financial liabilities amounting to ₱100.2million.*

December 31, 2021	Within 6 Months	Over 6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Cash on hand and in banks	₱1,692,599,481	₱–	₱–	₱–	₱1,692,599,481
Cash equivalents	1,036,630,915	–	–	–	1,036,630,915
FVPL investments - bonds	52,012,606	15,039,605	70,620,865	108,752,180	246,425,256
FVOCI investments - bonds	–	–	46,396,340	–	46,396,340
Receivables*	1,813,420,607	–	297,608,131	–	2,111,028,738
	₱4,594,663,609	₱15,039,605	₱414,625,336	₱108,752,180	₱5,133,080,730
Accounts payable and accrued expenses**	₱1,002,131,333	₱–	₱–	₱–	₱1,002,131,333
Lease liabilities	4,969,201	4,969,201	7,729,869	–	17,668,271
Notes payable	23,166,200	–	–	–	23,166,200
Long-term debt	75,714,286	–	–	–	75,714,286
Dividends payable	519,529,172	–	–	–	519,529,172
	₱1,625,510,192	₱4,969,201	₱7,729,869	₱–	₱1,638,209,262

** Including notes receivable amounting to ₱297.6 million.*
*** Excluding non-financial liabilities amounting to ₱108.6 million.*

Accounts payable and accrued expenses, dividends payable, lease liabilities, notes payable and current portion of long-term debt are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk and operating and regulatory risk.

Investments exposed to market risk are foreign and local currency-denominated quoted debt instruments, foreign and local-currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant (in millions):

Floating Debt Instrument	**Change in Interest Rates [in Basis Points (bps)]**	**Effect on Income Before Tax and Equity Increase (Decrease)**
2022	–	–
	–	–
2021	+150	₱0.23
	-150	(0.23)

The sensitivity analysis shows the effect on the consolidated profit or loss of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and financial liabilities held as at December 31, 2022 and 2021. There is no other impact on equity other than those affecting profit or loss.

Fair value interest rate risk
Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity of the estimated future bond yields using a duration-based sensitivity approach. Items affecting profit or loss are bonds classified as FVPL and items affecting equity account are bonds classified as FVOCI. The impact of change in interest rates are as follows (in millions):

	Change in	**Increase (Decrease)**	
2022	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	**+100**	**₱–**	**(₱1.03)**
	-100	**–**	**(1.08)**
FVPL investments	**+100**	**(₱14.25)**	**₱–**
	-100	**(4.46)**	**–**

	Change in	Increase (Decrease)	
2021	Interest Rates (in bps)	Effect on Income Before Tax	Effect on Equity
FVOCI investments	+100	₱–	(₱2.06)
	-100	–	2.19
FVPL investments	+100	(₱4.85)	₱–
	-100	5.11	–

b. Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the PSE, NASDAQ and NYSE.

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach. The impact of the change in equity prices are as follows (in millions):

FVPL Investments	**Change in PSE Price Index**	**Effect on Income Before Tax and Equity Increase (Decrease)**
2022	**+20.49%**	**₱1,050.13**
	-20.49%	**(1,050.13)**
2021	+18.77%	₱859.33
	-18.77%	(859.33)

The annual standard deviation of the PSE price index is approximately with 18.77% and 33.14% and with 99% confidence level, the possible change in PSE price index could be +/-20.49% and +/-18.77% in 2022 and 2021, respectively.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

The sensitivity analysis demonstrates management's best estimate of the impact of reasonably possible change in NAV, with all other variables held constant.

The table below shows the impact on income before income tax and equity of assumed changes in NAV. A negative amount in the table reflects a potential reduction on income before income tax or equity while a positive amount reflects a potential increase on income before income tax or equity.

The impact of the change in mutual fund prices are as follows (in millions):

Mutual Funds	**Change in NAV**	**Effect on Income Before Tax and Equity Increase (Decrease)**
2022	**+10.00%**	**₱224.17**
	-10.00%	**(224.17)**
2021	+10.00%	₱153.90
	-10.00%	(153.90)

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency-denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency - denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Australian dollar and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies.

On borrowings, it is the Company's group-wide policy for its subsidiaries to minimize any foreign exchange risks. Thus, all borrowings, whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI and SSRLI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso on income before tax. It assumes that all other variables remain constant. The impact of the change in currency rates are as follows (in millions):

2022	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
US Dollar	**+7.44%**	**₱15.36**
	-7.44%	**(15.36)**

2021	Change in Currency Rate	Effect on Income Before Tax and Equity Increase (Decrease)
US Dollar	+4.38%	₱7.69
	-4.38%	(7.69)
Indonesian Rupiah	+19.11%	(₱34.01)
	-19.11%	34.01

e. Copper rod price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced. Average monthly purchase of copper rods amounted to ₱638.0 million, with an average quantity of about 1,255 metric tons in 2022 and ₱490.9 million, with an average quantity of about 1,182 metric tons in 2021.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market. The following table represents the effect on income before tax and equity of the reasonably possible change in metal prices, as they affect prices of copper rods, with all other variables held constant.

The impact of the change in copper prices are as follows (in millions):

	% Change in Copper Rod Prices	Effect on Income Before Income Tax and Equity Increase (Decrease)
2022	**+4.13**	**(₱45.13)**
	-4.13	**45.13**
2021	+9.02	(₱76.65)
	-9.02	76.65

PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital management
The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk-return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position.

No changes were made in the objectives, policies or process for the years ended December 31, 2022 and 2021.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2022	**At Amortized Cost**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents	**₱2,948,401,655**	**₱–**	**₱–**	**₱2,948,401,655**
FVPL investments	**–**	**12,046,804,002**	**–**	**12,046,804,002**
FVOCI investments	**–**	**–**	**41,453,401**	**41,453,401**
Receivables*	**2,486,279,337**	**–**	**–**	**2,486,279,337**
	₱5,434,680,992	**₱12,046,804,002**	**₱41,453,401**	**₱17,522,938,395**

**Including notes receivable amounting to ₱245.8 million.*

December 31, 2021	At Amortized Cost	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents	₱2,729,230,396	₱–	₱–	₱2,729,230,396
FVPL investments	–	11,677,813,985	–	11,677,813,985
FVOCI investments	–	–	46,396,340	46,396,340
Receivables*	2,111,028,738	–	–	2,111,028,738
	₱4,840,259,134	₱11,677,813,985	₱46,396,340	₱16,564,469,459

**Including notes receivable amounting to ₱297.6 million.*

Fair Values of Financial Assets and Financial Liabilities
The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable, current portion of lease liabilities and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investment in KSA are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a different multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

		Fair Value Measurement Using		
December 31, 2022	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱6,334,416,035**	**₱6,334,416,035**	**₱–**	**₱–**
Unquoted equity shares	**2,885,848,761**	–	**1,696,874,762**	**1,188,973,999**
Funds and equities	**2,139,724,268**	–	**2,139,724,268**	–
Proprietary shares	**518,127,073**	–	**518,127,073**	–
Bonds	**162,948,774**	**162,948,774**	–	–
Others	**5,739,091**	**5,739,091**	–	–
	12,046,804,002	**6,503,103,900**	**4,354,726,103**	**1,188,973,999**
FVOCI investments	**41,453,401**	**41,453,401**	–	–
	₱12,088,257,403	**₱6,544,557,301**	**₱4,354,726,103**	**₱1,188,973,999**

December 31, 2021	Total	Fair Value Measurement Using Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,405,486,958	₱7,405,486,958	₱–	₱–
Unquoted equity shares	1,827,306,698	–	805,597,624	1,021,709,074
Funds and equities	1,790,855,560	–	1,790,855,560	
Proprietary shares	399,877,073	–	399,877,073	–
Bonds	246,425,256	246,425,256	–	–
Others	7,862,440	7,862,440	–	–
	11,677,813,985	7,659,774,654	2,996,330,257	1,021,709,074
FVOCI investments	46,396,340	46,396,340	–	–
	₱11,724,210,325	₱7,706,170,994	₱2,996,330,257	₱1,021,709,074

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2022:

	Valuation Technique	**Significant Unobservable inputs**	**Range**	**Sensitivity of Input to Fair Value**
KSA	DCF Model	Dividend payout is ₱100.7 million with 5% annual increase at the end of 2nd year	0% to 5%	0%: fair value of ₱649 5%: fair value of ₱1,045
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,175 30%: fair value of ₱914
		Cost of equity of 13.20%	12.20% to 14.20%	12.20%: fair value of ₱1,185 14.20%: fair value of ₱936

2021:

	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year	0% to 5%	0%: fair value of ₱780 5%: fair value of ₱1,069
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,034 30%: fair value of ₱805
		Cost of equity of 13.20%	12.20% to 14.00%	12%: fair value of ₱981 14%: fair value of ₱879

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

As at December 31, 2022 and 2021, the carrying value of the investment in KSA amounts to ₱1,021.7 million. No unrealized gain or loss recognized for the years 2022, 2021 and 2020.

In 2021, Grab was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the years ended December 31, 2022, 2021 and 2020, there were no transfers other than those mentioned above.

30. **Contracts and Agreements**

Anscor

a. On November 29, 2019, the Company entered into a lease agreement with ATR Asset Management, Inc., ATRAM Trust Corporation and MET Holdings, Inc. for the lease of its condominium unit commencing on the agreement date until April 30, 2021. The contract was renewed for another five (5) years effective May 1, 2021, and the Company will receive monthly rental payments of ₱1.2 million, which is subject to 5% escalation rate starting May 1, 2022.

   The Company recognized rental income amounting to ₱13.0 million, ₱12.6 million, and ₱12.3 million in 2022, 2021 and 2020, respectively (see Notes 15 and 23).

IAI

a. On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of the engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary by a Honeywell authorized service center. Deposits for the MSP as at December 31, 2022 and 2021 amounted to nil and ₱22.19 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets.

b. IAI entered into a lease or concessionaire agreement with Manila International Airport Authority (MIAA) which granted IAI to operate as an aircraft hangar and conduct fixed base operations within the leased premises. The agreement shall be effective for a period of one (1) year commencing on January 1, 2016. After the end of the first year, the lease is automatically renewed until IAI is permitted to stay in Ninoy Aquino International Airport (NAIA) Complex. IAI will continue to operate at NAIA Complex by virtue of the Certificate of Public Convenience and Necessity (CPCN) to operate Domestic Scheduled Air Transportation Services issued on March 31, 2017 and valid from March 1, 2017 up to February 28, 2022. On March 28, 2022, the CPCN was renewed for a period of 5 years, effective from March 1, 2022 up to February 28, 2027.

   On October 15, 2019, MIAA issued a memorandum stating that all general aviation operations be transferred to other alternate airports to ease the traffic congestion at the NAIA Complex. MIAA gave general aviation companies until May 31, 2020 to vacate and turn over the leased premises.

   IAI continues to operate in the leased premises after May 31, 2020 and the lease agreement was converted to a month-to-month basis starting June 1, 2020.

   On January 28, 2021, IAI received a letter from MIAA stating that should IAI desire to renew the agreement, documentary requirements must be submitted on or before February 15, 2021 and that IAI should provide its best lease offer. Rent expense in 2021 and 2020 amounted to ₱5.2 million and ₱1.5 million.

   At the beginning of February 2021, Federation of Aviation Organization, of which IAI is a member, sent a letter proposal to MIAA for the best lease offer price which was agreed by all of its members.

   A new lease arrangement between MIAA and ASAC was executed on April 21, 2022 effective for a period of three years starting January 1, 2022 to December 31, 2024 or earlier depending on MIAA's development plan affecting the area. The contract may be renewed or extended only upon the written agreement by the parties on such terms and conditions as they may be mutually agreed upon. The new lease arrangement between MIAA and ASAC superseded the month-to-month arrangement between MIAA and IAI.

	2022
Cost	
Additions for the year	₱17,652,622
Accumulated Amortization	
Amortization for the year	(5,884,207)
Net Book Value	₱11,768,415

Set out below is the carrying amount of lease liability and its movement:

	2022
Additions for the year	₱17,652,621
Accretion of interest	760,575
Lease payments	(6,192,000)
	12,221,196
Less current portion of lease liability	5,845,738
Noncurrent portion of lease liability	₱6,375,458

The future aggregate minimum lease payments under the said lease are as follows:

	2022
Not later than 1 year	₱6,377,760
More than 1 year but not later than 5 years	6,569,093
	₱12,946,853

c. On November 7, 2022, the Board approved the acquisition of two (2) twin Otter aircraft from Viking Air Limited (VAL). On the same date, the Board authorized IAI to avail a 10-year loan amounting to ₱1.0 billion from Banco De Oro (BDO) with variable or floating interest rate for the first two (2) years and an interest (for evaluation whether fixed, variable or a combination of both) for the succeeding years.

d. On November 29, 2022, IAI entered into a purchase agreement with VAL to acquire two Twin Otter aircraft with a total purchase price US$17.07 million. As of December 31, 2022, IAI deposited to VAL advance payment based on the payment milestone for the aircraft amounting to ₱245 million funded by advances from SSRLI.

SSRLI and PRI

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop and construct the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation of machineries and equipment on PEZA-covered registered activities under the Registration Agreement.

   On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations are entitled to 5% gross income tax on revenues generated from foreign clients and regular income tax on non-foreign clients under the Registration Agreement.

On July 1, 2011, PRI took over the resort operations of SSRLI. On the same date, PEZA approved PRI's application for registration as a locator at the Pamalican Island Ecozone Tourism Zone. SSRLI also transferred in the name of PRI all resort operation-related contracts entered into with related parties and third parties, including its long-term loans with a bank, except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is nontransferable.

On October 3, 2012, PRI entered into an operating lease agreement with SSRLI covering all rights and interests in resort-related assets, which include land, land improvements and buildings for a period of 20 years beginning July 1, 2011. Annual lease rental amounted to ₱53.5 million, payable within the first five days at the beginning of each quarter.

Effective January 1, 2016, the annual rental fee upon mutual agreement of both parties was reduced to ₱42.8 million.

b. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.9 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million (see Note 7).

c. Since 1995, the Company charges a monthly fee amounting to US$15,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to PRI.

   Starting January 1, 2018, both parties mutually agreed to a monthly fee amounting to ₱650,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. AHI also charges PRI for a monthly fee of ₱100,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. Effective August 2021, ₱375,000 (inclusive of VAT) is billed by AHI to PRI and the same amount is charged by the Company by PRI.

d. PRI executed in the past an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (AMBV, the Operator of Amanresorts), a company based in Amsterdam, the Netherlands, for a fee of 5% of PRI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by PRI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of the resort and a reserve cash funding equivalent to 3% of gross revenues, which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment.

   On June 24, 2013, both parties have mutually entered into a new OMA, effective on the same date, in which PRI will pay a basic fee amounting to 4% of gross revenue and an incentive fee of 10% based on the gross operating profit collectively known as "Management fee". In addition to the management fees discussed, PRI shall also reimburse AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

   Likewise, a Marketing Service Agreement (MSA) was entered into by PRI with Amanresorts Services Limited (ASL) with marketing fee charges of 3% of PRI's annual gross hotel revenues. On June 24, 2013, both parties mutually entered into a new marketing services agreement of the same terms and conditions, except for a lower marketing fee rate of 1% of gross revenue from 3%.

On June 24, 2011, PRI also executed a Reservation Service Agreement with Hotel Sales Services Ltd. (HSSL), a company established in British Virgin Islands, in which PRI will pay the latter a monthly fee of 6.5% on gross accommodation charges for all realized bookings processed through HSSL's central sales and reservation offices with the exception of bookings made through the Global Distribution System (GDS) in which PRI will pay US$100 per booking. An annual maintenance fee of US$1,000 shall also be paid to HSSL.

On October 10, 2014, PRI and HSSL executed a new agreement, effective January 1, 2015, with similar terms as the original agreement, except for a higher annual maintenance fee which increased to US$3,000 from US$1,000 and a lower transaction fee for GDS Network bookings for US$100 from US$300.

PRI also obtained from Amanresorts I.P.R.B.V. (AIPRBV), a company incorporated in Amsterdam, the Netherlands, the nonexclusive license to use the Amanresorts Marks in connection with the operation of the Resort for a monthly fee of US$1,000.

The OMA, marketing and license contracts will expire on the thirty first (31st day) of December of the fifth full calendar year following their commencement. Further, AMBV has the option to extend the operating term for a period of five years from the date of its expiration.

On January 18, 2018 and March 9, 2018, the Aman Group notified PRI of the assignment of the OMA, MSA and RSA, among others, to Aman Group S.A.R.L., a company incorporated in Switzerland.

On November 28, 2018, Aman Group issued a Notice of Extension to PRI containing its election and intention to extend the operating term with PRI for a period of five (5) years or until December 31, 2023 from the date of expiration, which was on December 31, 2018, under the same terms and conditions as contained in the management agreement.

Total fees related to these agreements amounted to ₱98.1 million, ₱75.1 million and ₱52.6 million in 2022, 2021 and 2020, respectively.

e. PRI entered into an agreement with IAI wherein the latter will provide regular air transport service to PRI. IAI shall charge PRI a fixed round trip rate, subject to an annual review by both parties, with a guarantee that all IAI's operating cost will be covered. The agreement has a duration of three (3) years and was executed effective July 1, 2011. The agreement was renewed for another three (3) years on February 13, 2015. The duration of the contract may be extended upon such terms and condition as may be mutually agreed by both parties.

   On February 15, 2018, both parties entered into a renewal agreement which shall have a duration of not less than three (3) years unless otherwise pre-terminated. This was subsequently renewed for another three (3) years, i.e., until February 2024.

f. PRI entered into a lease agreement with IAI for the guest lounge, purchasing office including storage space and vehicle parking lots. In addition, in 2020, PRI entered into short-term lease agreements with IAI for PRI's disinfecting and rapid testing area, isolation area, staff room and additional vehicle parking slots.

   In 2022, the Company renewed its lease agreements with IAI for the Company's disinfecting and rapid testing area, isolation area, staff room and additional vehicle parking slots. These lease agreements are subjected to a lease term of one year or less.

On April 21, 2022, a new lease arrangement between Manila International Airport Authority (MIAA) and A. Soriano Air Corporation (ASAC) was executed effective for a period of three years starting January 1, 2022 to December 31, 2024. This new lease agreement between MIAA and ASAC superseded the month-to-month arrangement between MIAA and IAI. Accordingly, all the existing lease agreements between IAI and the Company was terminated. New lease agreements was executed between the Company and ASAC starting August 1, 2022. These lease agreements are subjected to a lease term of one year or less.

Total rent expense (eliminated in the consolidated profit or loss) relating to these lease agreements amounted to ₱3.84 million and ₱5.1 million in 2022 and 2021, respectively.

g. On July 1, 2011, PRI entered into management agreements with the villa owning companies wherein it shall provide general maintenance and accounting and administrative services for the villas. PRI shall also be responsible for the marketing and promotion of the villas. In return for these services, PRI shall be entitled to 50% of the net villa rental proceeds. PRI shall also receive reimbursements of costs, with 15% handling fees (except for utilities, which are not subject to handling fees), incurred in providing services to the villa guests. PRI's share in the net villa rental proceeds including handling fees amounted to ₱193.0 million, ₱164.0 million and ₱90.9 million in 2022, 2021 and 2020, respectively, and presented as "Services" revenue account in the consolidated statements of comprehensive income.

   As part of the agreement, PRI will also receive a fund which shall be used for future maintenance requirements of the villas. As at December 31, 2022 and 2021, the restricted fund amounted to ₱82.72 million and ₱87.01 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 16).

h. In November 2005, the DENR awarded to SSRLI the use of the foreshore land surrounding the Pamalican Island, where Amanpulo Resort is situated. The award has a duration of 25 years which may be renewed for another full period at the option of SSRLI. Annual rent shall be paid in advance on or before the 16th day of November every year.

i. In 2014, SSRLI entered into a Construction Service Contract (Service Contract) with the PEZA-registered villa owners in which SSRLI shall provide project management general and specific administration and supervision over the preconstruction and construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. As there are no ongoing projects, no handling fee was recognized in 2022, 2021 and 2020.

j. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2022 and 2021, total property development in progress mainly for Phase 4 villa development amounted to ₱41.1 million and ₱32.2 million, respectively.

<u>PDIPI and Subsidiaries</u>

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive), plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy (eliminated in the consolidated balance sheets) amounted to ₱44.7 million and ₱23.3 million as at December 31, 2022 and 2021, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱100.1 million, ₱103.6 million, and ₱85.1 million in 2022, 2021 and 2020, respectively.

A new management contract was executed effective January 1, 2022 subject to the same terms and conditions except for the payment of a fixed fee amounting to ₱7.2 million (VAT inclusive) per year.

b. In 2012, PDP Energy entered into a contract of lease with a third party for the lease of its office building. The term is for a period of five years and renewable at the option of both parties. Set out below are the carrying amount of right-of-use asset recognized as at December 31, 2022 and 2021, and the movement during the period.

	2022	2021
Cost		
Beginning/Ending balance	**₱35,792,042**	₱35,792,042
Accumulated Amortization		
Beginning balance	**22,605,501**	15,070,334
Amortization for the year	**7,535,167**	7,535,167
Ending balance	**30,140,668**	22,605,501
Net Book Value	**₱5,651,374**	₱13,186,541

Set out below is the carrying amount of lease liability and its movements in 2022 and 2021:

	2022	2021
Beginning balance	**₱16,600,449**	₱24,130,777
Accretion of interest	**1,618,916**	1,890,962
Lease payments	**(11,224,249)**	(9,421,290)
	6,995,116	16,600,449
Less current portion of lease liability	**4,288,032**	9,810,744
Noncurrent portion of lease liability	**₱2,707,084**	₱6,789,705

Operating lease commitments- PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

	2022	2021
Not later than 1 year	**₱7,729,869**	₱9,938,402
More than 1 year but not later than 5 years	**–**	7,729,869
	₱7,729,869	₱17,668,271

31. Changes in Liabilities Arising from Financing Activities

December 31, 2022

	December 31, 2021	Cash Flows for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Accretion of Interest	December 31, 2022
Dividends payable	₱519,529,172	₱–	(₱1,189,139,632)	₱1,227,570,239	(₱56,000,000)	₱–	₱501,959,779
Long-term debt	75,714,286	–	(75,714,286)	–	–	–	–
Notes payable	23,166,200	23,166,200	(23,166,200)	–	(23,166,200)	–	–
Lease liabilities	16,600,449	–	(17,416,249)	–	17,652,621	2,379,491	19,216,312
Total liabilities from financing activities	₱635,010,107	₱23,166,200	(₱1,305,436,367)	₱1,227,570,239	(₱61,513,579)	₱2,379,491	₱521,176,091

December 31, 2021

	December 31, 2020	Cash Flows for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Accretion of Interest	December 31, 2021
Long-term debt	₱227,142,857	₱–	(₱151,428,571)	₱–	₱–	₱–	₱75,714,286
Notes payable	23,166,200	23,166,200	–	–	(23,166,200)	–	23,166,200
Dividends payable	366,069,163	–	(725,217,672)	920,677,681	(42,000,000)	–	519,529,172
Lease liabilities	24,130,777	–	(9,421,290)	–	–	1,890,962	16,600,449
Total liabilities from financing activities	₱640,508,997	₱23,166,200	(₱886,067,533)	₱920,677,681	(₱65,166,200)	₱1,890,962	₱635,010,107

December 31, 2020

	December 31, 2020	Cash Flows for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Foreign Exchange Movement	Accretion of Interest	December 31, 2020
Long-term debt	₱503,307,603	₱–	(₱275,719,246)	₱–	₱–	(₱445,500)	₱–	₱227,142,857
Notes payable	–	28,166,200	(5,000,000)	–	–	–	–	23,166,200
Dividends payable	283,974,578	–	(813,500,482)	937,595,067	(42,000,000)	–	–	366,069,163
Lease liabilities	37,374,645	–	(12,038,287)	–	(3,917,535)	–	2,711,954	24,130,777
Total liabilities from financing activities	₱824,656,826	₱28,166,200	(₱1,106,258,015)	₱937,595,067	(₱45,917,535)	(₱445,500)	₱2,711,954	₱640,508,997

32. Other Matters

a. ASAC is a defendant in labor lawsuits and claims. As at December 31, 2019, management has provisions for losses amounting to ₱5.7 million that may be incurred from these lawsuits. In 2020, ASAC reversed the provisions in full as management assessed that the claim is no longer probable due to the prescription of the period from which the complainants may file an independent action to re-open the labor lawsuits. The 10-year prescriptive period ended on April 20, 2020.

b. The Group have claims, commitments, litigations and contingent liabilities that arise in the normal course of their operations which are not reflected in the consolidated financial statements. Management is of the opinion that as at December 31, 2022 and 2021, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

c. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, are not disclosed as they many prejudice the Group's negotiation with third parties.

33. Notes to Consolidated Statements of Cash Flows

The Group's investing activities in 2022 are as follows:

- 2021 additions to property and equipment amounting to ₱197.57 million was paid in 2022.

The Group's noncash investing activities in 2021 are as follows:

- Additions to property and equipment amounting to ₱197.57 million; and
- Loans amounting to ₱23.2 million were rolled-over for another year.

34. **Subsequent Events**

Anscor

- On March 1, 2023, the BOD approved the declaration of cash dividend of ₱0.50 per common share, payable on April 10,2023 to common stockholders of record as at March 16, 2023.

SSRLI, PRI and PUI

- SSRLI sold its shares in PUI to PRI on January 31, 2023. In February 2023, PRI transferred its assets to PUI amounting to ₱176.86 million.

- On February 28, 2023, the BOD of SSRLI declared a cash dividends amounting to 250.0 million, payable on April 17, 2023.

IAI

- On January 6, 2023, SSRLI made an additional cash advance of ₱160 million to IAI for additional deposits to VAL (see Note 30).

- On January 9, 2023, a Facility Agreement (IAI Loan) was executed between IAI and BDO, for a term loan in the aggregate principal amount of up to ₱1 billion. On the same date, the Continuing Suretyship (CS) in favor of BDO Unibank Inc. (BDO) was executed by SSRLI and PRI, as duly identified sureties, to secure the full payment of the IAI Loan and performance of the Secured Obligations as defined in the CS. Further, on the same date, IAI availed a 10-year loan from BDO amounting to ₱450.0 million with an interest rate of 6.5657%. The amount loaned was used to pay for the advances received from SSRLI amounting to ₱406.0 million.

- On February 14, 2023, SSRLI, PRI, PUI (the three companies as Trustors) and AB Capital and Investment Corporation (as Trustee) executed the Amended and Restated Mortgage Trust Indenture (MTI). PRI and PUI are now parties to the MTI which was originally entered by SSRLI and the Trustee on November 29, 2005. The Trustors in the MTI are now parties to the Mortgage Obligations for the IAI Loan with BDO. The Mortgaged properties include certain assets with an appraised value of at least 167% of the outstanding loan of IAI with BDO.

PDP

- On March 1, 2023, the BOD of PD Energy approved the declaration of ₱336.0 million cash dividend to PDIPI representing ₱5.2 per share, payable as follows:

  ₱36 million - payable on March 22, 2023
  ₱150 million - payable on April 4, 2023
  ₱150 million - payable on June 29, 2023

- On March 1, 2023, the Board of Directors of PDIPI approved the declaration of ₱336.0 million cash dividend to its stockholders of record as of March 3, 2023 representing ₱3.9 per share, payable as follows:

  ₱36 million - payable on March 23, 2023
  ₱150 million - payable on April 5, 2023
  ₱150 million - payable on June 30, 2023

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 1, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 97133-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564699, January 3, 2023, Makati City

March 1, 2023

A. SORIANO CORPORATION AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX A

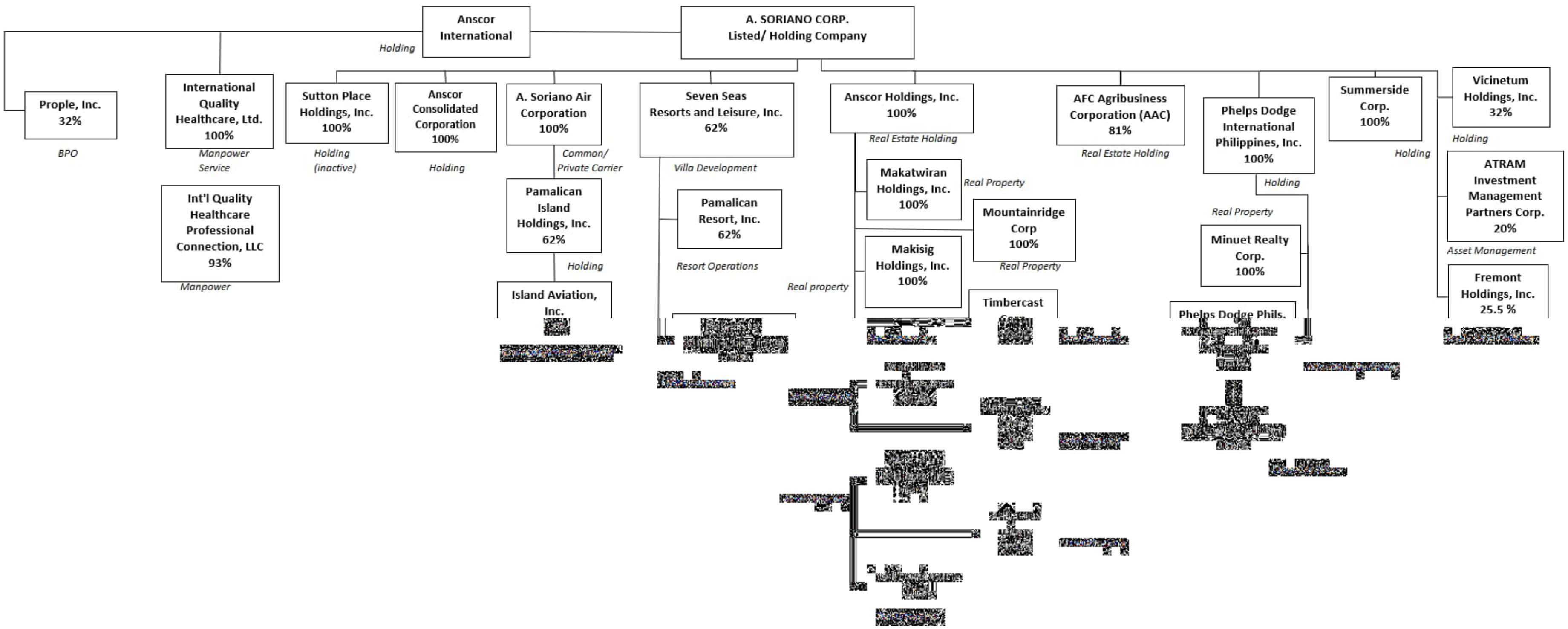
A. SORIANO CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Unappropriated retained earnings, December 31, 2021	**₱7,023,096,681**
Adjustments pertaining to unrealized market to market gains and deferred tax assets	4,344,181,279
Unappropriated retained earnings, as adjusted to available for dividend distribution, December 31, 2021	**2,678,915,402**
Add: Net income actually earned/realized	
Net income during the period	2,276,878,018
Unrealized foreign exchange gains (except those attributable to cash)	(128,551,322)
Net income actually earned	**4,827,242,098**
Less dividend declarations	(2,500,000,000)
Total retained earnings available for dividend declaration, December 31, 2022	**₱2,327,242,098**

ANNEX B

A. SORIANO CORPORATION AND SUBSIDIARIES

GROUP STRUCTURE
DECEMBER 31, 2022



A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
	No. of Shares/Units/	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
FVPL INVESTMENTS				
QUOTED EQUITY SHARES				
AC Energy	2,214,270	16,872,737.00	16,872,737	16,872,737
Ayala Corporation	738,090	512,972,550.00	512,972,550	(94,940,147)
Ayala Land Inc.	2,558,500	78,801,800.00	78,801,800	(21,127,048)
Bank of Phil. Islands	500,000	51,000,000.00	51,000,000	1,077,556
BDO Unibank Inc.	234,000	24,733,800.00	24,733,800	932,707
Bloomberry Resorts Corporation	3,748,400	28,675,260.00	28,675,260	5,935,340
Converge ICT Solutions, Inc.	1,338,600	21,256,968.00	21,256,968	(22,751,958)
I C T S I	22,649,602	4,529,920,400.00	4,529,920,400	136,527,897
iPeople Inc."A"	92,945,934	644,115,323.00	644,115,323	9,294,603
Jollibee Foods Corp.	83,240	19,145,200.00	19,145,200	(649,550)
Manila Water Company, Inc.	982,900	18,773,390.00	18,773,390	(26,399,982)
P L D T	30,570	40,260,690.00	40,260,690	(9,340,860)
Wilcon Depot Inc.	435,000	12,832,500.00	12,832,500	(4,148,758)
GRAB	975,350	175,105,705.00	175,105,705	(224,997,466)
AI - YMABS	587,868	159,949,712.00	159,949,712	(371,358,655)
UNQUOTED EQUITY SHARES				
K S A Realty Inc	-	1,021,709,073	1,021,709,073	-
Navergar PE Fund 1	-	49,972,962	49,972,962	21,516,027
Navergar PE Fund 2	-	286,350,408	286,350,408	(9,211,327)
Sierra Madre	-	497,962,401	497,962,401	(24,201,151)
AP I Tycho Co-Invested Ltd	-	114,841,260	114,841,260	-
Asia Partners I	-	364,060,039	364,060,039	80,275,982
Asia Partners II	-	112,809,621	112,809,621	(7,852,688)
Third Prime Alpha III-A	-	32,904,148	32,904,148	(548,852)
Third Prime (Kafene B)	-	84,419,848	84,419,848	(104,732)
Blue Voyant LLC	-	167,264,925	167,264,925	-
FUNDS AND EQUITIES				
ATRAM-Allianz Oriental Income AT-USD	1,642	18,112,349	18,112,349	(12,512,072)
ATRAM-Enora Global Fund-USD	15,716	18,401,157	18,401,157	(6,380,884)
ATRAM-iShares 10-20yr Treasury Bond ETF Inc-USD	6,200	37,395,771	37,395,771	(3,263,934)
ATRAM-iShares Russel 1000 Growth ETF-USD	2,042	24,391,590	24,391,590	(1,964,724)
ATRAM-iShares USD Treasury Bond 1-3yrs-USD	126,110	36,436,005	36,436,005	263,257
ATRAM-JPMorgan funds-USD Money Market-USD	4,267	25,451,806	25,451,806	99,912
ATRAM-Philippine Equity Smart Index Fund-PHP	1,317,283	129,486,666	129,486,666	808,828
ATRAM-RPGB 2 3/8 03/09/24-PHP	18,000,000	17,417,410	17,417,410	31,037
ATRAM-RPGB 4 3/8 02/11/23-PHP	53,000,000	53,015,005	53,015,005	1,176,360
ATRAM-RPGB 5 ½ 03/08/23-PHP	117,000,000	117,112,865	117,112,865	1,339,771
ATRAM-RPGB 5 ¾ 03/07/28-PHP	121,000,000	117,713,909	117,713,909	(477,736)
ATRAM-RPGB 6 7/8 01/10/29-PHP	111,000,000	113,193,588	113,193,588	3,999,570
ATRAM-RPGB 8 5/8 09/06/27-Php	16,870,000	18,098,628	18,098,628	(29,686)
ATRAM-Schroder Alternative Solutions-USD	2,659	21,911,477	21,911,477	3,146,296
ATRAM-T-Rowe Price Funds Sicav-USD	53,117	71,431,632	71,431,632	(1,688,657)
BS-Antartica BHM X USD-ACC-USD	2,857	26,475,748	26,475,748	1,385,998
BS-BCRED iCap Offshore Fund-USD	532	33,541,498	33,541,498	88,498
BS-Brookfield Super-Core Infra iCap Access Fund-	1,500,000	83,632,500	83,632,500	-
BS-Oaktree Alpha Credit Fund-USD	2,000	93,913,178	93,913,178	(15,925,237)
BS-RTW 0620N100 B5N -USD	300	12,150,166	12,150,166	(4,379,112)
BS-RTW OS 5N221N100 B-ACC-USD	150	4,796,524	4,796,524	(2,306,393)
BS-Straits 10-KKR (BOS PE Healthcare GR 2017)-	312,683	188,327,378	188,327,378	(71,862)
MS-UBS USD Autocallable Stk-USD	-	266,500	266,500	-
UBS-AB American Income Fund-USD	71,581	67,607,126	67,607,126	(4,874,374)
UBS-Activision Blizzard Inc-USD	3,750	16,005,170	16,005,170	1,264,318
UBS-Adobe Ord-USD	700	13,134,261	13,134,261	(7,907,997)
UBS-Advanced Micro Devices Inc-USD	1,750	6,319,690	6,319,690	(5,680,124)
UBs-Alibaba Group Holdings Ltd-USD	1,575	7,735,546	7,735,546	(3,469,674)
UBS-Alphabet Inc-Class A-USD	3,700	18,201,276	18,201,276	(10,878,118)
UBS-Amazon.Com Inc-USD	3,625	16,977,398	16,977,398	(14,751,291)
UBS-Apple Inc.-USD	2,500	18,110,618	18,110,618	(5,567,680)
UBS-Barclays Bank (GB) MultiEQ-USD	250,000	10,628,297	10,628,297	(2,431,255)
UBS-BGF-Asian tiger Bond-USD	51,241	35,026,197	35,026,197	(9,654,869)
UBS-Blackrock Global Funds SICAV-ST-USD	77,062	59,723,006	59,723,006	586,340
UBS-BREIT iCap Offshore Access Fund-USD	408	36,431,825	36,431,825	2,978,825
UBS-Crowdstrike Holdings Inc-USD	800	4,696,355	4,696,355	(2,531,957)
UBS-Fidelity Funds SICAV-Asian High-USD	30,653	25,396,685	25,396,685	(17,181,998)

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
	No. of Shares/Units/	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
UBS-Health Care Select Sector SPDR-USD	2,800	21,208,087	21,208,087	64,820
UBS-Invesco Global Real Assets-USD	4,963	26,664,952	26,664,952	61,890
UBS-iShares Diversified Commodity Swap-USD	32,000	12,712,140	12,712,140	1,610,258
UBS-iShares Medical Devices ETF-USD	3,500	10,260,593	10,260,593	(963,997)
UBS-iShares Plc-USD Corp Bond-USD	183,000	54,178,806	54,178,806	(1,141,157)
UBS-JPMorgan Funds SICAV-Income-USD	10,169	72,349,018	72,349,018	(7,227,273)
UBS-Legg Mason Global Funds (LMGF)-USD	4,241	22,378,160	22,378,160	(3,416,580)
UBS-Meta Platforms Ord Shares Class A-USD	2,210	14,828,120	14,828,120	(23,705,070)
UBS-Microsoft Corporation-USD	1,700	22,730,979	22,730,979	(9,618,584)
UBS-Morgan Stanley Inv Funds-Global Brands-USD	10,938	28,516,814	28,516,814	(3,321,288)
UBS-Ninety One Global Funds Strat. Funds-USD	13,275	27,726,776	27,726,776	(150,722)
UBS-Nomura Int'l SG MultiEQ-USD	775	5,199,906	5,199,906	(3,801,503)
UBS-NVDIA Corporation-USD	1,150	9,370,241	9,370,241	(1,284,930)
UBS-Owl Rock Technology Income Corp-USD	581	33,452,997	33,452,997	(3)
UBS-Palu Alto Networks, Inc-USD	1,050	8,169,055	8,169,055	(2,744,233)
UBS-Partners Group Global Value SICAV-USD	3,973	34,088,564	34,088,564	536,174
UBS-Paypal Holdings, Inc-USD	900	3,573,784	3,573,784	(8,852,371)
UBS-PIMCO Funds Global Cap Securities-USD	47,459	51,756,770	51,756,770	(4,087,479)
UBS-PIMCO Funds Global Inv Ser PLC-INC FD-USD	83,802	73,823,790	73,823,790	(4,997,004)
UBS-Robeco Capital Growth Funds-USD	2,310	22,030,251	22,030,251	(271,740)
UBS-Salesforce Ord Shrs-USD	1,675	12,382,530	12,382,530	(8,417,332)
UBS-Servicenow Inc-USD	560	12,122,877	12,122,877	(10,039,132)
UBS-Standars Charter (GB) AutoEQ-USD	250,000	11,236,026	11,236,026	(2,155,640)
UBS-Tencent Holdings Ltd-HKG	2,600	6,252,133	6,252,133	(2,479,604)
UBS-Twin Win Cap Note Barclays-USD	300,000	16,754,935	16,754,935	28,435
UBS-Uber Technologies Inc-USD	4,000	5,515,285	5,515,285	(4,014,710)
UBS-Vanguard Growth ETF-USD	400	4,744,081	4,744,081	(254,203)
UBS-Vanguard Value ETF-NY-USD	3,230	25,273,641	25,273,641	(403,731)
UBS-VISA Inc-Class A-USD	1,360	15,760,600	15,760,600	(420,275)
UBS-Wellington Mngt Funds (Commodities)-USD	14,315	12,518,808	12,518,808	(760,072)
Ishares 1-3 Year	3,750	16,971,125	16,971,125	(3,471)
AHI-PLDT Series Y 10% Cumm. Pref.	4,200	46,452	46,452	-
AHI-PLDT Series BB 10% Cumm. Pref.	1,200	13,248	13,248	-
BONDS				
BS-(CNTCN)Central China Real Estate LTD 7.5	$ 350,000	4,878,563	4,878,563	(6,515,728)
BS-Shimao Property Holdings 5.2% 01/30/25-USD	$ 300,000	3,010,770	3,010,770	(7,822,699)
UBS-AEV Int'l 2020-16.02.2030 4.2%-USD	$ 350,000	17,788,215	17,788,215	(1,409,956)
UBS-Goldman Sachs Notes 5.70%-USD	$ 200,000	11,304,215	11,304,215	283,300
UBS-Jollibee Worldwide (JFC) 4.75% 2020-	$ 300,000	15,141,664	15,141,664	(1,716,828)
UBS-Royal Capital BV 4.875 291249 Perp-USD	$ 300,000	16,058,574	16,058,574	(456,840)
UBS-SMC Global Power Holdings Corp-2019-USD	$ 500,000	22,720,162	22,720,162	(985,062)
UBS-US Treasury Bonds/Notes-USD	$ 200,000	10,716,111	10,716,111	131,060
WHOLESOME SPIRITS INC. (Volley)	-	41,816,250	41,816,250	-
Medifi	-	19,514,250	19,514,250	-
PROPRIETARY SHARES				
Alabang Country Club "A"	2	21,000,000	21,000,000	9,000,000
Alta Vista De Cebu (Vistamar)	1	400,000	400,000	-
Camp John Hay	2	400,000	400,000	(100,000)
Canlubang Golf & Country Club	2	6,000,000	6,000,000	2,800,000
Celebrity Sports Plaza	1	250,000	250,000	-
Club Filipino	1	300,000	300,000	-
Cresta Del Mar	1	68,000	68,000	-
Makati Sports Club "A"	1	1,350,000	1,350,000	600,000
Anscorcon - Manila Golf	1	105,000,000	105,000,000	22,000,000
Anscor - Manila Golf & Country Club	3	315,000,000	315,000,000	66,000,000
Manila Polo Club	1	30,000,000	30,000,000	6,000,000
Manila Southwoods "A"	1	3,000,000	3,000,000	1,050,000
Maybank ATR KIMENG Partners, Inc.	-	15,000	15,000	-
Metropolitan Club	1	250,000	250,000	-
Orchard Golf & Country Club "C"	1	1,500,000	1,500,000	700,000
Orchards Golf Club "A"	1	1,100,000	1,100,000	600,000
Palms Country Club 'Class A"	1	1,500,000	1,500,000	500,000
Philippine Village Resort	1,000	5,000	5,000	-
PLDT	11,330	119,073	119,073	-
Puerto Azul	1	120,000	120,000	-
Sta Elena Properties'A'	3	25,500,000	25,500,000	7,500,000

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
	No. of Shares/Units/	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Tagaytay Midlands Golf Club, Inc.	1	1,500,000	1,500,000	800,000
Anscor - Valle Verde Country Club	1	450,000	450,000	(150,000)
PDP - Valle Verde Country Club	3	2,500,000	2,500,000	900,000
Valley Golf Club	1	800,000	800,000	50,000
OTHERS				
ACMDC	840,173	3,058,230	3,058,230	(2,125,638)
Central Azucarera de La Carlota	271	780	780	-
Manila Peninsula Hotels,Inc.	265,000	2,444,945	2,444,945	-
Meralco	636	190,036	190,036	2,290
PLDT Co - Pref	1,200	12,600	12,600	-
Realty Investment Inc	120,000	32,500	32,500	900,000
TOTAL - FVPL INVESTMENTS		**12,046,804,002**	**12,046,804,002**	**(497,866,971)**
FVOCI INVESTMENTS				
BONDS				
UBS-EMTN Eastern 4.125% 2021.30.06.2028-USD	$ 300,000	13,635,443	13,635,443	236,077
UBS-General Motors 2.35% 2022.06.02.2027-USD	$ 300,000	14,632,342	14,632,342	479,069
UBS-Nomura Holdings 2.648% 2020-16.02.2025-	$ 250,000	13,185,616	13,185,616	355,456
TOTAL - FVOCI INVESTMENTS		**41,453,401**	**41,453,401**	**1,070,602**
GRAND TOTAL - FINANCIAL ASSETS		**12,088,257,403**	**12,088,257,403**	**(496,796,369)**

Note 1 This account consists of investments that are designated as FVPL, FVOCI and held-for-trading investments.

Note 2 This column includes interest income, dividends and unrealized gain/loss in market value of FVPL investments charged to income in 2022

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2022

Name and Designation of Debtor	Beginning Balance	Additions	Collections	Current	Not Current	Ending Balance

NOT APPLICABLE

Aggregate indebtedness of the individual directors, officers, employees, and principal stockholders (other than related parties) are below P1,000,000.

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE

ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
A. SORIANO CORPORATION RECEIVABLES FROM ITS SUBSIDIARIES							
Anscor Holdings, Inc.	8,702,342	17,792,725	-	-	17,792,725	8,702,342	26,495,067
Summerside Corporation	785,125	-	-	-	-	785,125	785,125
Seven Seas Resorts & Leisure Inc.	54,347	173,910	-	-	228,257	-	228,257
Pamalican Resorts, Inc.	35,740	4,017,857	3,642,857	-	410,740	-	410,740
Pamalican Island Holdings, Inc. (PIHI)	(606,644)	7,051	-	-	-	(599,593)	(599,593)
A. Soriano Air Coporation	36	7,000,000	7,000,000	-	-	36	36
Island Aviation Inc.	(61,075)	4,602,929	-	-	4,541,854	-	4,541,854
Anscor Consolidated Corporation	(21,124)	1,271,000,000	1,271,113,353	-	(134,477)	-	(134,477)
Phelps Dodge Philippines Energy Products Corporation	23,322,925	112,093,660	81,125,355	-	54,291,230	-	54,291,230
Phelps Dodge International Philippines, Inc.	-	250,000,000	250,000,000	-	-	-	-
AFC Agribusiness Corporation	8,253,352	12,617,046	-	-	12,617,046	8,253,352	20,870,398
Sutton Place Holdings	(8,749,381)	10,902	-	-	-	(8,738,479)	(8,738,479)
IQ Healthcare Investments Limited	7,156,720	-	-	-	-	7,156,720	7,156,720
Anscor International, Inc.	2,387,633,220		1,402,056,369	-	-	985,576,851	985,576,851
	2,426,505,583	**1,679,316,081**	**3,014,937,934**	**-**	**89,747,376**	**1,001,136,354**	**1,090,883,730**
RECEIVABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
Pamalican Resort Inc. (ASAC direct receivables)	488,977	506,794	-	-	995,771	-	995,771
Pamalican Resort Inc. (IAI direct receivables)	30,267,765	197,428,719	178,451,112	-	49,245,372	-	49,245,372
A. Soriano Corporation (PIHI direct receivables)	606,644	-	7,051	-	-	599,593	599,593
	31,363,386	197,935,513	178,458,163	-	50,241,143	599,593	50,840,736
ANSCOR CONSOLIDATED CORPORATION							
A. Soriano Corporation	21,124	1,271,113,353	1,271,000,000	-	134,477	-	134,477
	21,124	1,271,113,353	1,271,000,000	-	134,477	-	134,477
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
Island Aviation Inc. (direct receivable of PRI)	58,822,853	1,360,428	58,822,853	-	1,360,428	-	1,360,428
Island Aviation Inc. (direct receivable of Seven Seas)	43,417,152	246,479,752	43,417,152	-	246,479,752	-	246,479,752
	102,240,005	247,840,180	102,240,005	-	247,840,180	-	247,840,180
SUTTON PLACE HOLDINGS, INC.. (Conso)							
A. Soriano Corporation (direct receivable of Sutton)	8,749,381	-	10,902	-	-	8,738,479	8,738,479
	8,749,381	-	10,902	-	-	8,738,479	8,738,479

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE

ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
ANSCOR INTERNATIONAL (Conso)							
IQ Healthcare Investments Limited)	17,263,162	24,525,211	-	-	24,525,211	17,263,162	41,788,373
	17,263,162	24,525,211	-	-	24,525,211	17,263,162	41,788,373
Anscor Holdings, Inc.							
Seven Seas Resorts & Leisure Inc.	126,970	-	19,844	-	-	107,126	107,126
	126,970	-	19,844	-	-	107,126	107,126
Summerside Corporation							
Anscor Holidngs, Inc.	2,039,204	-	9,714	-	-	-	2,029,490
	2,039,204	-	9,714	-	-	-	2,029,490
	161,803,232	**470,300,904**	**280,738,628**	**-**	**322,606,534**	**26,708,360**	**351,344,384**
PAYABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
A. Soriano Corporation	(61,039)	11,602,929	7,000,000	-	4,541,854	36	4,541,890
Pamalican Resort Inc. (direct payable of ASAC)		1,709,608			1,709,608		1,709,608
Seven Seas Resorts & Leisure Inc. (direct payable of PIHI)		65,000			65,000		65,000
Seven Seas Resorts & Leisure Inc. (direct payable of IAI)	43,417,152	246,479,752	43,417,152	-	246,479,752	-	246,479,752
Pamalican Resort Inc. (direct payable of IAI)	58,822,853	679,563	58,822,853	-	679,563	-	679,563
	102,178,966	260,536,852	109,240,005	-	253,475,777	36	253,475,813
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
A.Soriano Corporation (direct payable of PRI)	35,740	4,017,857	3,642,857	-	410,740	-	410,740
A.Soriano Corporation (direct payable of SSRLI)	54,347	173,910	-	-	-	228,257	228,257
Anscor Holdings, Inc. (direct payable of SSRLI)	126,970	-	19,844	-	107,126	-	107,126
A. Soriano Air Corporation (direct payable of PRI)	478,977	-	478,977	-	-	-	-
Pamalican Island Holdings, Inc. (direct receivable of SSRLI)		(65,000)			(65,000)	-	(65,000)
Island Aviation, Inc. (direct payable of PRI)	30,267,765	197,449,652	178,451,112	-	49,266,305	-	49,266,305
	30,963,799	201,576,419	182,592,790	-	49,719,171	228,257	49,947,428
PHELPS DODGE INTERNATIONAL PRODUCTS PHILIPPINES, INC. (PDIPI) - Conso							
A. Soriano Corporation (direct payable of PDP Energy)	23,322,925	112,093,660	81,125,355	-	54,291,230	-	54,291,230
A. Soriano Coporation (direct payyable of PDIPI)	-	250,000,000	250,000,000	-	-	-	-
	23,322,925	362,093,660	331,125,355	-	54,291,230	-	54,291,230
ANSCOR HOLDINGS INC. (Conso)							

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE

ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
Summerside Corporation	2,039,204	-	9,714	-	2,029,490	-	2,029,490
A. Soriano Corporation	8,702,342	17,792,725	-	-	17,792,725	8,702,342	26,495,067
	10,741,546	17,792,725	9,714	-	19,822,215	8,702,342	28,524,557
SUMMERSIDE CORPORATION (Conso)							
A. Soriano Corporation	785,125	-	-	-	-	785,125	785,125
	785,125	-	-	-	-	785,125	785,125
AFC AGRIBUSINESS CORPORATION							
A. Soriano Corporation	8,253,352	12,617,046	-	-	12,617,046	8,253,352	20,870,398
	8,253,352	12,617,046	-	-	12,617,046	8,253,352	20,870,398
ANSCOR INTERNATIONAL (Conso)							
A. Soriano Corporation (direct payable of AI)	2,387,633,220	-	1,402,056,369	-	-	985,576,851	985,576,851
A. Soriano Corporation (direct payable of IQ Healthcare Investments Limited)	7,156,720	611,307	-	-	-	7,768,027	7,768,027
IQ Healthcare Investments Limited	17,263,162	24,525,211	-	-	24,525,211	17,263,162	41,788,373
	2,412,053,102	25,136,518	1,402,056,369	-	24,525,211	1,010,608,040	1,035,133,251
	2,588,298,815	**879,753,221**	**2,025,024,233**	**-**	**414,450,651**	**1,028,577,152**	**1,443,027,803**

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
AS OF DECEMBER 31, 2022
(Amounts in PHP)

Title of issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under caption "Current portion of long-term debt" in related balance sheet	Amount Shown under caption "Long-term debt - net of current portion" in related balance sheet
	NA	NA	NA
Total	-	-	-

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022 AND 2021
(Amounts in PHP)

PARTICULARS	Balance at Beginning of Period	Balance at End of Period
Due From:		
Multi-media Telephony, Inc. (MTI) (Notes 1)	564,769,510	**564,769,510**
Others	1,641,455	**2,599,946**
	566,410,965	**567,369,456**
Less Allowance for Doubtful Accounts	564,761,343	**564,761,343**
RECEIVABLE - NET	1,649,622	**2,608,113**

Note 1 In June and September 2005, the Company entered into a loan agreement with MTI for the latter to issue convertible debts to the Company. The debts, totaling US$3.0 million are payable in 270 days and bear interest at 20% per annum. Prior to the payment date, the Company has the option to convert the said debt into Vicinetum Holdings, Inc.'s (VHI) (MTI's parent company) shares of stock.

In 2006, the Company provided additional advances to MTI amounting to US$6.5 million. The advances are payable in two years and bear interest at 20% per annum. The Company has the option to convert these advances to shares of stock of MTI.

In 2007, additional ₱25.0 million advances were extended to MTI to be converted to 278,822 shares of VHI.

As of December 31, 2009, these advances were converted into deposits for future stock subscription of VHI shares.

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022
(Amounts in PHP)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which this Statement is Filed	Nature of Guarantee
N A	NA	NA	NA	NA

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
AS OF DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares issued & Outstanding	Number of shares Reserved for Options,Warrants Conversions & Other Rights	Number of shares Held by			
				Subsidiaries	Related Parties	Directors, Officers & employees	Others
Common Stock	3,459,310,958	2,500,000,000	NA				
Preferred Stock	500,000,000	500,000,000	NA	-	500,000,000	-	-
		3,000,000,000					
Treasury shares		-					
No. of shares issued and outstanding (legal)		**3,000,000,000**		1,272,429,761	63,694,835	666,813,481	497,061,923
No. of shares held by a subsidiary (Anscor Consolidated Corporation)		(1,272,429,761) *					
Outstanding shares - (common and preferred) net of shares held by a subsidiary		**1,727,570,239**					

* As at December 31, 2022 and 2021, Anscorcon holds 1,272,429,761 shares of the Company.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 1, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as of December 31, 2022, and 2021 and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 97133-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564699, January 3, 2023, Makati City

March 1, 2023

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022 AND 2021

			2022		2021	
i.	Current Ratio	Total Current Assets	19,339,745,780		18,093,740,907	
		Total Current Liabilities	1,945,908,174	9.9:1	1,877,916,302	9.64 : 1
ii.	Acid Test Ratio	Total Current Assets less Inventories, Prepayments, and Other Current Assets	17,235,630,116	8.9:1	16,220,464,988	8.64 : 1
		Total Current Liabilities	1,945,908,174		1,877,916,302	
iii.	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and amortization	3,124,945,454	123.78%	2,806,675,830	109.30%
		Total Liabilities	2,524,505,010		2,567,867,866	
iv.	Debt-to-Equity Ratio	Total Liabilities	2,524,505,010	0.1:1	2,567,867,866	2.57 : 20.46
		Equity Attributable to Equity Holders of the Parent	21,961,719,040		20,460,578,865	
v.	Asset-to-Equity Ratio	Total Assets	25,138,235,219	1.14	23,624,974,330	1.15
		Equity Attributable to Equity Holders of the Parent	21,961,719,040		20,460,578,865	
vi.	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	3,102,884,832	661.92	2,928,004,620	285.39
		Interest expense	4,687,677		10,259,686	
vii.	Return on Equity	Net Income Attributable to Equity Holders of the Parent	2,800,557,660	12.75%	2,504,080,376	12.24%
		Equity Attributable to Equity Holders of the Parent	21,961,719,040		20,460,578,865	
viii.	Return on Assets	Net Income Attributable to Equity Holders of the Parent	2,800,557,660		2,504,080,376	10.60%
		Total Assets	25,138,235,219	11.14%	23,624,974,330	

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022 AND 2021

			2022		2021	
ix.	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	2,800,557,660	20.56%	2,504,080,376	22.05%
		Total Revenues	13,624,683,643		11,354,086,841	
x.	Book value per share	Equity Attributable to Equity Holders of the Parent	21,961,719,040	17.89	20,460,578,865	16.67
		Outstanding Number of Shares	1,227,570,239		1,227,570,239	

AMENDED BY-LAWS
OF
A. SORIANO CORPORATION

ARTICLE I

CAPITAL STOCK AND SHARES

Section 1. Each stockholder shall be entitled to one or more shares of the Corporation registered in its Stock Books in the name of the person who has subscribed thereto. Certificates of Stock shall be issued in numerical order from the Stock Certificates Book and shall be signed by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer, and countersigned by the Secretary and sealed with its corporate seal; Provided, that in lieu of the original signatures of the Chairman of the Board and Chief Executive Officer, or the President and Chief Operating Officer, and of the Secretary there may be substituted a facsimile of said signatures, in which case a certificate must bear the original and genuine signature of the Assistant Secretary or of an authorized representative of the Corporation's stock transfer agent and shall be sealed with the corporate seal. The certificates of stock shall be numbered in the order in which they are issued. On the stub of each certificate issued shall be recorded the data relative to each certificate.

Section 2. The certificates of stock may be transferred, sold, ceded or pledged by written endorsement on the back of the certificate and delivery thereof to the assignee, but the Corporation shall continue to honor the ownership of such certificate of the person in whose name it was issued, until such certificate is surrendered to the Secretary for cancellation and in lieu thereof a new certificate is issued in the name of the assignee.

The Corporation will refuse to record on its book the transfer of, and will not issue or sell, any shares of its capital stock or interest thereon, to persons who are not citizens of the Philippines, if, as a result of such issuance, sale or transfer, the total number of shares of capital stock owned on record or beneficially, as may be known to the Corporation, by non-Philippine citizens, will exceed FORTY PERCENT (40%) of the number of outstanding shares of capital stock and this restriction shall be indicated in all stock certificates.

Section 3. All certificates presented for transfer to the Secretary must be stamped "CANCELLED" on the face thereof together with the date of cancellation, and must be immediately attached to the corresponding stub in the stock book.

Section 4. New certificates of stock in lieu of those which have been lost or destroyed may be issued provided the owner of said certificates of stock, or his legal representative, shall file an affidavit, in triplicate, setting forth the circumstances under which said certificates have been lost or destroyed, the number of shares represented be each certificate and the numbers of the certificates. The petitioner shall also submit such other information and evidence which he may deem convenient and necessary.

After verifying the affidavit and other information and evidence of the applicant with the books of the corporation, said corporation shall publish a notice of said loss in a newspaper of general circulation in the Philippines published in Manila, once a week for three consecutive weeks, at the expense of the petitioner. The notice shall state the name of the corporation, the name of the registered owner, the number of the certificates, and the number of shares represented by each certificate. After the expiration of one year from the date of the last publication, if no claim has been presented to said corporation regarding said certificates of stock, the right to make such claim shall be barred and said corporation shall cancel in its books the certificates of stock which have been lost or destroyed, issuing in lieu thereof new certificates of stock. If the registered owner files a bond satisfactory to the Board of Directors, running for a period of one year to indemnify the corporation during said period, of any loss or damages which it may incur for the issuance of the new certificates, the new certificates may be issued even before the expiration of the one-year period provided herein. Provided, however, that if a claim has been presented to the corporation or, if an action is pending in Court, regarding the ownership of said certificates of stock, the issuance of the new certificates of stock in lieu thereof shall be suspended until final adjudication by the Court regarding the ownership of the said certificates.

Section 5 The stock and transfer books of the corporation shall be closed for transfer at least twenty (20) days next preceding the Annual Meeting of Stockholders.

ARTICLE II

FUNDS OF THE CORPORATION

The funds of the Corporation shall be deposited in its name in such banks or credit institutions designated by the Board of Directors, with the exception of a small amount to be determined by the Board, which amount can be placed in the safe box of the Corporation.

ARTICLE III

MEETINGS

Section 1. The annual meeting of stockholders, legally constituted, represent the entire stockholdings and any resolutions adopted at such meetings are binding upon all stockholders present or absent.

Section 2. The meetings of stockholders shall be ordinary or extraordinary and held in the principal offices of the Corporation or in such place as may be designated by the Board within Metro Manila. Unless a different date and time preferably in April is fixed by the Board of Directors and only upon due notice, the annual meeting of stockholders shall be held at 10:00 o'clock in the morning on the THIRD WEDNESDAY OF APRIL OF EACH YEAR, if not a legal holiday, and if a legal holiday, then on the day following. The special meeting of stockholders may be held at any time whenever so called by the Board of Directors or the Chairman and Chief Executive Officer.

Section 3. Notices of ordinary stockholders meeting shall be sent to stockholders or record at least fifteen (15) business days prior to the scheduled annual stockholders meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 4. The meetings of stockholders, ordinary and extraordinary, duly called, shall be constituted and the minutes recorded, provided that more than one-half of the outstanding stock must be present or represented except in cases in which the Corporation Law requires a higher majority. If no quorum is constituted, the meeting shall be adjourned until the requisite number of stockholders shall be present. When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 5. For the election of Directors, it shall be necessary that one-half plus one of all shares subscribed be present or represented.

Section 6. Any stockholder with the right to vote may be represented by proxy at any stockholders' meeting, ordinary or extraordinary. The proxies shall be in writing and signed, with no other formality required. The proxies for the ordinary meetings shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting, otherwise the proxies will be invalid. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000)*

The Board of Directors shall set the date for validation of proxies which shall not be less than five (5) days prior to the scheduled annual stockholders meeting.

Section 7. Each share of stock, provided each share is fully paid for, is entitled to one vote in the name of the person recorded in the Stock Book of the Corporation.

Section 8. The election of directors must be made in accordance with law and every stockholder entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit;

provided, that the total number of votes cast by him shall not exceed the number of shares owned by him.

Section 9. In the annual meeting of stockholders, a board of SEVEN (7) directors shall be elected who will hold their offices for the ensuing term and until their successors are duly elected and qualified. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007.)*

ARTICLE IV

BOARD OF DIRECTORS

Section 1. The corporate powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of SEVEN (7) Directors who shall be elected annually by the stockholders for a term of one (1) year and shall serve until the election and acceptance of their qualified successors. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007.)*

Without prejudice to the general powers hereinabove conferred, the Board of Directors shall have the following express powers:

a. From time to time to make and change rules and regulations not consistent with the by-laws for the management of the Company's business and affairs;

b. To purchase or otherwise acquire for the Company, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions and for such consideration as it shall from time to time see fit;

c. To pay for any property or rights acquired by the Company or to discharge obligations of the Company either wholly or partly in money or in stock, bond, debentures or other securities of the Company;

d. To borrow money for the Company and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge of property belonging to the Company; provided that, as hereinafter provided, the proper officers of the Company shall have these powers, unless expressly limited by the Board of Directors;

e. To prosecute, maintain, defend, compromise or abandon any law suit in which the Corporation or its officers are either Plaintiffs or Defendants in connection with the business of the Corporation, and likewise, to grant installments for the payments or settlement of whatsoever debts are payable to the Corporation;

f. To delegate, from time to time, any of the powers of the Board in the course of the current business or businesses of the Company to any standing or special committee or to any officer or agent and to appoint any persons to be agents of the Company with such powers (including the power to sub-delegate), and upon such terms, as may be deemed fit; and

g. To dissolve doubts as to the meaning of these by-laws and supply the omissions thereof, and giving an account to the General Meeting of the same.

Section 2. No persons shall be elected director unless he has at lest twenty thousand shares of the capital stock of the Corporation registered in his name.

Section 3. In addition to the right of the Board of Directors to make nominations for the election of directors, nominations for the election of directors may be made by any shareholder entitled to vote for the election of directors if that shareholder complies with all of the following provisions:

a. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on March 1 of every year or at such earlier or later date as the Board of Directors may fix.

b. Each nomination under the preceding paragraph shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporation. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

c. The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Section 4. At least two (2) of the Corporation's seven (7) directors shall be independent directors. For this purpose, an independent director shall mean a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

<u>Independent directors shall be nominated and elected in accordance with the provisions of Section 38 of the Securities Regulation Code (Republic Act No. 8799)</u>. *(As amended by the Board on March 2, 2009; by the Stockholders on April 22, 2009)*

Section 5. A director shall be qualified to hold office only upon pledging the twenty thousand shares registered in his name to the Corporation to answer for his conduct. If any vacancy shall occur among the directors by death, resignation or otherwise, the remaining directors, by affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of the new board of directors.

Section 6. Regular meetings of the Board of Directors shall be held once every quarter of the year in the office of the Corporation on such dates and at such times as the Chairman of the Board and Chief Executive Officer, or in his absence, the President and Chief Operating Officer may determine. Special meetings of the Board and Chief Executive Officer, or in his absence, of the President and Chief Operating Officer, or upon the request of a majority of the directors.

Section 7. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting.

Section 8. A majority of the entire membership of the Board shall constitute a quorum for the transaction of any business, and the decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act.

A written resolution signed by all the directors shall be binding and valid as if the same had been taken up by the Board in a meeting duly called.

<u>ARTICLE V</u>

<u>EXECUTIVE COMMITTEE</u>

The Board of Directors shall create an Executive Committee composed of <u>five (5)</u> members. The Executive Committee shall meet regularly at such times and places to be determined by a majority vote thereof. Unless otherwise provided for by the Board of Directors, the Executive Committee shall be composed of the Chairman and Chief Executive Officer, the Vice Chairman, the President and Chief Operating Officer, and two (2) officers or directors of the Company to be appointed by the Chairman. The Chairman and Chief Executive Officer of the Company shall act as Chairman of the Executive Committee.

The Executive Committee may act by majority vote of all of its members, on matters within the competence of the Board, except as specifically limited by law or by the Board of

Directors. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

All actions of the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board, provided that no rights of third parties arising out of acts approved by the Executive Committee and within its scope of authority shall be affected by such revision or alteration.

Regular minutes of the proceedings of the Committee shall be kept in a book provided for that purpose. Vacancies in the Committee may be filled by the Board of Directors, provided that the parties agree to vote their shares, instruct their directors (to the extent permitted by law), or otherwise exercise their rights as stockholders so as to elect a person nominated by the party that nominated the member whose death, resignation or removal from office caused the vacancy.

Three (3) out of the five (5) members of the Executive Committee shall be necessary to constitute a quorum, and in every case the affirmative vote of the three members shall be necessary for the passage of any resolution. The Executive Committee may act by the written resolution of a quorum thereof, although not formally convened. It shall fix its own rules of procedure and shall meet as provided by such resolution or by resolution of the Board, and shall also meet at the call of its Chairman.

The Board of Directors shall fix the compensation of the members of the Executive Committee.

ARTICLE VI

OFFICERS

Section 1. The officers of the Corporation shall consist of a Chairman of the Board, who shall be the Chief Executive Officer, a Vice Chairman of the Board, a President, who shall be the Chief Operating Officer, an Executive Vice President, one or more Vice Presidents, a Treasurer and an Assistant Treasurer, a Secretary and an Assistant Secretary and such other officers as may, from time to time, be chosen and appointed by the Board of Directors.

Section 2. The Chairman of the Board and Chief Executive Officer of the Corporation shall have the following powers and duties:

a. To preside at the meetings of the Board of Directors and of the Stockholders;

b. To carry out the resolutions of the Board of Directors;

c. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors;

d. To have general supervision and administration of the affairs of the Corporation;

e. To represent the Corporation at all functions and proceedings and, unless otherwise directed by the Board, to attend and/or vote, (in person or by proxy) at any meeting of shareholders of corporations in which the Corporation may hold stock and at any such meeting, to exercise any and all the rights and powers incident to the ownership of such stock which the owner thereof might possess or exercise if present. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

f. To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which required the approval of the Board of Directors, except as otherwise directed by the Board of Directors;

g. To make reports to the Directors and Stockholders;

h. To sign certificates of stock; and

i. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 3. The Vice Chairman shall exercise the functions of the Chairman and Chief Executive Officer as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer, and shall perform such other functions as the Board of Directors or the Chairman and Chief Executive Officer may from time to time entrust or delegate to him. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The President and Chief Operating Officer shall exercise the following functions:

a. To ensure that the administration and operational policies of the Corporation are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer;

b. To supervise and direct the day-to-day business affairs of the Corporation;

c. To recommend to the Chairman of the Board and Chief Executive Officer specific projects for the attainment of corporate objectives and policies;

d. Subject to guidelines prescribed by law or by the Chairman of the Board and Chief Executive Officer, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, determine their salaries;

e. To oversee the preparation of the budgets and the statements of accounts of the

Corporation;

f. To prepare such statements and reports of the Corporation as may be required by law;

g. To exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer may from time to time assign to him;

h. Unless otherwise directed by the Board of Directors or by the Chairman of the Board and Chief Executive Officer, to exercise the latter's functions as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer and the Vice Chairman of the Board.

Section 5. The Executive Vice President – In the absence or disability of the President and Chief Operating Officer, the Executive Vice President shall act in his place, exercise his powers and perform his duties pursuant to these By-Laws. The Executive Vice President shall also exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer or the President and Chief Operating Officer may assign.

Section 6. The Vice Presidents shall have such powers and shall perform such duties as may from time to time be assigned to them by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 7. The Secretary shall issue notices of all meetings; shall keep their minutes; shall have charge of the seal and the corporate books; shall sign with the Chairman of the Board and Chief Executive Officer or with the President and Chief Operating Officer the certificates of stock and such other instruments as may require such signature; shall act as the inspector at the election of directors and other voting by stockholders, and as such, determine the number of shares of stock outstanding and entitled to vote, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote; and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the Board of Directors. The Secretary may assign the exercise or performance of his duty to act as election inspector and all duties related thereto, including the tabulation of votes and the proper conduct of the election or vote, to any other person or persons, subject always to his supervision and control. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 8. In the absence of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned by the President and Chief Operating Officer.

Section 9. The Treasurer shall have the custody of all moneys, securities and values of the Corporation which come into his possession, and shall keep regular books of account. He shall deposit said moneys, securities and values of the Corporation in such banking institutions, as may be designated from time to time by the Board of Directors, subject to withdrawal therefrom only upon the checks or other written demands of the Corporation which have been signed by such officer or officers, or person or persons as the Board of Directors may from time to time direct.

Section 10. Assistant Treasurer – In the absence of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Assistant Treasurer shall also perform such other duties as may from time to time be assigned to him by the President and Chief Operating Officer.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall indemnify every director, officer or member of the Board, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding to which he may be, or is, made a party by reason of his being or having been a director, officer or member of the Board of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified did not commit such a breach of duty.

The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided for in the preceding paragraph upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

ARTICLE VIII

AUDIT OF BOOKS

Section 1. In any ordinary meeting of stockholders to be held, a firm of Certified Public Accountants shall be appointed by the stockholders to examine the books of accounts of the Corporation, until said appointment has been revoked in another ordinary meeting of stockholders.

Section 2. The duties of the Auditor shall be to examine the books of ac counts of the Corporation when he may deem convenient. Such audits shall be made at least once every year and he shall issue his report on the annual balance sheets, which report shall be published together with the balance sheets. To this effect, the Auditor shall be allowed free access at any time to any and all books, documents and files of the Corporation concerning the status of the treasury.

Section 3. A copy of the audited financial statements of the Corporation shall be deposited in the offices of the Corporation at least fifteen (15) business days prior to the date of the annual meeting and shall be at the deposit of the shareholders for approval. *As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The Board of Directors from time to time shall determine the remuneration of the Auditors; however, this power may be delegated to a Vice President or an Assistant Vice President.

Section 5. The fiscal year of the Corporation shall begin the first day of January and shall end on the last day of December of each year. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

ARTICLE IX

DISTRIBUTABLE FUNDS AND DISSOLUTION OF THE CORPORATION

Section 1. The Board of Directors may declare, from time to time, as partial dividends to the holder of stock, whichsoever funds of the Corporation the Board may deem not necessary for the carrying out of the purposes of the Corporation.

Section 2. The remuneration of the Board of Directors cannot be increased in the future without the approval, through a resolution, by the stockholders representing at lest a majority of the capital stock.

Section 3. Upon the expiration of the term of this Corporation if no agreement has been made regarding its extension, or, in case of dissolution, for any reason, the Board of Directors may perform the functions of liquidator and the applicable part of these by-laws shall continue in force and effect for the purpose and for the duration of such liquidation.

ARTICLE X

MISCELLANEOUS AND TRANSITORY PROVISIONS

Section 1. The Corporate Seal of the Corporation shall be circular in form and inscribed on its margin the name of the Corporation and the words “Makati, Rizal, Philippines” and within the circle, the words “Incorporated 1930”; and said seal shall, for the present, be adopted as seal of the Corporation.

Section 2. These By-Laws may be repealed, amended or revised at any special meeting of the Board of Directors called for the purpose when two-thirds of the members are present. Such amendments, revisions, repeals are to be presented to the stockholders for ratification at the Annual Stockholders' Meeting immediately following such special meeting of the Board of Directors. Acts done by the Board pursuant to such amendments, repeals or revisions shall, unless and until expressly further amended or repealed by the stockholders, be deemed valid and shall bind the Corporation to all intents and purposes.

Section 3. These By-Laws shall be effective from this date, February 5, 1930, on which they were approved.

STOCKHOLDERS' CERTIFICATE

The undersigned stockholders of "Sorox y Cia", representing more than two-thirds (2/3) of the capital stock issued by the Corporation, for these presents, certify that the foregoing By-Laws and Regulations of the Corporation was adopted by unanimous vote of all stockholders at the Special Meeting of Stockholders held on February 5, 1930 called for this purpose.

IN WITNESS WHEREOF, we have signed these presents this 5th day of February 1930, setting forth opposite our names the corresponding shares owned by each of the undersigned:

(SGD.) A. SORIANO	185 Shares
(MARGARITA ROXAS VDA. DE SORIANO) p.p. (SGD.) A. SORIANO	10 Shares
(SGD.) FRANCISCO ORTIGAS	1 Share
(SGD.) JOHN R. SCHULTZ	1 Share
(SGD.) BENITO RAZON	1 Share
(SGD.) C. A. SOMBRAL	1 Share

DIRECTORS' CERTIFICATE

Manila, February 5, 1930

We the undersigned, a majority of the members of the Board of Directors of "Sorox y Cia", do hereby certify that the preceding typewritten pages constitute the By-Laws of the Corporation, as adopted by unanimous vote of all stockholders present, represented by more than two-thirds (2/3) of the total subscribed and paid-up capital stock of the Corporation in the Annual Meeting of Stockholders held on February 5, 1930 and called for that purpose.

SGD.) A. SORIANO

(SGD.) FRANCISCO ORTIGAS

(SGD.) JOHN R. SCHULTZ

(SGD.) BENITO RAZON

ATTEST:

(SGD.) BENITO RAZON
Secretary

A. SORIANO CORPORATION

2022 ANNUAL REPORT

Contents

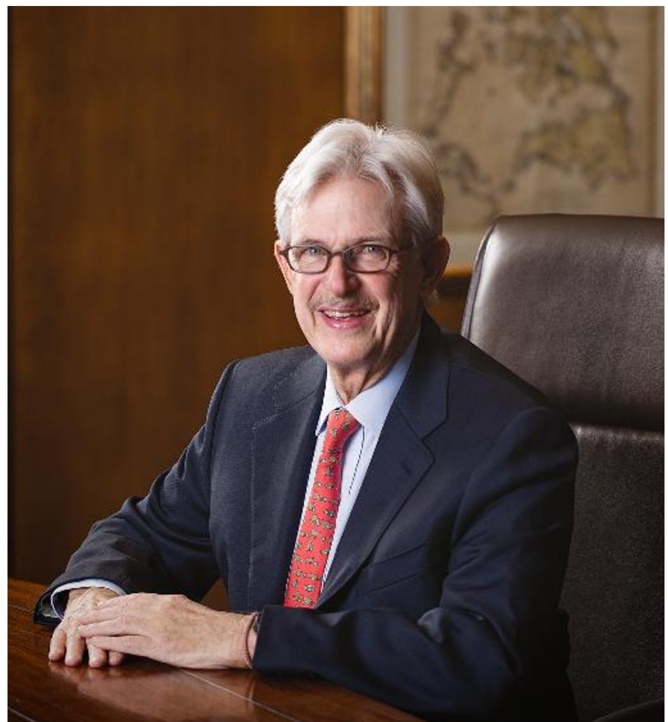
Chairman's Message	1
Financial Highlights	9
Five-Year Review	10
Statement of Management's Responsibility	12
Audited Consolidated Financial Statements	13
Board of Directors	112
Officers & Corporate Directory	INSIDE BACK COVER

CONCURRENT RESOLUTION OF THE BOARD OF DIRECTORS

The Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2022.

"The combined performances of Anscor's holdings will continue to enhance shareholder value"

Chairman's Message



ANDRES SORIANO III
Chairman

THE PHILIPPINE ECONOMIC PICTURE 2022

Gross Domestic Product grew from 5.7% in 2021 to 7.6% in 2022 as domestic consumption remained resilient despite rising inflation. The easing of the COVID-19 pandemic restrictions and full reopening in the last quarter of 2022 accelerated the expansion in the services and industry sectors, with production in most subsectors back to their pre-pandemic levels. Accommodation and food services led the way with a growth of 31.8%.

2022 was a volatile year, experiencing heightened geopolitical tensions, high energy costs, and interest rates. The Philippines, like the rest of the world, struggled with inflation, which is currently running at 14-year highs and if it is not controlled, will constrain domestic consumption. The Bangko Sentral ng Pilipinas tightened monetary policy aggressively, with a 350-basis point increase in interest rates, since the beginning of 2022.

As high inflation and interest rates affected the demand for housing and real estate in general, hybrid work arrangements and the continued decline of the pogo demand affected office rentals. Consequently, many of the major developers opted to postpone projects.

2023 is viewed more positively as inflation appears to be moderating and interest rate increases are expected to taper off, resulting in a more stable economy. However, risks remain from the combined effects of the continuing war in Ukraine, high energy prices as China reopens, and the possibility of recession in developed economies.

THE 2022 FINANCIAL PERFORMANCE OF THE COMPANY

Net income in 2022 reached ₱2.8 billion primarily as a result of Anscor International's sale of AGP International Holdings Pte. Ltd., for a consideration of US$38.5 million, resulting in a one-time gain of ₱2.2 billion. Last year's profit reached ₱2.5 billion.

Anscor's operating company, Phelps Dodge Philippines Energy Products Corporation (PDP), continues to be the main contributor to Anscor's revenues at ₱1.04 billion, comprising ₱956.5 million in equity earnings and ₱100.1 million in management fees. The Company's share in resort earnings improved from P48.4 million in 2021 to ₱89.4 million in 2022, while KSA Realty Corporation provided ₱100.7 million in cash dividends.

Anscor's investment portfolio, which posted a gain of ₱1.4 billion in 2021, reversed to a loss of ₱0.9 billion, due to a decrease in market values of traded securities, both locally and abroad.

The Philippine Stock Exchange Index fell from 7,123 as of December 31, 2021 to 6,554 as of end-December 2022. This contributed to a ₱194.2 million loss on Philippine-traded equities against a gain of ₱1.8 billion in 2021. Foreign traded shares accounted for a ₱586.7 million loss in 2022, lower than last year's loss of ₱900.3 million. Investment in bonds and managed funds were impacted by the increase in interest rates and registered a decline in value of ₱374.1 million versus a gain of ₱12.7 million in 2021.

Financial portfolio losses were slightly offset by larger foreign exchange gains from ₱130.1 million in 2021 to ₱294.6 million in 2022 as the strong US dollar boosted the value of our dollar-denominated assets.

Anscor paid a total cash dividend of ₱2.5 billion or ₱1.00 per share in 2022: ₱0.50 per share on April 5, 2022, and another ₱0.50 per share on December 15, 2022. The book value of the Company increased from ₱16.67 to ₱17.89 as of December 31, 2022.

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC.(PDP)

PDP's sales volume increased by 5% over that of 2021. While its high-rise and mall project segment declined by 25%, the company achieved substantial inroads into the sectors of communication and of energy, among both distributors and generators. PDP continued to increase its provincial sales in the Visayas and Mindanao. Northern Luzon showed significant growth in both the retail sector and the business-to-business segments.

2022 revenues reached ₱10.7 billion, a 23% increase over last year, in part because of the higher average copper price during the year. Copper prices were volatile with an upward trend throughout the year. PDP's policy of maintaining stable selling prices was rewarded with a flow of steady orders from its distributors. PDP's innovative products met customers' need for safe and quality products at reasonable prices.

Net profit increased from ₱909.9 million to ₱956.5 million, the highest in PDP's history. Costs were kept at the same level as 2021, a notable achievement in an era of high inflation throughout the year.

PDP will continue with its growth strategy. Additional investments are being made to increase the company's production capability, which will give more production flexibility to serve different segments and increase the company's ability to deliver in the shortest possible time.

PDP continues its sustainability and governance programs, its enviable safety record, and its strongly adhered to health protocols. Studies have started on the feasibility of solar panels. PDP remains committed to participate actively in the projects of the Andres Soriano Foundation.

PDP's net income of ₱956.5 million, a record profit, with revenues reaching ₱10.7 billion and costs kept at the same level as 2021.

SEVEN SEAS RESORTS AND LEISURE, INC.
(Owner of Amanpulo)

After two years of restricted international travel, the Philippine borders reopened to tourists in February 2022 and Amanpulo reintroduced itself as a must-travel destination. Through strategic sales and marketing activities and new products and offerings, Amanpulo bounced back strongly. Revenue improved to ₱1.1 billion and a net income of ₱143.5 million, nearly that of the pre-pandemic period.

Initiatives to attract foreign guests to Amanpulo, included visits from top-producing and high-potential travel agents, foreign press trips and releases featuring Amanpulo in top-tier publications, including Conde Nast Traveller (UK), Tatler (UK), Tatler (Asia), Travel+Leisure (SEA), and Robb Report (China).

Amanpulo's Marine Conservation Program continues to expand its reach with the launch of identifying resident turtles by volunteer team members and guests. In November, the Large Marine Vertebrates Research Institute Philippines trained the Amanpulo team on enhanced marine turtle conservation. A total of 1,927 turtle hatchlings were released to the sea and natural nest monitoring was increased.

Amanpulo closed 2022 with 47% occupancy, revenues of ₱1.1 billion and net income of ₱143.5 million, almost in line with pre-pandemic year.

Amanpulo was shortlisted as “Private Island of the Year” and awarded as “Asia’s Leading Private Island Resort,” the “Philippines’ Leading Private Island Resort” and the “World’s Leading Dive Resort” by the World Travel Awards 2022. The Resort also placed Top 8 in the “Top 10 Best Resorts in Southeast Asia” in the Travel + Leisure Asia’s Best Awards 2022.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

ATRAM weathered volatile markets in 2022, ending the year with assets under management at ₱157.1 billion, 9.9% lower from the previous year. Though inflation and geopolitical concerns kept investors on the sidelines, the company still generated positive net inflows of ₱4.2 billion, driven by the fund distribution and wealth businesses. ATRAM Group’s revenues grew 19.9% to ₱P872.7 million in 2022, from ₱727.6 million in 2021.

ATRAM continued to build its digital capabilities to reach target client segments and enhance customer brand experience. ATRAM Prime was launched in April 2022. It is a mobile-first investment platform to help clients grow their long-term wealth, simplify the investing process and access investment outlets and advice. Development of a wealth management platform, Wealth360, began in 2022 for rollout to clients in 2023.

The company earned multiple awards and industry recognitions. ATRAM was hailed as “Asset Management Company of the Year — Philippines” in The Asset Triple A Sustainable Investing Awards 2022. World Business Outlook and International Business Magazine also recognized ATRAM as the “Best Investment Solutions Provider” in the Philippines for 2022. In addition, ATRAM Trust Corporation was recognized as a 2022 Outstanding Bangko Sentral ng Pilipinas (BSP) Stakeholder for its role as a Personal Equity & Retirement Account (PERA) administrator during the 2022 Outstanding BSP Stakeholders Appreciation Ceremonies.

ATRAM is ready to face a digital future with a diverse set of product offerings.

KSA REALTY CORPORATION
(owner of The Enterprise Center)

The office leasing operations of The Enterprise Center (TEC) continued to face challenges, along with other office building operators in the country. TEC’s occupancy and rental revenue declined due to the after effects of the COVID-19 pandemic: downsizing of leased premises to adapt to on-site work arrangements of companies and requests for rental concessions to reduce costs to cope with business slowdown.

TEC’s average effective rent for office leases decreased from ₱1,539 per sq.m. in 2021 to ₱1,430 per sq.m. in 2022. Rental income decreased by 18% and average occupancy during the year fell to 66%, as compared to last year’s 80%. Net income stood at ₱0.7 billion.

Despite the negative growth in rental revenue and net income, KSA declared ₱0.7 billion in dividends in 2022, of which ₱100.7 million was Anscor’s share as against ₱185.6 million in 2021.

EARLY STAGE AND PRIVATE EQUITY INVESTMENTS

A portion of the Company's assets are dedicated to private equity funds and early-stage opportunities.

Anscor began investing in Y-mAbs Therapeutics, Inc. in 2015 that was listed on the Nasdaq in 2018. Y-mAbs is a clinical stage biopharmaceutical company focused on developing and commercializing novel, antibody-based therapeutic products to treat cancer. Anscor's investment thesis centered on Y-mAbs with two pivotal-stage product candidates, naxitamab and omburtamab.

Naxitamab received its first approval from the US Food and Drug Administration (USFDA) in November 2020. Unfortunately, the USFDA declined marketing approval of omburtamab in a Refusal-to-File letter dated October 2, 2020, citing the need for additional data to support an approval. In response, Y-mAbs has deprioritized the omburtamab program to focus on developing the Self-Assembly DisAssembly (SADA PRIT 2-STEP) technology platform. Corporate restructuring extended its cash runway into 2024. Y-mAbs stock price fell 70% in 2022 from US$ 16.21 to US$ 4.88 a share.

Anscor invested US$5.0 million in Macquarie ASEAN Technology Investments Holdings II LP in 2018, a special-purpose vehicle invested exclusively in shares of Grab Holdings, Inc. Grab is the leading on-demand transportation and food delivery provider in Southeast Asia with a leading market share in seven countries, including the Philippines.

In December 2021, Grab was listed on the Nasdaq via a special purpose acquisition vehicle. Sales grew 38%, as its Mobility and Deliveries benefited from economies reopening across the Association of Southeast Asian Nations (ASEAN) region. Despite the positive operating trends, shares in Grab Holdings, like many of its high-growth peers, fell dramatically in 2022 and ended down 55% from its Initial Public Offering (IPO).

Anscor has committed US$20.0 million to Navegar I LP, Navegar II LP and Sierra Madre Philippines I LP, three Philippine-focused private equity funds. Investments are diversified across e-commerce, business process outsourcing, information technology, casual dining, logistics, education, and retail.

In March 2021, Anscor committed US$6.0 million to Asia Partners I (AP I), a Singapore-based private equity fund focused on high growth technology and technology-enabled companies across Southeast Asia. In March 2022, on the back of a solid performance from AP I, a follow-on commitment of US$10.0 million was made to Asia Partners II.

Additional investments that were initiated in 2022 included a US$3.0 million investment in Blue Voyant, an early-stage, US-based cybersecurity firm; a US$3.0 million commitment to Third Prime, a US-based private equity fund focused on finance and property technology; a US$1.2 million follow-on co-investment in SCI, a Singapore-based e-commerce company, alongside Asia Partners; a US$1.6 million co-investment in Kafene, an early-stage, US-based financial technology company, alongside Third Prime; and US$750,000 in Wholesome Spirits, an early-stage, US company focused on the sales and marketing of "Volley", a tequila-based seltzer drink

CORPORATE SOCIAL RESPONSIBILITY

Throughout the difficulties of the COVID-19 pandemic, **The Andres Soriano Foundation (ASF)** firmly supported island communities in Northeastern Palawan, Philippines, bringing much-needed assistance to far-flung and isolated areas.

Small Island Sustainable Development Program
Through its community-based **Health Program**, ASF helped provide COVID-19 vaccinations to the island barangays of Manamoc, Algeciras, and Concepcion for community-wide protection against the disease.

The Foundation also continued the important work of sustaining nutrition initiatives such as Supplementary Feeding, Food Always in the Home (backyard gardening), and the First 1,000 Days program. From the more than 200 malnourished beneficiaries assisted by the Foundation, 84% now have normal weight, improving the overall health of the community.

The Foundation also continuously supported the needs of school children through its program on **Education**, even in the absence of face-to-face classes.

The ASF continued its assistance for the Senior High School program of its supported island community in Manamoc. By maintaining the laboratory facility and vegetable nursery, the Foundation ensured that the Manamoc National High School maintains its high standard of education. In addition, the ASF further professionalized and upgraded the skills of the school's personnel.

Deserving youth in assisted communities received scholarships for both technical-vocational and academic programs, with some scholars already undergoing on-the-job training in their chosen field.

The Foundation's **Livelihood Program** ensured that local-based weavers and livelihood groups continued to have opportunities for economic improvement through training and organizational capacity-building. Regular follow-up and guidance of the capacitated handicraft groups and newly adopted technology enabled them to produce more products of improved quality.

ASF's program on the **Environment** also gained momentum. With community-driven coastal clean-up activities, mangrove-planting drives, marine-protected area monitoring, and local government collaboration, the Foundation leads in sustainable and eco-friendly development. A newly-launched project on solid waste management provides community lectures and machines for waste recycling and repurposing. The War on Plastics project has promoted community engagement and active involvement in waste reduction and environmental protection.

Through the use a hat-blocking machine, the quality of weavers' products is improved.

The Foundation mobilized funds from the Anscor group, partners, and donors amounting to ₱23.3 million for its regular programs (livelihood, education, health and nutrition, and environmental protection) and its mitigation of the impact of the COVID-19 pandemic. It achieved this by mobilizing the community for immunization and facilitating the transport of vaccines to hard-to-reach areas. The supported municipalities of Agutaya, Magsaysay, and Cuyo in Palawan were continuously engaged in these activities.

Cancer Care Program

The Foundation partnered with five pharmaceutical companies to support the medical fellowship of seven trainees in medical oncology in the UP-PGH. This sponsorship envisions that more physicians will serve cancer patients nationwide especially in remote areas.

ASF has also been providing indigent patients with Stage 2 breast cancer with medication needed to complete their treatment. ASF's fund supports 57 breast cancer patients currently enrolled for chemotherapy at the UP-PGH Cancer Institute.

Additional assistance has been given to the UP-PGH Cancer Institute by donating funds and basic facility requirements.

Disaster Relief Assistance

ASF supported the rehabilitation of the Andres Soriano Memorial Elementary School in Roxas, Palawan where typhoon Odette damaged the school's classroom roofing and ceiling structures, school books, computers, and other supplies and equipment.

OUTLOOK

The impact of COVID-19 on business and lifestyles still lingers. Nevertheless, our countrymen are a resilient people and are adapting to the after effects of the pandemic as they return to a more normal environment. This bodes well for Anscor as the economy is expected to pick up in spite of global events in the economic ecosystem.

PDP is projected to experience growth and make investments to boost its productivity with innovative products and cost management. As foreign travel rebounds globally, Amanpulo is expected to grow its number of guests. ATRAM will benefit from its digital initiatives and the improved investment climate. We look forward to the increased occupancy of the Enterprise Center as "in-office" work becomes the norm again.

The combined performances of Anscor's holdings will continue to enhance shareholder value. Our fundamentals are strong, sustainability is ingrained in operations and processes. We dealt decisively with the impact of the COVID-19 pandemic, caring first for employees, customers and the communities in the most trying times.

ACKNOWLEDGMENT

On behalf of your Board of Directors, may I express our deepest appreciation for the continuing support of our stockholders, the patronage of our customers, and the loyalty and dedication of our employees.

Financial Highlights

(In Million Pesos Except for Ratios and Per Share Data)

CONSOLIDATED FOR THE YEAR	2022	2021	2020
Revenues and net investment gains	13,624.7	11,354.1	6,883.7
Sale of goods	10,727.8	8,751.7	6,448.2
Gain on sale of noncurrent assets held for sale	2,208.8	—	—
Services	1,292.1	1,013.5	767.6
Dividend Income	295.3	399.4	259.1
Interest income	67.4	53.5	82.2
Equity in net earnings (loss) and impairment of loss on investments in associates	26.6	11.4	(598.0)
Gain on sale of fair value through other comprehensive income investments	0.8	0.5	1.1
Gain (loss) on increase (decrease) in market values of fair value through profit or loss investment	(994.1)	1,124.1	(76.5)
NET INCOME*	2,800.6	2,504.1	165.6
EARNINGS PER SHARE**	2.28	2.04	0.13

CONSOLIDATED AT YEAR-END	2022	2021	2020
Total Assets	25,138.2	23,625.0	21,602.3
Equity Attributable to Equity Holders of the Parent	21,961.7	20,460.6	18,695.6
Investment Portfolio	14,216.7	13,834.5	12,251.4
Current Ratio	9.94	9.64	10.03
Debt to Equity Ratio***	0.11	0.13	0.13
Book Value Per Share****	17.89	16.67	15.23

* *Attributable to equity holders of the Parent.*
** *Based on weighted average number of shares of 1,227.6 million in 2022 and 2021, and 1,242.0 million in 2020.*
*** *Computed using the equity attributable to equity holders of the Parent.*
**** *Based on outstanding shares of 1,227.6 million as of December 31, 2022, 2021 and 2020.*

Five-Year Review

(In Million Pesos Except Per Share Data)

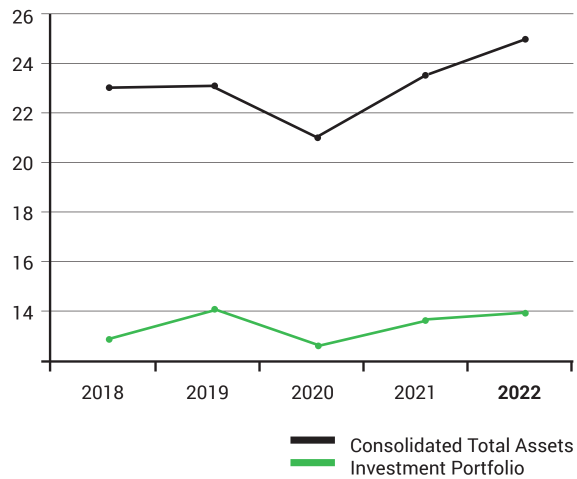
	2022	2021	2020	2019	2018
Net Income Attributable to Equity Holder of the Parent	2,800.6	2,504.1	165.6	1,843.6	808.4
Equity Attributable to Equity Holder of the Parent	21,961.7	20,460.6	18,695.6	19,943.1	18,575.9
Weighted Average Number of Shares Outstanding	1,227.6	1,227.6	1,242.0	1,208.0	1,215.5
Earnings Per Share*	2.28	2.04	0.13	1.53	0.67
Book Value Per Share**	17.89	16.67	15.23	15.95	15.33

	2022	2021	2020	2019	2018
Revenues and Net Investment Gains	13,624.7	11,354.1	6,883.7	10,695.4	9,781.0
Total Assets	25,138.2	23,625.0	21,602.3	23,112.4	22,290.0
Investment Portfolio	14,216.7	13,834.5	12,251.4	14,289.3	13,253.7

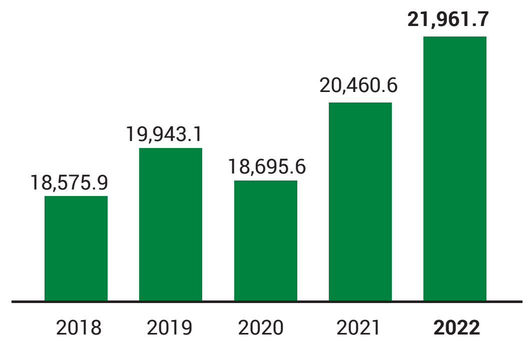
* *Ratio of net income attributable to equity holders of the Parent to weighted average number of shares outstanding during the year.*

** *Ratio of equity attributable to equity holders of the Parent to outstanding number of shares as of end-December.*

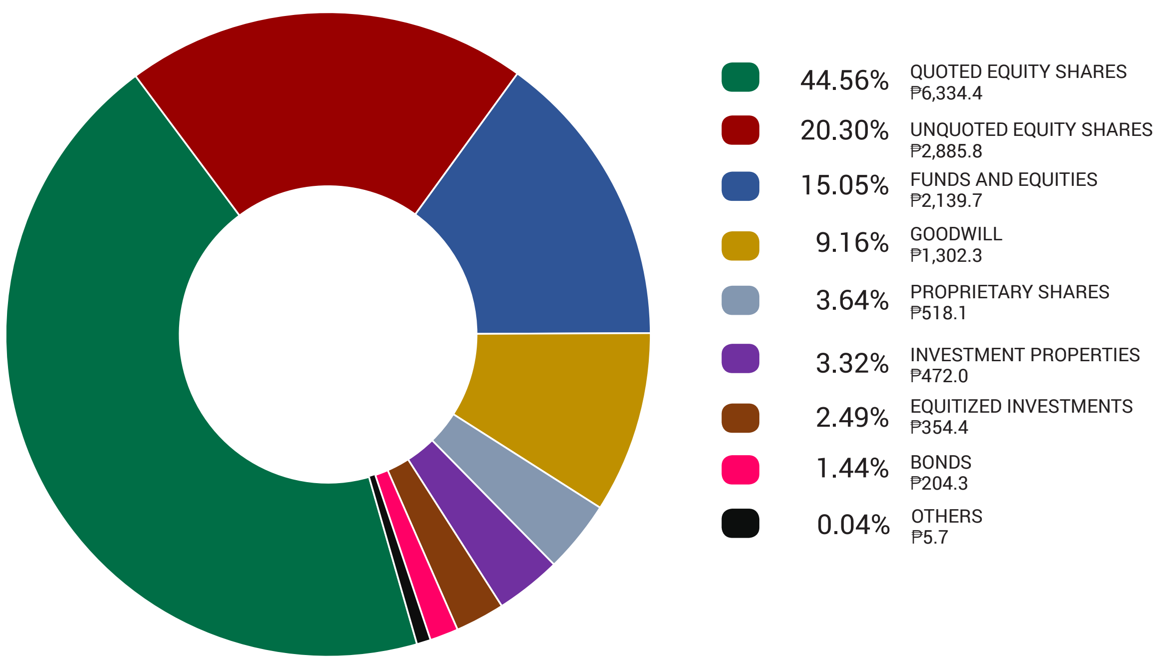
CONSOLIDATED TOTAL ASSETS & INVESTMENT PORTFOLIO
(In Billion Pesos)



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT
(In Million Pesos)



CONSOLIDATED INVESTMENT PORTFOLIO DECEMBER 31, 2022
(In Million Pesos)



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANDRES SORIANO III Chairman and Chief Executive Officer	**ERNEST K. CUYEGKENG** President and Chief Operating Officer	**NARCISA M. VILLAFLOR** Vice President - Comptroller and Treasurer

Signed this 1st day of March 2023

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 1st day of March 2023, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE ISSUED
Andres Soriano III	506368805	Jan. 14, 2015 to Jan 13, 2025/ U.S.
Ernest K. Cuyegkeng	P7236847A	May 19, 2018 to May 18, 2028/DFA NCR South
Narcisa M. Villaflor	P8592511A	Sept. 4, 2018 to Sept. 3, 2028 / DFA NCR West

Doc. No. 162;
Page No. 34;
Book No. I;
Series of 2023.

HILARY FAYE A. MERCADO
Appointment No. M-038
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 80733
PTR No. 9573251/Makati City/01-07-2023
IBP No. 260989/Rizal (RSM)/01-05-2023
MCLE Exempted-Admitted to the bar in 2022

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building,
Makati Avenue corner Gil Puyat Avenue Extension,
Makati City

Opinion

We have audited the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill

The goodwill arising from the acquisitions of Phelps Dodge International Philippines, Inc. and Seven Seas Resorts and Leisure, Inc. amounted to ₱1,302.3 million as at December 31, 2022 and is considered significant to the consolidated financial statements. Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. We considered the recoverability of goodwill as a key audit matter due to the materiality of the amount involved and the sensitivity of the estimated recoverable amount to management's assumptions and judgments. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions that are subject to higher level of estimation uncertainty, such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units (CGUs).

The Group's disclosures on goodwill are included in Note 7 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill. We compared the key assumptions used, such as growth rates against the historical performance of the CGUs. In testing the discount rates, we performed an independent testing of the determination of discount rates using market-based parameters. In addition, we reviewed the disclosures in the consolidated financial statements related to the key assumptions used and the sensitivity of the estimates to these key assumptions, particularly those to which the impairment test is most sensitive.

Valuation of Unquoted Equity Instruments

In accordance with PFRS 9, *Financial Instruments*, the Group classified its unquoted equity investments, with carrying value of ₱2,885.8 million as at December 31, 2022, as financial assets through profit or loss. We considered the valuation of these unquoted equity investments as a key audit matter because of the materiality of the amount involved, the significant judgments applied in selecting the valuation techniques and inputs that are not market observable, and the other significant assumptions used in estimating future cash flows from these unquoted equity investments.

The Group's disclosures about its equity investments are included in Note 9 to the consolidated financial statements.

Audit Response

We evaluated the valuation techniques and inputs and other assumptions used. These assumptions include discount rates, revenue growth rates and comparable companies. In testing the discount rates, we performed independent testing of the determination of discount rates using market-based parameters. For investments valued using the income approach, we compared the revenue growths rates to the historical performance of the investments and the industry/market outlook. For investments valued under the market approach, we assessed the comparable companies used in the valuation and confirmed factors such as additional funding of the investees that would warrant the change in market value of the investments. For private equity fund investments valued using the cost approach (adjusted net asset value method), we inspected the financial information of the investees and evaluated whether the financial information used reflect the fair values of the investee's assets and liabilities. In addition, we reviewed the disclosures in the consolidated financial statements related to the significant unobservable inputs to the fair value measurement.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dhonabee B. Señeres.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Accreditation No. 97133-SEC (Group A)
Valid to cover audit 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564699, January 3, 2023, Makati City

March 1, 2023

Consolidated Statements of Financial Position

		December 31		
		2022		2021
ASSETS				
Current Assets				
Cash and cash equivalents (Note 8)	₱	**2,948,401,655**	₱	2,729,230,396
Fair value through profit or loss (FVPL) investments (Note 9)		**12,046,804,002**		11,677,813,985
Receivables (Note 10)		**2,240,424,459**		1,813,420,607
Inventories (Note 11)		**1,695,039,141**		1,625,125,201
Prepayments		**190,812,484**		44,807,611
Other current assets		**218,264,039**		203,343,107
Total Current Assets		**19,339,745,780**		18,093,740,907
Noncurrent Assets				
Fair value through other comprehensive income (FVOCI) investments (Note 12)		**41,453,401**		46,396,340
Notes receivable (Note 27)		**245,854,878**		297,608,131
Investments and advances (Note 13)		**357,031,299**		329,433,282
Goodwill (Note 7)		**1,302,276,264**		1,302,276,264
Property and equipment (Notes 14 and 19)		**2,705,108,750**		2,544,386,610
Investment properties (Note 15)		**472,052,732**		480,124,965
Retirement plan asset - net (Note 24)		**122,351,083**		147,141,624
Deferred income tax assets - net (Note 25)		**114,115,228**		111,523,102
Right-of-use assets (Note 30)		**17,419,789**		13,186,541
Deposits to suppliers (Note 30)		**296,417,399**		136,316,998
Other noncurrent assets (Notes 16 and 30)		**124,408,616**		122,839,566
Total Noncurrent Assets		**5,798,489,439**		5,531,233,423
TOTAL ASSETS	₱	**25,138,235,219**	₱	23,624,974,330
LIABILITIES AND EQUITY				
Current Liabilities				
Notes payable (Note 17)	₱	**–**	₱	23,166,200
Accounts payable and accrued expenses (Note 18)		**1,343,101,690**		1,110,782,433
Current portion of lease liabilities (Note 30)		**10,133,770**		9,810,744
Dividends payable (Note 20)		**501,959,779**		519,529,172
Income tax payable		**90,712,935**		138,913,467
Current portion of long-term debt (Note 19)		**–**		75,714,286
Total Current Liabilities		**1,945,908,174**		1,877,916,302

(Forward)

Consolidated Statements of Financial Position

		December 31		
		2022		2021
Noncurrent Liabilities				
Lease liabilities - net of current portion (Note 30)	₱	**9,082,542**	₱	6,789,705
Deferred income tax liabilities - net (Note 25)		**417,846,430**		521,283,828
Retirement benefits payable - net (Note 24)		**39,931,355**		48,147,054
Other noncurrent liabilities (Notes 16 and 30)		**111,736,509**		113,730,977
Total Noncurrent Liabilities		**578,596,836**		689,951,564
Total Liabilities		**2,524,505,010**		2,567,867,866
Equity Attributable to Equity Holders of the Parent (Note 20)				
Capital stock		**2,505,000,000**		2,505,000,000
Additional paid-in capital		**1,859,383,287**		1,859,383,287
Cumulative translation adjustment		**179,017,188**		226,174,184
Net unrealized valuation gains (loss) on FVOCI investments (Note 12)		**(3,183,933)**		273,449
Remeasurement gain on retirement benefits (Note 24)		**54,423,304**		75,656,172
Retained earnings (Note 20):				
Appropriated		**7,150,000,000**		7,150,000,000
Unappropriated		**12,872,294,566**		11,299,307,145
Cost of shares held by a subsidiary (1,272,429,761 shares in 2022 and 2021) (Note 20)		**(2,655,215,372)**		(2,655,215,372)
		21,961,719,040		20,460,578,865
Noncontrolling Interests (Note 3)		**652,011,169**		596,527,599
Total Equity		**22,613,730,209**		21,057,106,464
TOTAL LIABILITIES AND EQUITY	₱	**25,138,235,219**	₱	23,624,974,330

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Sale of goods - net (Note 5)	**₱ 10,727,755,227**	₱ 8,751,666,475	₱ 6,448,195,660
Services (Notes 5 and 30)	**1,292,106,914**	1,013,453,849	767,569,969
Dividend income (Note 9)	**295,306,868**	399,429,444	259,109,001
Interest income (Notes 8, 9, 12, 23 and 27)	**67,461,869**	53,534,090	82,203,823
	12,382,630,878	10,218,083,858	7,557,078,453
INVESTMENT GAINS (LOSSES)			
Gain on sale of noncurrent assets held for sale (Note 13)	**2,208,757,397**	–	–
Gain (loss) on increase (decrease) in market values of FVPL investments - net (Notes 9 and 29)	**(994,108,320)**	1,124,061,312	(76,521,488)
Gain on sale of FVOCI investments - net (Note 12)	**764,165**	532,067	1,150,196
	1,215,413,242	1,124,593,379	(75,371,292)
EQUITY IN NET EARNINGS (LOSSES) ON INVESTMENTS IN ASSOCIATES (Note 13)	**26,639,523**	11,409,604	(598,006,474)
TOTAL	**13,624,683,643**	11,354,086,841	6,883,700,687
Cost of goods sold (Note 21)	**(9,048,418,434)**	(7,071,619,957)	(5,023,688,235)
Cost of services rendered (Note 21)	**(404,526,169)**	(347,923,582)	(268,702,449)
Operating expenses (Note 21)	**(1,373,857,309)**	(1,091,980,471)	(1,051,650,414)
Interest expense (Notes 17, 19, 23 and 30)	**(4,687,677)**	(10,259,686)	(24,411,138)
Foreign exchange gain (loss) - net	**282,751,590**	139,150,079	(106,404,104)
Other income (charges) - net (Notes 23 and 30)	**22,251,511**	(53,708,290)	51,200,190
INCOME BEFORE INCOME TAX	**3,098,197,155**	2,917,744,934	460,044,537
PROVISION FOR INCOME TAX (Note 25)	**242,155,199**	380,152,014	291,319,541
NET INCOME	**2,856,041,956**	2,537,592,920	168,724,996
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation losses on FVOCI investments (Note 12)	**(3,845,678)**	(2,705,833)	(7,732,576)
Income tax effect	**961,420**	856,583	2,319,773
	(2,884,258)	(1,849,250)	(5,412,803)

(Forward)

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2022	2021	2020
Realized gains on FVOCI investments recognized in the consolidated profit or loss (Note 12)	**(₱ 764,165)**	(₱ 532,067)	(₱ 1,150,196)
Income tax effect	**191,041**	133,017	345,059
	(573,124)	(399,050)	(805,137)
	(3,457,382)	(2,248,300)	(6,217,940)
Cumulative translation adjustment	**(47,156,996)**	126,913,660	(173,987,557)
	(50,614,378)	124,665,360	(180,205,497)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 24)	**(27,918,980)**	65,259,567	(13,097,687)
Income tax effect	**6,686,112**	(13,323,808)	3,550,622
	(21,232,868)	51,935,759	(9,547,065)
OTHER COMPREHENSIVE INCOME (LOSS)	**(71,847,246)**	176,601,119	(189,752,562)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱ 2,784,194,710**	₱ 2,714,194,039	(₱ 21,027,566)
Net Income Attributable to:			
Equity holders of the Parent	**₱ 2,800,557,660**	₱ 2,504,080,376	₱ 165,646,806
Noncontrolling interests	**55,484,296**	33,512,544	3,078,190
	₱ 2,856,041,956	₱ 2,537,592,920	₱ 168,724,996
Total Comprehensive Income (Loss)			
Attributable to:			
Equity holders of the Parent	**₱ 2,728,710,414**	₱ 2,680,681,495	(₱ 24,105,756)
Noncontrolling interests	**55,484,296**	33,512,544	3,078,190
	₱ 2,784,194,710	₱ 2,714,194,039	(₱ 21,027,566)
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 26)	**₱ 2.28**	₱ 2.04	₱ 0.13
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent (Note 26)	**₱ 2.22**	₱ 2.18	(₱ 0.02)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holders of the Parent (Note 20)				
	Capital Stock	Cumulative Additional Paid-in Capital	Unrealized Valuation Gains (Losses) on FVOCI Translation Adjustment	Investments (Note 12)	Remeasurement on Retirement Benefits (Note 24)
BALANCES AT DECEMBER 31, 2019	**₱ 2,500,000,000**	**₱ 1,859,383,287**	**₱ 273,248,081**	**₱ 8,739,689**	**₱ 33,267,478**
Net income	–	–	–	–	–
Other comprehensive income (loss)	–	–	(173,987,557)	(6,217,940)	(9,547,065)
Total comprehensive income (loss) for the year	–	–	(173,987,557)	(6,217,940)	(9,547,065)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 20)	–	–	–	–	–
Shares repurchased during the year (Note 20)	–	–	–	–	–
Movement in noncontrolling interests	–	–	–	–	–
BALANCES AT DECEMBER 31, 2020	**2,500,000,000**	**1,859,383,287**	**99,260,524**	**2,521,749**	**23,720,413**
Net income	–	–	–	–	–
Other comprehensive income (loss)	–	–	126,913,660	(2,248,300)	51,935,759
Total comprehensive income (loss) for the year	–	–	126,913,660	(2,248,300)	51,935,759
Issuance of preferred shares	5,000,000	–	–	–	–
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱954.3 million (Note 20)	–	–	–	–	–
Movement in noncontrolling interests	–	–	–	–	–
BALANCES AT DECEMBER 31, 2021	**2,505,000,000**	**1,859,383,287**	**226,174,184**	**273,449**	**75,656,172**
Net income	–	–	–	–	–
Other comprehensive income (loss)	–	–	(47,156,996)	(3,457,382)	(21,232,868)
Total comprehensive income (loss) for the year	–	–	(47,156,996)	(3,457,382)	(21,232,868)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱1,272.4 million (Note 20)	–	–	–	–	–
Movement in noncontrolling interests	–	–	–	–	–
BALANCES AT DECEMBER 31, 2022	**₱ 2,505,000,000**	**₱ 1,859,383,287**	**₱ 179,017,188**	**(₱ 3,183,933)**	**₱ 54,423,304**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holders of the Parent (Note 20)						
		Retained Earnings		Cost of Shares Held by a		Noncontrolling	
	Subtotal*	Appropriated	Unappropriated	Subsidiary	Total	Interests	Total
BALANCES AT DECEMBER 31, 2019	**₱ 4,674,638,535**	**₱ 7,150,000,000**	**₱ 10,487,853,458**	**(₱ 2,369,372,182)**	**₱ 19,943,119,811**	**₱ 561,737,834**	**₱ 20,504,857,645**
Net income		–	165,646,806	–	165,646,806	3,078,190	168,724,996
Other comprehensive income (loss)	(189,752,562)	–	–	–	(189,752,562)	–	(189,752,562)
Total comprehensive income (loss) for the year	(189,752,562)	–	165,646,806	–	(24,105,756)	3,078,190	(21,027,566)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 20)	–	–	(937,595,814)	–	(937,595,814)	–	(937,595,814)
Shares repurchased during the year (Note 20)	–	–	–	(285,843,190)	(285,843,190)	–	(285,843,190)
Movement in noncontrolling interests	–	–	–	–	–	(541)	(541)
BALANCES AT DECEMBER 31, 2020	**4,484,885,973**	**7,150,000,000**	**9,715,904,450**	**(2,655,215,372)**	**18,695,575,051**	**564,815,483**	**19,260,390,534**
Net income	–	–	2,504,080,376	–	2,504,080,376	33,512,544	2,537,592,920
Other comprehensive income (loss)	176,601,119	–	–	–	176,601,119	–	176,601,119
Total comprehensive income (loss) for the year	176,601,119	–	2,504,080,376	–	2,680,681,495	33,512,544	2,714,194,039
Issuance of preferred shares	5,000,000	–	–	–	5,000,000	–	5,000,000
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱954.3 million (Note 20)	–	–	(920,677,681)	–	(920,677,681)	–	(920,677,681)
Movement in noncontrolling interests	–	–	–	–	–	(1,800,428)	(1,800,428)
BALANCES AT DECEMBER 31, 2021	**4,666,487,092**	**7,150,000,000**	**11,299,307,145**	**(2,655,215,372)**	**20,460,578,865**	**596,527,599**	**21,057,106,464**
Net income	–	–	2,800,557,660	–	2,800,557,660	55,484,296	2,856,041,956
Other comprehensive income (loss)	(71,847,246)	–	–	–	(71,847,246)	–	(71,847,246)
Total comprehensive income (loss) for the year	(71,847,246)	–	2,800,557,660	–	2,728,710,414	55,484,296	2,784,194,710
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱1,272.4 million (Note 20)	–	–	(1,227,570,239)	–	(1,227,570,239)	–	(1,227,570,239)
Movement in noncontrolling interests	–	–	–	–	–	(726)	(726)
BALANCES AT DECEMBER 31, 2022	**₱ 4,594,639,846**	**₱ 7,150,000,000**	**₱ 12,872,294,566**	**(₱ 2,655,215,372)**	**₱ 21,961,719,040**	**₱ 652 ,011,169**	**₱ 22,613,730,209**

See accompanying Notes to Consolidated Financial Statements.

* *Subtotal for the numbers of the five columns appearing on page 22.*

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱ 3,098,197,155**	₱ 2,917,744,934	₱ 460,044,537
Adjustments for:			
Loss (gain) on sale/disposal of:			
Noncurrent asset held for sale (Note 13)	**(2,208,757,397)**	–	–
FVOCI investments (Note 12)	**(764,165)**	(532,067)	(1,150,196)
Property and equipment	**69,643**	(129,464)	–
Dividend income (Note 9)	**(295,306,868)**	(399,429,444)	(259,109,001)
Unrealized foreign exchange losses (gains) - net	**(122,004,309)**	(98,948,706)	60,354,216
Interest income (Note 23)	**(67,461,869)**	(53,534,090)	(82,203,823)
Equity in net losses (earnings) and impairment loss on investments in associates (Note 13)	**(26,639,523)**	(11,409,604)	598,006,474
Loss (gain) on decrease (increase) in market values of FVPL investments - net (Note 9)	**994,108,320**	(1,124,061,312)	76,521,488
Depreciation and amortization (Note 21)	**324,387,794**	302,595,454	292,174,080
Retirement benefit costs (Note 24)	**14,690,747**	23,169,533	18,123,185
Interest expense (Note 23)	**4,687,677**	10,259,686	24,411,138
Impairment losses, net of recoveries (Note 23)	**825,054**	54,543,952	64,920,658
Gain on rent concession (Note 23)	**–**	–	(3,917,535)
Operating income before working capital changes	**1,716,032,259**	1,620,268,872	1,248,175,221
Decrease (increase) in:			
FVPL investments	**(1,212,179,031)**	(431,799,766)	896,473,599
Receivables	**(473,640,997)**	(99,723,528)	133,664,944
Inventories	**(69,913,940)**	(572,539,264)	(148,158,417)
Prepayments and other current assets	**(160,925,805)**	(10,492,160)	8,085,481
Increase (decrease) in accounts payable and accrued expenses	**400,843,702**	(40,807,883)	(141,197,705)
Cash generated from operations	**200,216,188**	464,906,271	1,997,043,123
Income taxes paid	**(388,546,682)**	(382,738,499)	(324,280,247)
Dividends received	**317,558,427**	404,680,797	237,686,696
Interest received	**91,022,401**	56,714,726	77,902,962
Interest paid	**(2,308,186)**	(8,368,724)	(21,699,183)
Retirement benefit contribution (Note 24)	**(26,034,885)**	(22,187,256)	(13,719,373)
Net cash flows from operating activities	**191,907,263**	513,007,315	1,952,933,978

(Forward)

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
FVOCI investments (Note 12)	**₱ 31,323,320**	₱ 147,576,210	₱ 284,642,953
Noncurrent asset held-for-sale (Note 13)	**1,974,595,600**	–	–
Property and equipment (Note 14)	**2,862,322**	129,464	–
Additions to:			
FVOCI investments (Note 12)	**(26,887,859)**	(78,986,314)	(60,860,417)
Property and equipment (Notes 14 and 33)	**(656,264,596)**	(144,240,885)	(186,285,160)
Investment properties (Note 15)	**(6,607,518)**	(3,914,394)	–
Decrease on investments at equity (Note 13)	**234,161,796**	–	–
Collection from (advances to) affiliates (Notes 13 and 27)	**(958,492)**	57,197,246	91,061,736
Decrease (increase) in other noncurrent assets	**(167,166,152)**	(71,364,670)	40,824,382
Net cash flows from (used in) investing activities	**1,385,058,421**	(93,603,343)	169,383,494
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of (Note 31):			
Dividends (Note 20)	**(1,189,139,632)**	(725,217,672)	(813,500,482)
Long-term debt (Note 19)	**(75,714,286)**	(151,428,571)	(275,719,246)
Notes payable (Note 17)	**(23,166,200)**	–	(5,000,000)
Lease liabilities (Note 30)	**(17,416,249)**	(9,421,290)	(12,038,287)
Advances from affiliates (Note 13)	**25,719,337**	99,760,513	30,705,903
Company shares purchased by a subsidiary (Note 20)	**–**	–	(285,843,190)
Proceeds from availment of notes payable (Notes 17, 31 and 33)	**–**	–	28,166,200
Net cash flows used in financing activities	**(1,279,717,030)**	(786,307,020)	(1,333,229,102)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**297,248,654**	(366,903,048)	789,088,370
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(78,077,395)**	4,174,099	(6,007,280)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,729,230,396**	3,091,959,345	2,308,878,255
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱ 2,948,401,655**	₱ 2,729,230,396	₱ 3,091,959,345

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Corporate Information and Authorization for Issuance of the Consolidated Financial Statements

Corporate Information

A. Soriano Corporation (Anscor or the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses.

The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded.

The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issue by the Board of Directors (BOD) on March 1, 2023.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for debt and equity securities that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Annual Improvements to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - o Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - o Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - o That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.

- o That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- o That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts.* This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

PFRS 17 which is not expected to apply to the Group, is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Basis of Consolidation and Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following subsidiaries as at December 31:

		Percentage of Ownership		
	Nature of Business	2022	2021	2020
A. Soriano Air Corporation (ASAC, Note 30)	Services/Rental	100	100	100
Pamalican Island Holdings, Inc. (PIHI)	Investment Holding	62	62	62
Island Aviation, Inc. (IAI, Note 30)	Air Transport	62	62	62
Anscor Consolidated Corporation (Anscorcon)	Investment Holding	100	100	100
Anscor Holdings, Inc. (AHI, Note 30)	Real Estate Holding	100	100	100
Akapulko Holdings, Inc.	Real Estate Holding	100	100	100
Lakeroad Corporation	Real Estate Holding	100	100	100
Mainroad Corporation	Real Estate Holding	100	100	100
Makatwiran Holdings, Inc.	Real Estate Holding	100	100	100
Makisig Holdings, Inc.	Real Estate Holding	100	100	100
Malikhain Holdings, Inc.	Real Estate Holding	100	100	100
Mountainridge Corporation	Real Estate Holding	100	100	100
Rollingview Corporation	Real Estate Holding	100	100	100
Timbercrest Corporation	Real Estate Holding	100	100	100
Anscor International, Inc. (AI, Note 13)	Investment Holding	100	100	100
IQ Healthcare Investments Limited (IQHIL)	Holding	100	100	100
IQ Healthcare Professional Connection, LLC (IQHPC) (inactive)	Manpower Services	93	93	93
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 7 and 30)	Investment Holding	100	100	100
Minuet Realty Corporation (Minuet, Note 7)	Landholding	100	100	100
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 7 and 30)	Wire Manufacturing	100	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	100	100	100

(Forward)

	Nature of Business	Percentage of Ownership 2022	2021	2020
Summerside Corp. (Summerside)*	Investment Holding	**100**	100	40
Sutton Place Holdings, Inc. (Sutton)	Investment Holding	**100**	100	100
AFC Agribusiness Corporation (AAC, Note 15)	Real Estate Holding	**81**	81	81
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 7 and 30)	Villa Project Development	**62**	62	62
Pamalican Resort, Inc. (PRI, Notes 7 and 30)	Resort Operations	**62**	62	62
Pamalican Utilities, Inc. (PUI)**	Utility Company	**62**	–	–

**In September 2021, the Group purchased shares of Summerside representing 60% equity interest. Accordingly, Summerside became a wholly-owned subsidiary of the Company as of December 31, 2021. As at December 31, 2020, the Group has 100% beneficial ownership over Summerside.*

*** In August 2022, PUI was established through subscription of SSRLI to its share.*

Except for AI and its subsidiaries, all the companies above are based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Material Partly-Owned Subsidiaries (SSRLI, PRI and PUI)

Set out below are the summarized financial information of entities that have noncontrolling interest (NCI) that is material to the Group. The amounts disclosed are based on those included in the financial statements before intercompany eliminations.

Significant details of the statements of financial position and statements of comprehensive income of SSRLI and PRI are presented below as at and for the years ended December 31 (in millions):

	2022	2021
Statements of Financial Position:		
Current assets	**₱ 1,114.3**	₱ 866.4
Noncurrent assets	**849.9**	1,043.9
Current liabilities	**544.4**	481.1
Noncurrent liabilities	**111.7**	115.8
Equity	**1,308.1**	1,313.5
Equity attributable to NCI	**493.1**	495.2

	2022	2021
Statements of Comprehensive Income:		
Revenue	**₱ 1,094.0**	₱ 838.5
Income before tax	**179.7**	99.3
Net income	**143.5**	77.7
Other comprehensive income	**1.2**	2.4
Total comprehensive income	**147.7**	80.1
Total comprehensive income allocated to NCI during the year	**54.6**	30.2

	2022	2021
Statements of Cash Flows:		
Cash flows from operations	₱ 167.1	₱ 262.6
Cash flows used in investing activities	(63.4)	(181.8)
Cash flows from (used in) from financing activities	(161.4)	15.9

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated statements of financial position and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained

- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining the significant influence are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The loss is recognized under "Equity in net losses and impairment loss on investments in associates" in the consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit or loss, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

If the Group's interest in an associate is reduced (e.g., through actual sale or deemed disposal), but the investment continues to be classified as an associate, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in the OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated profit or loss.

The following are the Group's associates as at December 31:

		Percentage of Ownership		
	Nature of Business	2022	2021	2020
Vicinetum Holdings, Inc. (VHI)	Investment Holding	**32**	32	32
Prople Limited (Note 13)	Business Process Outsourcing	**32**	32	32
Fremont Holdings, Inc. (FHI, Note 13)	Real Estate Holding	**26**	26	26
ATRAM Investment Management Partners Corp. (AIMP, Note 13)	Asset Management	**20**	20	20
AGP International Holdings Pte Ltd. (AGP-SG, Note 13)*	Investment Holding	**–**	21	21
BehaviorMatrix, LLC (BM, Note 13)*	Behavior Analytics Services	**–**	21	21

**In February 2022 and December 2022, the Group sold the AGP and BM investment, respectively.*

The principal business location of AIMP, VHI and FHI is in the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in BVI, Singapore, USA and Hong Kong, respectively.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

<u>Noncurrent Assets Held for Sale and Discontinued Operations</u>

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

The Group discontinues the use of the equity method for its investment in associate from the date that the investment (or the portion of it) is classified as held for sale; instead, the associate or joint venture is then measured at the lower of its carrying amount and fair value less cost to sell.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net income (loss) after tax from discontinued operations in the consolidated statements of income.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/ noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVPL equity instruments are recognized in the consolidated profit or loss.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at the end of reporting period and their statements of profit or loss are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated profit or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Fair Value Measurement

The Group measures financial assets, such as fair value through profit or loss (FVPL) investments and fair value through other comprehensive income (FVOCI) investments, at fair value at each balance sheet date. Also, fair values of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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.

Financial Instruments

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

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified at initial recognition as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Classification of financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

As at December 31, 2022 and 2021, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets at FVPL

This category includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL
The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Financial assets at FVPL are recorded in the consolidated statements of financial position at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at December 31, 2022 and 2021, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, and managed/hedged funds amounting to ₱12,046.8 million and ₱11,677.8 million, respectively (see Note 9). No financial liability at FVPL is outstanding as at December 31, 2022 and 2021.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated profit or loss when the asset is derecognized, modified or impaired.

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. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as "Provision for impairment losses on receivables " account under "Other income (changes) - net" in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, cash equivalents, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as “Gain (loss) on sale of FVOCI investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

As at December 31, 2022 and 2021, the Group’s FVOCI investments include investments in bonds (see Note 12).

(d) Financial liabilities - loans and borrowings

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated profit or loss.

As at December 31, 2022 and 2021, included in this category are the Group’s notes payable, accounts payable and accrued expenses, lease liabilities, long-term debt and dividends payable.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

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

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in the consolidated profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in the consolidated profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in the consolidated profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated statements of financial position. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV).

Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method, while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale.

For cable and wire manufacturing, finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered or delivered by the Group and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

These are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Value Added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. In case of capital goods, input VAT is spread evenly over the useful life or 60 months, whichever is shorter. Effective January 1, 2022, all input tax on purchases of capital goods shall already be allowed upon purchase/payment and will no longer need to be deferred.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes 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 operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written off either when disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

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

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	30
Leasehold improvements	5 - 20*
Flight, ground, machinery and other equipment	2 - 25
Furniture, fixtures and office equipment	2 - 5
Transportation equipment	3 - 5

**or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Depreciation commences when an asset is in its operational location or working condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Construction in progress (CIP) is stated at cost net of accumulated impairment losses, if any. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes villa development costs and related expenses incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties comprise completed property and property under construction or re-development (land, buildings and condominiums) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated profit or loss in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (e.g., property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated profit or loss.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as at the end of each financial reporting period.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets include restricted cash funds for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Deposits to suppliers in relation to major aircraft maintenance and acquisition of specific property and equipment are also classified as part of other noncurrent assets.

Capital Stock
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and effect of any retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Unappropriated retained earnings represent that portion which is free under the existing guidance set by the SEC and can be declared as dividends to stockholders, after adjustments for any unrealized items which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore, is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and stated at acquisition cost. No gain or loss is recognized in the consolidated profit or loss on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

Sale of goods
Revenue from the sale of goods is recognized at a point in time when the control over the goods are transferred to the buyer which is generally upon delivery of the goods.

Sale of services
Revenue from rooms is recognized over time based on the actual occupancy of the guests. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Revenue from air transport services is recognized at a point in time when the related services have been substantially performed.

Other income
Other income is recognized over time when the control of the services is transferred to the customer, generally on delivery of the services.

Contract Balances

Trade receivables

Trade receivables represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

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

Other Revenue/Income

Interest

Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends

Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental

Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses

Costs and expenses are recognized in the consolidated profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business and are expensed as incurred. These are generally measured at the amount paid or payable.

Cost of goods sold

The cost of goods sold is recognized as expense when the related goods are sold.

Cost of services rendered

Cost and expenses related to room services and other ancillary services are charged to operations when incurred.

Operating expenses

Operating expenses include selling, and general and administrative expenses that are expensed as incurred.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense that are not recognized in the consolidated profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category	Number of Years
Building	5 years
Leasehold improvement	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the Group calculates depreciation using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment and warehouse (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Borrowing Costs</u>

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has non-contributory defined benefit retirement plans.

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

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

Defined benefit costs comprise the following:

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if:

(a) a legally enforceable right exists to set off current income tax assets against current income tax liabilities; and

(b) deferred income taxes are levied by the same taxation authority on either: the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income and the total comprehensive income attributable to the equity holders of the Parent for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as at December 31, 2022, 2021 and 2020.

Dividends

Dividends are recognized as a liability and deducted from equity when approved by the respective BOD of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of the reporting period.

Events After the Reporting Period

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, 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 definition 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 consolidated statements of financial position (see Note 29).

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at December 31, 2022 and 2021, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Assessment of control over the entities for consolidation

The Group has ownership interest on the entities discussed in Note 3. Management concluded that the Group controls those entities arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

Determining the classification of assets held for sale

On November 19, 2021, the BOD authorized the management to proceed with the sale of all its AGP-SG shares, representing 21.4% ownership interest in AGP-SG, after negotiating with the potential buyer. Management believes that all the criteria for recognition of asset held for sale in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Group classified such investment as asset held for sale. On February 17, 2022, the said investment in associate held for sale was sold (see Note 13).

<u>Estimates and Assumptions</u>

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Allowance for expected credit losses as at December 31, 2022 and 2021 amounted to ₱778.2 million and ₱782.7 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,488.9 million and ₱2,112.7 million as at December 31, 2022 and 2021, respectively (see Notes 10, 13 and 27).

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted equity instruments at fair value, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group (see Note 29).

Unquoted equity investments amounted to ₱2,885.8 million and ₱1,827.3 million as at December 31, 2022 and 2021, respectively (see Notes 9 and 29).

Impairment of FVOCI debt investments
For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. No impairment loss was recognized in 2022, 2021 and 2020. The carrying value of FVOCI debt investments amounted to ₱41.5 million and ₱46.4 million as at December 31, 2022 and 2021, respectively (see Note 12).

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase the recorded expenses and decrease current assets.

Allowance for inventory losses and obsolescence amounted to ₱102.1 million and ₱103.6 million as at December 31, 2022 and 2021, respectively. The carrying amount of the inventories amounted to ₱1,695.0 million and ₱1,625.1 million as at December 31, 2022 and 2021, respectively (see Note 11).

Estimation of useful lives of the Group's property and equipment and investment properties
The Group estimates the useful lives of property and equipment and investment properties based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2022 and 2021, the carrying value of depreciable property and equipment and investment properties amounted to ₱2,799.4 million and ₱2,653.4 million, respectively (see Notes 14 and 15).

Recoverability of investment in associates

The carrying value of investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next five years, as well as the terminal value at the end of fifth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

As discussed in Note 13, in 2019, the Group recognized impairment loss on its investment in AGP-SG amounting to ₱232.3 million (after considering the effect of dilution) and, due to accumulated equity in net losses, the carrying value of the investment has been reduced to nil as at December 31, 2020. As at December 31, 2021, the investment has been classified as noncurrent asset held-for-sale and was sold in February 17, 2022. The carrying amounts of the remaining investments in associates amounted to ₱354.4 million and ₱327.8 million as at December 31, 2022 and 2021, respectively (see Note 13).

Impairment of non-financial assets

(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group 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; and
- significant negative industry or economic trends.

As at December 31, 2022 and 2021, the carrying value of property and equipment and investment properties amounted to ₱3,177.2 million and ₱3,024.5 million, respectively (see Notes 14 and 15).

There is no impairment loss on property and equipment for each of the three years in the period ended December 31, 2022 (see Note 14). For investment properties, management recognized impairment loss amounting to ₱24.8 million in 2021 (nil in 2022 and 2020) (see Note 15).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

As at December 31, 2022 and 2021, the carrying value of goodwill amounted to ₱1,302.3 million (see Note 7).

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As at December 31, 2022 and 2021 the Group recognized gross deferred income tax assets amounting to ₱121.0 million and ₱118.8 million, respectively. The Group has also temporary differences for which the deferred income tax assets are not recognized. Further details of the recognized and unrecognized deferred income tax assets are provided in Note 25.

Determination of retirement benefits

The cost of defined benefit pension plans, as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net retirement plan asset as at December 31, 2022 and 2021 amounted to ₱122.4 million and ₱147.1 million, respectively. Net retirement benefits payable as at December 31, 2022 and 2021 amounted to ₱39.9 million and ₱48.1 million, respectively. Further details are provided in Note 24.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 24.

Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in Notes 3 and 32, respectively.

5. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the Year Ended December 31, 2022			
	Cable and Wire Manufacturing	Resorts Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱10,727,755,227	₱ –	₱ –	₱10,727,755,227
Services	–	1,088,755,491	203,351,423	1,292,106,914
Total revenue from contracts with customers	₱10,727,755,227	₱ 1,088,755,491	₱ 203,351,423	₱12,019,862,141
Timing of revenue recognition:				
At a point in time	₱10,727,755,227	₱ 611,669,341	₱ 203,351,423	₱11,542,775,991
Over time	–	477,086,150	–	477,086,150
Total revenue from contracts with customers	₱10,727,755,227	₱ 1,088,755,491	₱ 203,351,423	₱12,019,862,141

**Other Operations include ASAC and AHI.*

	For the Year Ended December 31, 2021			
	Cable and Wire Manufacturing	Resorts Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱ 8,751,666,475	₱ –	₱ –	₱ 8,751,666,475
Services	–	836,086,850	177,366,999	1,013,453,849
Total revenue from contracts with customers	₱ 8,751,666,475	₱ 836,086,850	₱ 177,366,999	₱ 9,765,120,324
Timing of revenue recognition:				
At a point in time	₱ 8,751,666,475	₱ 345,111,557	₱ 177,366,999	₱ 9,274,145,031
Over time	–	490,975,293	–	490,975,293
Total revenue from contracts with customers	₱ 8,751,666,475	₱ 836,086,850	₱ 177,366,999	₱ 9,765,120,324

**Other Operations include ASAC and AHI.*

	For the Year Ended December 31, 2020			
	Cable and Wire Manufacturing	Resorts Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱ 6,448,195,660	₱ –	₱ –	₱ 6,448,195,660
Services	–	646,324,208	121,245,761	767,569,969
Total revenue from contracts with customers	₱ 6,448,195,660	₱ 646,324,208	₱ 121,245,761	₱ 7,215,765,629
Timing of revenue recognition:				
At a point in time	₱ 6,448,195,660	₱ 379,854,673	₱ 121,245,761	₱ 6,949,296,094
Over time	–	266,469,535	–	266,469,535
Total revenue from contracts with customers	₱ 6,448,195,660	₱ 646,324,208	₱ 121,245,761	₱ 7,215,765,629

**Other Operations include ASAC and AHI.*

Contract liabilities

Contract liabilities amounted to ₱101.1 million and ₱76.1 million as at December 31, 2022 and 2021, respectively. These pertain to customer advances received for customer orders (see Note 18). In 2022, 2021 and 2020, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱76.1 million, ₱54.3 million and ₱52.7 million, respectively.

Information about the Group's performance obligations are summarized below:

Sale of goods

The Group enters into contracts to sell with one identified performance obligation, which is satisfied upon delivery of the goods. Receivables are generally collected within 30 to 60 days from the delivery of goods and receipt of invoice.

Villa development project

The performance obligation is satisfied at a point in time and payment is generally received in advance during the construction of the villa.

Resort operations

This pertains to the services provided to the guests which is satisfied over time. Some payments are received in advance from the guests.

6. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered, as discussed below.

- Holding company segment pertains to the operations of the Company.

- Resort Operations segment pertains to the Company's subsidiary providing hotel and resort accommodation, relaxation and entertainment, among others, while Villa Development includes the sale of villa lots, construction of structures and set-up of furniture, fixture and equipment. In 2022, 2021 and 2020, the Group has no sale of villa lots and construction of structures.

- Cable and Wire Manufacturing segment pertains to the Company's subsidiaries engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, goods such as building wires, power cables, aluminum wires and cables, copper rods, automotive wires and other energy-related goods of electrical nature, including all equipment, materials, supplies used or employed in or related to the manufacture of its finished products.

- Other operations include air transportation, hangarage, real estate holding and management.

Amounts for the investments in associates comprise the Group's cost, equity in net losses and impairment loss.

Majority of the companies within the Group were incorporated and operating within the Philippines. The amounts disclosed were determined consistent with the measurement basis under PFRSs.

The following tables present the financial information of the business segments as at and for the years ended December 31, 2022, 2021 and 2020 (in thousands):

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2022							
Revenues, excluding interest income [2]	₱ 2,001,817	₱ 1,088,755	₱ 10,727,755	₱ 1,523,882	₱ 15,342,209	(₱ 3,027,040)	₱ 12,315,169
Interest income	55,085	5,277	6,929	171	67,462	–	67,462
Investment gains (losses)	(704,043)	–	12,900	1,512,594	821,451	393,962	1,215,413
Interest expense	(10)	(68)	(1,186)	–	(1,264)	(3,424)	(4,688)
Income tax expense (benefit from income tax)	(88,695)	36,231	295,120	7,494	250,150	(7,995)	242,155
Equity in net earnings	–	–	–	26,640	26,640	–	26,640
Net income	2,276,878	143,464	956,472	2,732,632	6,109,446	(3,253,404)	2,856,042
Total assets	18,911,599	2,014,456	6,006,014	14,731,925	41,663,994	(16,525,759)	25,138,235
Investments and advances	7,044,805	97,747	–	282,486	7,425,038	(7,068,007)	357,031
Property and equipment	10,810	692,085	829,783	197,676	1,730,354	974,755	2,705,109
Total liabilities	801,443	706,365	602,851	2,180,317	4,290,976	(1,766,471)	2,524,505
Depreciation and amortization	18,172	111,388	112,238	66,297	308,095	16,293	324,388
Cash flows from (used in):							
Operating activities	665,146	167,097	564,622	(203,686)	1,193,179	(1,001,272)	191,907
Investing activities	1,234,073	(63,403)	(251,639)	165,774	1,084,805	300,253	1,385,058
Financing activities	(1,319,919)	(161,411)	(336,939)	12,091	(1,806,178)	526,461	(1,279,717)

[1] Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net earnings (losses) of associates and impairment loss.
[2] Majority of the revenues of the Group were derived in the Philippines.

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2021							
Revenues, excluding interest income[2]	₱ 1,417,559	₱ 836,087	₱ 8,751,666	₱ 1,168,237	₱ 12,173,549	(₱ 2,009,000)	₱ 10,164,549
Interest income	48,849	1,942	2,657	86	53,534	–	53,534
Investment gains (losses)	1,984,265	–	2,100	856,009	2,842,374	(1,717,781)	1,124,593
Interest expense	(9)	(233)	(9,027)	(1,169)	(10,438)	178	(10,260)
Income tax expense (benefit from income tax)	51,886	21,533	304,230	10,498	388,147	(7,995)	380,152
Equity in net earnings	–	–	–	11,410	11,410	–	11,410
Net income	3,359,704	77,733	909,950	1,789,262	6,136,649	(3,599,056)	2,537,593
Total assets	19,252,541	1,910,305	5,355,905	14,653,052	41,171,803	(17,546,829)	23,624,974
Investments and advances	7,556,096	97,747	–	2,153,034	9,806,877	(9,477,444)	329,433
Property and equipment	7,261	703,161	680,194	152,365	1,542,981	1,001,406	2,544,387
Total liabilities	891,199	596,838	659,955	3,186,100	5,334,092	(2,766,224)	2,567,868
Depreciation and amortization	18,326	111,534	112,870	53,507	296,237	6,358	302,595
Cash flows from (used in):							
Operating activities	857,570	262,620	109,205	(234,382)	995,013	(482,006)	513,007
Investing activities	(180,406)	(181,838)	63	930,261	568,080	(661,683)	(93,603)
Financing activities	(648,687)	15,894	(410,850)	(665,434)	(1,709,077)	922,770	(786,307)

[1] Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net earnings (losses) of associates and impairment loss.
[2] Majority of the revenues of the Group were derived in the Philippines.

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2020							
Revenues, excluding interest income[2]	₱ 1,533,497	₱ 646,324	₱ 6,448,196	₱ 1,095,519	₱ 9,723,536	(₱ 2,248,661)	₱ 7,474,875
Interest income	66,254	4,938	10,918	94	82,204	–	82,204
Investment gains (losses)	(730,936)	–	(2,800)	746,378	12,642	(88,013)	(75,371)
Interest expense	2,536	245	16,898	4,977	24,656	(245)	24,411
Income tax expense (benefit from income tax)	(1,694)	13,698	284,623	2,688	299,315	(7,995)	291,320
Equity in net losses and impairment loss	–	–	–	(598,006)	(598,006)	–	(598,006)
Net income	569,610	626	692,026	1,138,401	2,400,663	(2,231,938)	168,725
Total assets	17,394,215	1,783,053	4,866,355	13,323,536	37,367,159	(15,764,874)	21,602,285
Investments and advances	7,623,492	–	–	2,044,491	9,667,983	(9,349,654)	318,329
Property and equipment	7,128	752,878	595,628	97,151	1,452,785	1,028,056	2,480,841
Total liabilities	565,491	551,421	833,657	3,078,431	5,029,000	(2,687,105)	2,341,895
Depreciation and amortization	17,892	108,128	96,110	46,184	268,314	23,860	292,174
Cash flows from (used in):							
Operating activities	1,292,360	13,038	693,227	281,550	2,280,175	(327,241)	1,952,934
Investing activities	(116,222)	(181,208)	(62,843)	615,788	255,515	(86,132)	169,383
Financing activities	(896,645)	76,367	(406,193)	(887,940)	(2,114,411)	781,182	(1,333,229)

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in earnings (losses) of associates and impairment loss.*
[2] *Majority of the revenues of the Group were derived in the Philippines.*

7. Business Combinations

a. Goodwill represents the excess of acquisition cost of the following subsidiaries over Anscor's share in the fair value of their net assets. As at December 31, 2022 and 2021, the carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) is as follows:

PDP	₱ 1,202,945,277
SSRLI (Note 30)	99,330,987
	₱ 1,302,276,264

b. Impairment Testing of Goodwill

i. PDP Group
The recoverable amount of the investment in PDP Group has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a four or five-year period.

The key assumptions used to determine the recoverable amount as at December 31, 2022 and 2021 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rates applied to cash flow projections in 2022 and 2021 are 12.9% and 11.9% respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 4.7% and 4.5% in 2022 and 2021, respectively, and the difference between the discount rate and growth rate.

Growth rate
PDP Group assumed a growth rate of 5.0% in 2022 and 2021, respectively. Management used the average industry growth rate for the forecast.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

ii. SSRLI
The recoverable amount of the investment in SSRLI has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used to determine the recoverable amount as at December 31, 2022 and 2021 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections in 2022 and 2021 are 12.9% and 11.1%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a long-term growth rate of 5.4% and 4.9% in 2022 and 2021, and the difference between the discount rate and growth rate.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2022 and 2021 are supported by the different initiatives of SSRLI. SSRLI used 1.57% to 10.78% and 9.5% to 20.8% growth rate in revenue for its cash flow projection in 2022 and 2021, respectively.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

8. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	₱ **1,334,687,516**	₱ 1,692,599,481
Cash equivalents	**1,613,714,139**	1,036,630,915
	₱ **2,948,401,655**	₱ 2,729,230,396

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These investments earn interest at prevailing rates (see Note 23).

9. FVPL Investments

	2022	2021
Quoted equity shares	₱ 6,334,416,035	₱ 7,405,486,958
Unquoted equity shares	2,885,848,761	1,827,306,698
Funds and equities	2,139,724,268	1,790,855,560
Proprietary shares	518,127,073	399,877,073
Bonds	162,948,774	246,425,256
Others	5,739,091	7,862,440
	₱ 12,046,804,002	₱ 11,677,813,985

This account consists of investments that are designated as FVPL and held-for-trading investments. Quoted equity shares consist of marketable equity securities that are listed and traded in the Philippine Stock Exchange (PSE), Nasdaq Stock Market (NASDAQ) and New York Stock Exchange (NYSE). The fair market values of these listed shares are based on their quoted market prices as at December 31, 2022 and 2021, which are assessed to be the exit prices.

Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g., call and put options) that significantly modify the security's cash flow. These investments are classified under bonds.

FVPL investments in bonds represent foreign currency-denominated bond securities with variable and fixed interest rates. The FVPL coupon interest rate per annum ranges from 2.3% to 8.3%, 4.2% to 6.5%, and 2.4% to 8.3% in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, the Group has equity investments amounting to ₱11,883.9 million and ₱11,431.4 million, respectively.

The fair values of the unquoted equity shares are based on valuation techniques as at December 31,2022 and 2021, which are assessed using income, market and cost approach (adjusted net asset value method).

The Group's FVPL unquoted equity shares and significant investment in funds and equities include the following:

a. KSA Realty Corporation (KSA)

As at December 31, 2022 and 2021, the Company's investment in KSA amounted to ₱1,021.7 million (see Note 29).

The Company earned cash dividends from KSA amounting to ₱100.7 million, ₱185.6 million and ₱121.4 million in 2022, 2021 and 2020, respectively.

b. Madaket, Inc. (Madaket)

Madaket developed Electronic Data Interchange Enrollment, a service platform that automates healthcare provider data management processes in the United States.

The Group, through AI, recognized losses in fair value adjustment in its investment in Madaket amounting to ₱16.4 million in 2020 (nil in 2022 and 2021).

As at December 31, 2022 and 2021, the Group's total investment in Madaket, inclusive of foreign exchange adjustment, amounted to nil.

c. Element Data, Inc. (Element Data)

Element Data, a Seattle, Washington-based Artificial Intelligence Company which uses Decision Intelligence platform incorporates a deep learning knowledge-graph with an active sense-and-response architecture, powering a decision intelligence engine that understands complex interdependencies between data and people.

In 2019, the Group, through AI recognized losses on fair value adjustment amounting to ₱26.7 million in its investment in Element Data (nil in 2022, 2021 and 2020).

Total investment carrying value in Element Data amounted to nil as at December 31, 2022 and 2021. On December 31, 2022, the said investment was sold with a consideration of US$1 (₱55).

d. Navegar I LP (Navegar I)

The Group, through AI, recognized a gain (loss) on fair market value adjustment in its investment in Navegar I amounting to ₱21.5 million, ₱2.0 million and (₱2.4 million) in 2022, 2021 and 2020, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱50.0 million and ₱25.4 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.04 million and US$0.05 million, respectively.

e. Navegar II LP (Navegar II)

In 2019, the Group, through AI committed to invest US$10.0 million in Navegar II. AI invested US$1.70 (₱92.70 million), US$1.49 million (₱76.08 million), and US$1.0 million (₱46.5 million) in 2022, 2021 and 2020, respectively.

In 2022, 2021 and 2020, the Group recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱9.2 million and ₱31.8 million and ₱14.2 million, respectively.

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱286.4 million and ₱183.6 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Navegar II amounted to US$5.6 million (₱312.2 million) and US$7.3 million (₱372.2 million), respectively.

f. Sierra Madre Philippines I LP (Sierra Madre)

Sierra Madre focuses on providing growth capital to small and mid-sized Philippine companies. The Group committed to invest US$9.0 million in Sierra Madre.

In 2022, 2021 and 2020, the Group, through AI made additional investments to Sierra Madre amounting to US$3.2 million (₱175.9 million), US$1.2 million (₱63.5 million), and US$1.1 million (₱52.8 million), respectively. In 2022, the Group received distribution notice amounting to US$0.6 million (₱35.7 million (nil in 2021).

The Group, recognized gain (loss) on fair market value adjustment amounting to (₱39.2 million), ₱120.6 million and (₱23.2 million), in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱498.0 million and ₱326.7 million, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Sierra Madre amounted to US$0.6 million (₱33.4 million) and US$4.4 million (₱224.4 million), respectively.

g. Asia Partners I LP, Asia Partners II LP and Asia Partners SCI (collectively Asia Partners)

In 2021, the Group, through AI committed to invest US$6.0 million in Asia Partners I LP, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia. In addition, the Group committed to invest US$1.0 million in Asia Partners SCI and US$10.0 million in Asia Partners II, LP.

In 2022 and 2021, the Group, made investment to Asia Partners amounting to US$4.0 million (₱219.1 million) and US$5.2 million (₱263.9 million), respectively.

In 2022 and 2021, the Group recognized gain on fair market value adjustment in its investment in Asia Partners amounting to ₱72.4 million and ₱5.9 million, respectively.

As at December 31, 2022 and 2021, total investment in Asia Partners, inclusive of foreign exchange adjustment, amounted to ₱591.71 million and ₱269.9 million, respectively.

As at December 31, 2022 and 2021, the Group's remaining capital commitment to be called for Asia Partners amounted to US$9.0 million (₱502.5 million) and US$9.0 million (₱458.9 million), respectively.

h. Blue Voyant

In 2022, the Group, through AI invested US$3.0 million (₱154.3 million) in Blue Voyant, a cybersecurity company that enables cybersecurity defense and protection through technology and tailored services. No recognized gains or losses during year. As at December 31, 2022, total investment in Blue Voyant inclusive of foreign exchange and investment amounted to ₱167.3 million.

i. Third Prime Alpha III-A and Third Prime (Kafene B) (collectively Third Prime Series)

In 2022, the Group, through AI invested US$0.6 million (₱31.8 million) in Third Prime Alpha III-A, a venture firm focused primarily on the FinTech, PropTech and Crypto sectors. In addition, AI invested US$1.5 million (₱79.3 million) in Third Prime (Kafene B).

In 2022, the Group recognized fair market value loss adjustment in its investment in Third Prime Alpha III-A and Third Prime (Kafene B) amounting to ₱0.5 million and ₱0.1 million, respectively.

As at December 31, 2022, the Group's remaining capital commitment to be called for Third Prime Alpha III-A amounted to US$1.5 million (₱83.6 million).

As at December 31, 2022, total investment in Third Prime Alpha III-A and Third Prime (Kafene B), inclusive of foreign exchange adjustment, amounted to ₱32.9 million and ₱84.4 million, respectively.

Net gains (losses) on increase (decrease) in market value of FVPL investments as at December 31 are as follows (in millions):

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2022	**2021**	**in 2022**
Quoted equity shares	₱ **2,443.0**	₱ 3,353.2	(₱ **910.2)**
Unquoted equity shares	**726.2**	633.7	**92.5**
Proprietary shares	**476.2**	357.9	**118.3**
Funds and equities	**(231.3)**	91.1	**(322.4)**
Bonds	**(63.5)**	(42.5)	**(21)**
Others	**(1.0)**	1.0	**(2)**
Total	**3,349.6**	4,394.4	**(1,044.8)**
Add realized gain on sale of FVPL investments			**50.7**
Net loss on increase in market value of FVPL investments			(₱ **994.1)**

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2021	2020	in 2021
Quoted equity shares	₱ 3,353.2	₱ 2,613.9	₱ 739.3
Unquoted equity shares	633.7	491.2	142.5
Proprietary shares	357.9	321.7	36.2
Funds and equities	91.1	44.9	46.2
Bonds	(42.5)	(17.8)	(24.7)
Others	1.0	3.7	(2.7)
Total	4,394.4	3,457.6	936.8
Add realized gain on sale of FVPL investments			187.3
Net gain on increase in market value of FVPL investments			₱ 1,124.1

		Unrealized Valuation Gains (Losses) in Market Value				Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
		2020		2019		in 2020
Quoted equity shares	₱	2,613.9	₱	3,084.1	(₱	470.2)
Unquoted equity shares		491.2		456.6		34.6
Proprietary shares		321.7		325.5		(3.8)
Funds and equities		44.9		(15.7)		60.6
Bonds		(17.8)		(17.3)		(0.5)
Others		3.7		(1.4)		5.1
Total		3,457.6		3,831.8		(374.2)
Add realized gain on sale of FVPL investments						297.7
Net loss on decrease in market value of FVPL investments					(₱	76.5)

There were no outstanding forward transactions as at December 31, 2022, 2021 and 2020.

10. Receivables

		2022		2021
Trade	₱	**2,312,815,653**	₱	1,935,826,780
Receivables from villa owners		**100,880,108**		37,908,027
Interest receivable		**8,563,901**		6,172,679
Dividend receivable		**–**		22,251,559
Others		**31,545,240**		29,144,224
		2,453,804,902		2,031,303,269
Less allowance for expected credit losses		**213,380,443**		217,882,662
	₱	**2,240,424,459**	₱	1,813,420,607

Trade receivables are noninterest-bearing and are normally settled on a 30 to 60 days term.

Receivables from villa owners pertain to SSRLI's net rental share and handling fees and reimbursable expenses such as guest supplies and other amenities, operating supplies, utilities, manpower, laundry services and other materials used for repairs and maintenance of the villas.

Interest receivable pertains to accrued interest income from cash and cash equivalents, notes receivable, FVPL and FVOCI investments in debt instruments.

Dividend receivable in 2021 pertains to uncollected dividend income from investments in equity securities. This was subsequently collected in 2022.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

	2022		
	Interest and Trade	**Others**	**Total**
At January 1	**₱ 216,292,344**	**₱ 1,590,318**	**₱ 217,882,662**
Provision for the year (Note 23)	**906,550**	**–**	**906,550**
Write-off	**(5,327,273)**	**–**	**(5,327,273)**
Recoveries (Note 23)	**(81,496)**	**–**	**(81,496)**
At December 31	**₱ 211,790,125**	**₱ 1,590,318**	**₱ 213,380,443**

	2021		
	Interest and Trade	**Others**	**Total**
At January 1	₱ 186,825,539	₱ 1,590,318	₱ 188,415,857
Provision for the year (Note 23)	29,731,764	–	29,731,764
Write-off	(264,959)	–	(264,959)
At December 31	₱ 216,292,344	₱ 1,590,318	₱ 217,882,662

11. Inventories

	2022	2021
At cost:		
Raw materials	**₱ 296,310,774**	₱ 153,323,893
Aircraft parts in transit	**43,135,148**	30,615,926
Reel inventory	**23,320,516**	9,519,683
Materials in transit	**22,353,279**	377,956,695
Food and beverage	**16,845,661**	10,964,889
	401,965,378	582,381,086
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱32.0 million in 2022 and ₱34.1 million in 2021	**746,835,910**	611,042,906
Work in process - net of allowance for inventory obsolescence of ₱6.0 million in 2022 and ₱6.2 million in 2021	**180,931,430**	136,257,388
Raw materials - net of allowance for inventory obsolescence of ₱13.3 million in 2022 and ₱12.8 million in 2021	**210,425,667**	181,605,892
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱40.6 million in 2022 and ₱40.3 million in 2021	**120,207,854**	83,676,820
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.6 million in 2022 and 2021	**34,067,346**	29,555,553
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2021 and 2020	**605,556**	605,556
	1,293,073,763	1,042,744,115
	₱1,695,039,141	₱ 1,625,125,201

The total cost of inventories carried at NRV amounted to ₱1.4 billion and ₱1.1 billion as at December 31, 2022 and 2021, respectively.

Net provision for inventory obsolescence recognized in 2022, 2021 and 2020, which was recorded under "Materials used and changes in inventories", amounted to ₱1.6 million, ₱18.8 million, and ₱1.5 million respectively (see Note 21).

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as at December 31, 2022 and 2021.

Operating supplies pertain to inventory items used in providing services such as printing, cleaning and office and guest supplies.

Construction-related materials are excess materials and supplies from Villa Development Project. These are held for use in construction of villa or future repair or renovation of villas.

Inventories charged to cost of goods sold and services sold amounted to ₱8,633.7 million, ₱6,697.5 million, and ₱4,675.9 million in 2022, 2021 and 2020, respectively (see Note 21).

12. FVOCI Investments

As at December 31, 2022 and 2021, FVOCI investments amounted to ₱41.5 million and ₱46.4 million, respectively, and these were recognized under noncurrent assets.

FVOCI investments in bonds represent the following:

a. Foreign currency-denominated bond securities are subject to variable and fixed coupon interest rate per annum ranging from 2.35% to 6.13% in 2022, 4.13% to 6.13% in 2021 and 4.00% to 5.95% in 2020. Maturity dates range from February 16, 2025 to June 30, 2028 for bonds held as at December 31, 2022 and October 31, 2026 to June 30, 2028 for bonds held as at December 31, 2021.

b. Geothermal Project

   In January 2014, a loan and investment agreement was entered by the Company with SKI Construction Company, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power) and San Juan Geothermal Power, Inc. (San Juan Power), collectively referred to as Red Core Group to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to lend up to ₱172.0 million for the exploration phase of the three sites.

   The Company may choose to convert each note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company opts not convert the note within the agreed time frame, these notes will accrue interest until they mature 62 months from the initial drawdown date.

   In 2017, the Company recognized ₱82.9 million impairment loss, bringing the investment balance to nil as at December 31, 2022 and 2021.

   In March 2018, the Company filed before the Regional Trial Court of Makati City a civil case for specific performance in order to compel Red Core Group to comply with the provisions of the loan and investment agreement signed by the parties. On November 23, 2020, the Court partially granted the Motion for Summary Judgment filed by the Company.

On August 15, 2022, the Court rendered a decision ordering Red Core Investments Corporation to pledge all its shares in Tayabas Geothermal Power, Inc., Tiaong Geothermal Power, Inc., and San Juan Geothermal Power Inc. and execute a deed of pledge in favor of the Company. The Court also decided to dismiss the claim of the Company for exemplary damages amounting to ₱0.1 million but granted the Company Attorney's fees amounting to ₱0.6 million and cost of suit against Red Core Group plus legal interest from judicial demand until amount is fully paid.

On October 3, 2022, the Company filed a demand for payment under the loan and investment agreement to Red Core Group. As of March 1, 2023, the Company is yet to collect the amount due from Red Core Group.

In 2022, 2021 and 2020, gain on sale of FVOCI investments amounted to ₱0.8 million, ₱0.5 million, and ₱1.2 million, respectively.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

		2022		2021
Beginning balance	₱	**273,449**	₱	2,521,749
Loss recognized directly in equity - net of tax		**(2,884,259)**		(1,849,250)
Amount removed from equity and recognized in consolidated statement of comprehensive income - net of tax		**(573,124)**		(399,050)
Ending balance	(₱	**3,183,934)**	₱	273,449

13. Investments and Advances

		2022		2021
Investments at equity - net of valuation allowance	₱	**354,423,186**	₱	327,783,660
Advances - net of allowance for expected credit losses of ₱564.8 million in 2022 and 2021		**2,608,113**		1,649,622
	₱	**357,031,299**	₱	329,433,282

Investments at equity consist of:

		2022		2021
Acquisition cost				
Common shares and Preferred shares	₱	**722,121,654**	₱	2,680,072,537
Accumulated equity in net losses and impairment loss		**(367,698,471)**		(2,586,450,673)
Effect of foreign exchange differences		**–**		234,161,796
	₱	**354,423,183**	₱	327,783,660

The significant transactions involving the Group's investments in associates in 2022 and 2021 follow:

AGP-SG and AGP-BVI

AGPI is a BVI business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated. AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries. In 2018, the Group decided to focus on the development and construction of LNG terminals, transportation assets and platforms to deliver natural gas to end-customers and its related business (the "LNG Business") gas logistics due to the identified opportunity to combine the Group's expertise in liquefied natural gas (LNG) industry and decades-long experience in modular construction.

The principal place of business of AGP-SG is 600 North Bridge Road, Parkview Square, Singapore.

The total acquisition cost of the investment in AGP-SG amounted to US$45.0 million (₱1,958.0 million). The Group recognized an impairment loss of ₱232.3 million (after considering the effect of dilution) in 2019. In 2020 and 2019, the Group recognized equity in net losses amounting to ₱601.4 million and ₱294.1 million, respectively. The unrecognized share in net losses of AGP-SG as at December 31, 2020 amounted to ₱417.1 million. The Group is not committed to contribute to AGP-SG for any losses in excess of the cost of the investment.

The following are the significant financial information of AGP-SG as at and for the year ended December 31, 2020 (in millions):

Statements of Financial Position *:		
Current assets	₱	6,125.2
Noncurrent assets		13,657.9
Current liabilities		9,391.9
Noncurrent liabilities		8,348.6
Equity		2,042.6
Statement of Comprehensive Income*:		
Revenue	₱	4,646.9
Loss before tax		4,859.0
Net loss		4,952.4

**Based on the latest available unaudited financial information.*

As at December 31, 2020, the carrying value of the investment amounted to nil.

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer. Management believes that all the criteria for recognition of noncurrent asset held-for-sale (NCAHFS) in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Group discontinued the use of the equity method for its investment in AGP-SG and classified such investment as NCAHFS. Based on the available financial information, for the period ended before the classification as NCAHFS, AGP-SG incurred net losses and, as at date of classification as NCAHFS, the carrying value of the investment in AGP-SG remains nil. On February 17, 2022, the said investment in associate held for sale was sold for a total consideration of US$35.8 million (₱1,974.6 million). The Group recognized ₱2,208.8 million gain in its consolidated statements of comprehensive income, including the reversal of the related cumulative translation adjustment of ₱234.2 million.

AIMP

AIMP reported net income amounting to ₱133.5 million, ₱67.5 million and ₱23.3 million in 2022, 2021 and 2020, respectively. The Group recognized equity in net earnings amounting to ₱27.1 million, ₱13.5 million and ₱4.4 million in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, the carrying value of the investment in AIMP amounted to ₱179.4 million and ₱152.3 million, respectively.

FHI

In 2021, FHI made a cash advance to the Company amounting to ₱76.6 million (nil in 2022). Total outstanding cash advance from FHI amounted to ₱104.3 million as of December 31, 2022 and 2021, respectively, which is presented under "Accounts payable and accrued expenses" (see Note 18).

FHI reported a net loss amounting to ₱1.9 million, ₱8.2 million and ₱5.5 million in 2022, 2021 and 2020, respectively. The Group recognized equity in net losses amounting to ₱0.5 million, ₱2.1 million and ₱1.4 million in 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, the carrying value of the investment and advances in FHI amounted to ₱175.0 million and ₱175.5 million, respectively.

BM

As at December 31, 2022 and 2021, the net carrying value of the Group's investment in BM amounted to nil.

On December 31, 2022, the said investment in associate was sold with a consideration of $1 (₱55).

Prople Limited

In 2020, Prople Limited redeemed the preference shares held by the Group amounting to ₱10.1 million.

As at December 31, 2022 and 2021, the net carrying value of AI's investment in Prople Limited amounted to nil.

The Group has no share in the contingent liabilities of any associates as at December 31, 2022 and 2021.

In 2022 and 2021, the Group received advances from Prople Limited amounting to ₱32.4 million and ₱20.3 million, respectively.

14. Property and Equipment

	2022					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱ 2,856,525,648	₱1,445,488,604	₱ 590,993,498	₱ 242,667,463	₱ 133,199,797	₱ 5,268,875,010
Additions	16,046,794	85,662,447	36,510,093	43,373,136	277,101,077	458,693,547
Reclassification	53,469,254	155,731,340	9,400,215	6,234,844	(224,835,653)	–
Retirement/disposals	–	–	(2,641,518)	(16,617,494)	–	(19,259,012)
December 31	2,926,041,696	1,686,882,391	634,262,288	275,657,949	185,465,221	5,708,309,545
Accumulated Depreciation and Amortization						
January 1	1,057,063,996	955,993,020	509,685,407	201,745,977	–	2,724,488,400
Depreciation and amortization (Note 21)	80,684,749	147,102,326	50,854,564	16,397,803	–	295,039,442
Retirement/disposals	–	–	(2,641,518)	(13,685,529)	–	(16,327,047)
December 31	1,137,748,745	1,103,095,346	557,898,453	204,458,251	–	3,003,200,795
Net Book Value	₱ 1,788,292,951	₱ 583,787,045	₱ 76,363,835	₱ 71,199,698	₱ 185,465,221	₱ 2,705,108,750

	2021					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱ 2,827,677,520	₱ 1,299,169,781	₱ 562,058,832	₱ 227,167,476	₱ 15,247,681	₱ 4,931,321,290
Additions	759,943	107,695,404	23,829,693	14,579,629	194,947,264	341,811,933
Reclassification	28,088,185	38,623,419	5,104,973	5,178,571	(76,995,148)	–
Retirement/disposals	–	–	–	(4,258,213)	–	(4,258,213)
December 31	2,856,525,648	1,445,488,604	590,993,498	242,667,463	133,199,797	5,268,875,010
Accumulated Depreciation and Amortization						
January 1	974,260,193	823,535,504	470,055,166	182,629,005	–	2,450,479,868
Depreciation and amortization (Note 21)	82,803,803	132,457,516	39,630,241	23,375,185	–	278,266,745
Retirement/disposals	–	–	–	(4,258,213)	–	(4,258,213)
December 31	1,057,063,996	955,993,020	509,685,407	201,745,977	–	2,724,488,400
Net Book Value	₱ 1,799,461,652	₱ 489,495,584	₱ 81,308,091	₱ 40,921,486	₱ 133,199,797	₱ 2,544,386,610

Construction in progress includes cost of the on-going construction of the land and building improvements and cost of assembling machineries and equipment.

Depreciation amounted to ₱295.0 million, ₱278.3 million and ₱267.9 million in 2022, 2021 and 2020, respectively (see Note 21).

15. Investment Properties

		2022	
	Land	Condominium	Total
Cost			
January 1	₱ 241,924,965	₱ 293,595,000	₱ 535,519,965
Additions	6,607,517	–	6,607,517
December 31	248,532,482	293,595,000	542,127,482
Accumulated Depreciation and Amortization			
January 1	–	30,582,812	30,582,812
Depreciation and amortization (Note 21)	–	14,679,750	14,679,750
December 31	–	45,262,562	45,262,562
Accumulated Impairment Loss	–	24,812,188	24,812,188
Net Book Value	₱ 248,532,482	₱ 223,520,250	₱ 472,052,732

		2021	
	Land	Condominium	Total
Cost			
January 1	₱ 238,010,571	₱ 293,595,000	₱ 531,605,571
Additions	3,914,394	–	3,914,394
December 31	241,924,965	293,595,000	535,519,965
Accumulated Depreciation and Amortization			
January 1	–	15,903,062	15,903,062
Depreciation and amortization (Note 21)	–	14,679,750	14,679,750
December 31	–	30,582,812	30,582,812
Accumulated Impairment Loss			
Provision for impairment loss (Note 23)	–	24,812,188	24,812,188
Net Book Value	₱ 241,924,965	₱ 238,200,000	₱ 480,124,965

The Group's investment properties include 136.8 hectares of land in Palawan, 36.9 hectares of land in Cebu, and 97.4 hectares of land in Guimaras. Condominium pertains to the two (2) commercial condominium units purchased by the Company in 2019 and are held for lease to other parties and associate. The aggregate fair value of these investment properties as at December 31, 2022 amounted to ₱3.6 billion.

Fair valuation of the land properties was performed by professionally qualified, SEC-accredited and independent appraiser as at October 2022. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are either for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties. Under Department of Agrarian Reform (DAR) rules, AAC has to complete the development on the Guimaras land by September 2018. On November 11, 2018, DAR approved the Group's request for extension to develop the property within a non-extendible period of five years from the receipt of order or until December 6, 2023. The notice of order was received by the Group on December 7, 2018.

Fair valuation of the condominium units was also performed by a professionally qualified, SEC-accredited, and independent appraiser. Based on the report of the appraiser rendered for 2022, the fair value of the condominium units is ₱270.1 million.

The fair value of the condominium units was arrived at through the use of the "sales comparison approach," They used properties that are situated within the subject building or in other comparable condominium buildings nearby for comparison. The fair value of the condominium units is categorized as Level 3. The highest and best use of these properties is for leasing.

The Group recognized rental income of ₱13.0 million, ₱12.6 million, and ₱12.3 million from these investment properties in 2022, 2021 and 2020, respectively (see Note 30).

The aggregate direct expenses pertaining to real property taxes, condominium dues and depreciation expense amounted to ₱16.1 million, ₱15.5 million, and ₱19.2 million in 2022, 2021 and 2020, respectively.

16. Other Noncurrent Assets and Other Noncurrent Liabilities

The Group's other noncurrent assets comprise the following as of December 31:

	2022	2021
Fund for villa operations and capital expenditures (Note 30)	₱ 82,722,493	₱ 108,519,123
Property held for future development (Note 30)	26,950,301	3,676,224
Refundable deposits	3,210,124	1,068,312
Computer software - net of accumulated depreciation of ₱14.3 million and ₱13.1 million as of December 31, 2022 and 2021, respectively	3,646,890	4,896,118
Other receivables	3,502,696	3,502,696
Others	4,376,112	1,177,093
	₱ 124,408,616	₱ 122,839,566

Fund for villa operations and capital expenditures is a restricted cash fund of PRI and PUI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated statements of financial position (see Note 30).

Other receivables pertain to claims for the sold land in Quezon, Palawan.

Other noncurrent liabilities amounted to ₱111.7 million and ₱113.7 million as at December 31, 2022 and 2021, respectively, which include the related liability for the fund asset of PRI and PUI recognized above and other liabilities arising from funds for future infrastructure and utility development of villas and funds for replacement of power generating units and desalination plant.

17. Notes Payable

As at December 31, 2021, notes payable represent unsecured, short-term, interest-bearing liabilities of IAI amounting to ₱23.2 million (nil in 2022).

Details of the Group's short-term borrowing transactions are as follows:

a. In January and February 2020, IAI obtained loans from a bank amounting to ₱10.2 million and ₱18.0 million, respectively. The amounts loaned from the bank were used for the additional working capital of IAI. The loans have interest initially fixed at 5.0% subject to review and resetting by the bank every 30 days based on prevailing market rates at such time of review and resetting. On January 11, 2021 and February 19, 2021, the loans were rolled-over for a year amounting to ₱5.2 million and ₱18.0 million with interest fixed at a rate of 5.5% based on prevailing market rates and subject to the same terms. Subsequently, on January 6, 2022 and February 14, 2022, the loans were rolled-over for another year with the same respective principal amounts and with interest fixed at rates of 4.3% and 4.5%, respectively.

b. Total interest expense from these loans recognized in the consolidated profit or loss amounted to ₱0.35 million, ₱1.1 million, and ₱1.2 million in 2022, 2021 and 2020, respectively

c. The Group's unavailed credit line from the banks amounted to ₱2,850.0 million and ₱3,165.0 million as at December 31, 2022 and 2021, respectively.

18. Accounts Payable and Accrued Expenses

		2022		2021
Trade payables	₱	**397,486,369**	₱	329,381,248
Refundable deposits		**272,260,088**		194,596,351
Accruals for:				
Personnel expenses		**168,865,274**		156,783,490
Taxes and licenses		**7,329,816**		4,643,847
Others		**38,872,422**		58,013,297
Payable to a related party (Note 13)		**170,219,545**		144,043,755
Contract liabilities (Note 5)		**101,124,098**		76,098,883
Payable to villa owners		**59,523,979**		81,123,952
Payable to contractors		**18,296,102**		16,613,819
Payable to government agencies		**92,059,039**		32,552,217
Other payables		**17,064,958**		16,931,574
	₱	**1,343,101,690**	₱	1,110,782,433

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Other accrued expenses include unpaid operating costs of the Group.

Refundable deposits mainly pertain to advance payments made by guests.

Contract liabilities pertain to the customers' advances for the delivery of goods and services.

Payable to contractors are amounts due to suppliers for ongoing and completed construction projects.

19. Long-term Debt

As at December 31, 2021, The Group's outstanding long-term debt from a local bank amounting to ₱75.7 million presented under current liabilities pertain to PDP Energy.

a. In 2015, PDP Energy obtained a long-term loan to partially fund the ₱1.5 billion cash dividend paid to Anscor. Principal amount of the loan amounted to ₱1.2 billion payable in seven years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

   PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks except for working capital requirement; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2021, PDP Energy is in compliance with the debt covenants. The loan is fully paid in 2022.

   In addition, the long-term loan is secured by the following collaterals, among others:

   - Real estate mortgage over the land owned by Minuet;
   - Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
   - Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
   - Assignment of leasehold rentals of the properties located in PDP Energy's premises.

   On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

   The long-term loan also provides for pretermination without penalty.

20. Equity

Equity holders of the Parent
Authorized capital stock as at December 31 consists of the following shares:

	2022		2021	
	Number of Shares	Amount	Number of Shares	Amount
Common - ₱1.0 par value	**3,459,310,958**	**₱ 3,459,310,958**	3,459,310,958	₱ 3,459,310,958
Preferred - ₱0.01 par value	**500,000,000**	**5,000,000**	500,000,000	5,000,000
	3,959,310,958	**₱ 3,464,310,958**	3,959,310,958	₱ 3,464,310,958

Issued and outstanding shares as at December 31 consists of the following:

	2022		2021	
	Number of Shares	Amount	Number of Shares	Amount
Common	**2,500,000,000**	**₱ 2,500,000,000**	2,500,000,000	₱ 2,500,000,000
Preferred	**500,000,000**	**5,000,000**	500,000,000	5,000,000
	3,000,000,000	**₱ 2,505,000,000**	3,000,000,000	₱ 2,505,000,000

On February 19, 2020, the Company's BOD approved the amendment of its Articles of Incorporation (AOI) wherein authorized capital stock of 5,000,000 common shares (par value of ₱1.00 per share) amounting to ₱5.0 million will be reclassified to 500,000,000 preferred shares (par value of ₱0.01 per share) amounting to ₱5.0 million. In August 2020, the Company applied for the amendment of the AOI with the SEC and this was approved by SEC on June 21, 2021.

Outstanding common shares, net of shares held by a subsidiary, as at December 31, 2022 and 2021 totaled 1,227,570,239. The Company's equity holders as at December 31, 2022 and December 31, 2021 is 11,049 and 11,070, respectively.

The Philippine SEC authorized the offering/sale to the public of the Company's 10.0 million and 140.0 million common shares with par value of ₱1.00 each on December 29, 1948 and January 17, 1973, respectively. On August 30, 1996, the Philippine SEC authorized the licensing of 910,476,302 common shares at the subscription price of ₱2.50 per share.

In 2022, 2021 and 2020, the Company declared the following cash dividends:

	2022	2021	2020
Month of declaration	**March and November**	February and November	March
Cash dividend per share	**₱0.50 and ₱0.50**	₱0.50 and ₱0.25	₱0.75
Total cash dividend	**₱2,500.0 million**	₱1,875.0 million	₱1,875.0 million
Share of a subsidiary	**₱1,272.4 million**	₱920.7 million	₱937.4 million

As at December 31, 2022 and 2021, the Company's dividends payable amounted to ₱502.0 million and ₱519.5 million, respectively, and represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2022 and 2021 due to problematic addresses of some of the Company's stockholders.

The Company's BOD approved the following appropriation of the Company's unrestricted retained earnings:

Date of Appropriation	Amount
2011	₱ 2,100,000,000
2013	900,000,000
2014	1,600,000,000
2015	1,700,000,000
2016	850,000,000
	₱ 7,150,000,000

The appropriation will be used for the Company's investment program within the next three years on business activities related to tourism, business process outsourcing and manufacturing, whether based in the Philippines or offshore.

Appropriations in 2011 and 2013 were extended in 2017. Appropriations in 2014 and 2015 were extended in 2018 and 2019, respectively.

On November 11, 2020, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years.

The unappropriated retained earnings is restricted for the dividend declaration by the following:

- Balance of gross deferred income tax assets, far value adjustments related to unrealized market to market gains of FVPL investments and unrealized foreign exchange gains (except those attributable to cash and cash equivalents) amounting to ₱6,491.4 million and ₱4,344.2 million as at December 31, 2022 and 2021, respectively.
- Shares in the undistributed retained earnings of subsidiaries and accumulated equity in net earnings of associates amounting to ₱6.1 billion and ₱4.3 billion as at December 31, 2022 and 2021, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Shares held by a subsidiary

As at December 31, 2022 and 2021, Anscorcon holds 1,272,429,761 shares of the Company. Anscorcon purchased the Company's shares amounting to ₱285.8 million (22,557,515 shares) in 2020. In 2019, Anscorcon sold 56.0 million Company shares for ₱359.9 million.

21. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2022	2021	2020
Materials used and changes in inventories (Note 11)	**₱ 8,602,843,214**	₱ 6,664,260,843	₱ 4,654,071,070
Salaries, wages and employee benefits (Note 22)	**155,455,583**	127,037,370	108,218,705
Utilities	**101,357,802**	68,495,190	72,743,297
Depreciation and amortization (Note 14)	**100,590,598**	109,216,132	92,478,983
Repairs and maintenance	**47,393,337**	81,254,728	75,010,253
Professional fees	**10,469,808**	495,257	378,179
Security services	**7,433,248**	6,922,570	5,992,989
Insurance	**4,470,742**	2,078,351	2,127,082
Transportation and travel	**3,806,819**	3,359,266	6,045,156
Others	**14,597,283**	8,500,250	6,622,521
	₱ 9,048,418,434	₱ 7,071,619,957	₱ 5,023,688,235

Cost of services rendered consists of:

		2022		2021		2020
Resort operating costs	₱	**142,844,960**	₱	125,670,705	₱	101,363,691
Salaries, wages and employee benefits (Note 22)		**87,778,405**		68,582,611		50,926,678
Depreciation and amortization (Note 14)		**52,910,287**		32,500,287		28,521,875
Materials and supplies - resort operations (Note 11)		**30,894,212**		33,249,480		21,855,679
Fuel cost		**24,469,324**		24,299,842		16,956,751
Transportation and travel		**23,824,212**		18,607,935		18,045,475
Commissions		**13,057,150**		8,096,975		7,191,262
Repairs and maintenance		**10,869,034**		14,100,851		9,122,274
Insurance		**10,151,631**		7,996,096		6,063,533
Taxes and licenses		**5,871,088**		3,224,122		3,247,109
Outside services		**1,268,152**		1,268,843		726,978
Others		**587,714**		10,325,835		4,681,144
	₱	**404,526,169**	₱	347,923,582	₱	268,702,449

Operating expenses consist of:

		2022		2021		2020
Salaries, wages and employee benefits (Note 22)	₱	**340,845,513**	₱	262,348,562	₱	292,989,341
Depreciation and amortization (Notes 14, 15 and 30)		**170,886,909**		160,879,035		171,173,222
Utilities		**136,737,400**		84,926,823		63,194,782
Advertising, marketing and management fee (Note 30)		**129,279,596**		94,978,399		92,191,957
Shipping and delivery expenses		**125,034,606**		96,400,481		72,923,630
Taxes and licenses		**74,963,797**		90,916,131		72,842,002
Repairs and maintenance		**67,321,569**		41,843,014		61,348,628
Professional and directors' fees		**62,323,136**		25,274,180		37,395,138
Transportation and travel		**50,266,466**		32,264,886		24,703,019
Commissions		**27,408,445**		27,212,971		19,791,818
Insurance		**26,822,760**		26,084,688		23,278,643
Security services		**21,306,153**		19,182,366		20,457,933
Office supplies		**18,472,462**		18,925,461		6,817,298
Donation and contribution		**14,742,214**		12,940,389		10,026,883
Communications		**14,444,211**		14,102,634		13,399,461
Association dues		**8,624,847**		8,400,598		7,769,547
Medical expenses		**7,629,053**		4,262,816		3,805,958
Meetings and conferences		**7,611,742**		8,255,195		8,299,842
Trainings		**5,382,846**		2,428,179		2,676,059
Entertainment, amusement and recreation		**5,030,562**		6,054,664		6,692,946
Computer programming		**3,838,143**		3,166,553		2,546,436
Others		**54,884,879**		51,132,446		37,325,871
	₱	**1,373,857,309**	₱	1,091,980,471	₱	1,051,650,414

In 2022 and 2020, the Company paid bonus to its non-executive directors amounting to ₱19.3 million, and ₱14.0 million, respectively, (nil in 2021).

As approved in 2004, the directors are given bonus representing no more than 1.0% of previous year's net income of the Company.

22. Personnel Expenses

		2022		2021		2020
Salaries and wages	₱	**481,002,471**	₱	372,619,250	₱	381,286,501
Social security premiums and other employee benefits		**87,064,856**		62,179,760		52,725,038
Pension costs (Notes 23 and 24)		**16,012,174**		23,169,533		18,123,185
	₱	**584,079,501**	₱	457,968,543	₱	452,134,724

In 2022 and 2020, the Group declared and paid bonuses to its executive officers amounting to ₱78.8 million, and ₱65.5 million, respectively (nil in 2021).

Annual bonus of no more than 3.0% of the preceding year's net income is given to executive officers of the Company as approved in 2004.

23. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

		2022		2021		2020
Debt instruments (Notes 9 and 12)	₱	**25,807,800**	₱	32,197,278	₱	47,215,234
Cash and cash equivalents (Note 8)		**24,918,106**		6,235,233		15,417,105
Notes receivable (Note 27)		**15,393,943**		15,043,868		18,038,590
Others		**1,342,020**		57,711		1,532,894
	₱	**67,461,869**	₱	53,534,090	₱	82,203,823

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.3 million, ₱0.2 million, and ₱0.2 million in 2022, 2021 and 2020, respectively.

Interest expense arose from the following:

		2022		2021		2020
Lease liabilities (Note 30)	₱	**2,379,491**	₱	1,890,962	₱	2,520,847
Long-term debt (Note 19)		**1,943,829**		7,135,812		19,230,512
Notes payable (Note 17)		**347,493**		1,054,460		1,215,914
Others		**16,864**		178,452		1,443,865
	₱	**4,687,677**	₱	10,259,686	₱	24,411,138

Other income (charges)-net consists of:

		2022		2021		2020
Rental income (Note 30)	₱	**13,228,239**	₱	12,809,631	₱	12,579,912
Retirement benefit income		**1,321,427**		–		–
Provision for impairment losses on receivables (Note 10)		**(906,550)**		(29,731,764)		(75,243,352)
Recovery of impairment losses (Note 10)		**81,496**		–		10,322,694
Impairment loss on investment properties (Note 15)		**–**		(24,812,188)		–
Receipt of escrow fund and tax refund		**–**		–		83,967,456
Gain on rent concession (Note 30)		**–**		–		3,917,535
Others - net		**8,526,899**		(11,973,969)		15,655,945
	₱	**22,251,511**	(₱	53,708,290)	₱	51,200,190

Others included ASAC's reimbursement from lessees and reversal of accrued expenses.

24. Pension

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. The benefits to be received by the officers and employees under the pension plans shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641.

The funds are administered by trustee banks under the control and supervision of the Board of Trustees (BOT) of the pension plans, which is composed of the executive officers of the Company.

The Group contributes to the funds as required under accepted actuarial principles to maintain the plan in sound condition and reserves the right to discontinue, suspend or change the rate and amount of its contribution to the funds at any time.

<u>Funding Policy</u>

The Group contributes to the plans amounts (estimated by an actuary on the basis of reasonable actuarial assumptions) which are necessary to provide the defined benefits. No member is required to make any contribution to the plans. Contributions to the plans are determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future in respect of services in the current period. The past service cost (PSC) is the present value of the units of benefits payable in the future in respect of services rendered prior to valuation date.

The Group's management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group's current strategic investment strategy consists of 40% of equity instruments and 60% of debt instruments.

As at December 31, 2022 and 2021, the Company's defined benefit retirement fund (Fund) has investments in shares of stock of the Company with a cost of ₱413.6 million. The fair value of the shares of stock amounted to ₱575.8 million and ₱506.4 million as at December 31, 2022 and 2021, respectively.

All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's gain arising from the changes in market prices amounted to ₱61.04 million and ₱75.6 million in 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Fund's fair value amounted to ₱839.9 million and ₱720.6 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated profit or loss and the fund status and amounts recognized in the consolidated statements of financial position.

	2022	2021	2020
Retirement benefit cost:			
Current service cost	₱ **19,185,398**	₱ 24,193,146	₱ 20,555,238
Net interest income	**(4,494,651)**	(1,023,613)	(2,432,053)
Net benefit expense (Notes 22 and 23)	₱ **14,690,747**	₱ 23,169,533	₱ 18,123,185
Actual return on plan assets	₱ **107,014,499**	₱ 160,279,066	₱ 46,900,559

Changes in net retirement plan asset are as follows:

	2022	2021	2020
Net retirement plan assets, beginning	₱ **147,141,624**	₱ 91,612,330	₱ 84,470,839
Current service cost	**(9,314,406)**	(13,409,755)	(12,178,895)
Net interest income	**6,681,667**	2,910,178	4,034,196
	(2,632,739)	(10,499,577)	(8,144,699)
Actuarial changes arising from:			
Changes in financial assumptions	**(13,603,079)**	12,608,462	(15,731,936)
Experience adjustments	**26,120,992**	14,654,816	3,213,923
Changes in the effect of asset ceiling	**(124,421,947)**	(113,372,593)	(1,514,499)
Remeasurement of plan assets	**81,047,994**	143,381,265	21,595,526
Changes in demographic adjustments	**836,842**	1,033,745	–
	(30,019,198)	58,305,695	7,563,014
Contribution	**8,219,373**	7,723,176	7,723,176
Transfer to net retirement payable	**(357,977)**	–	–
Net retirement plan assets, end	₱ **122,351,083**	₱ 147,141,624	₱ 91,612,330

Changes in net retirement benefits payable are as follows:

	2022	2021	2020
Net retirement benefits payable, beginning	(₱ 48,147,054)	(₱ 56,895,050)	(₱ 32,252,060)
Current service cost	(9,870,992)	(10,783,391)	(8,376,343)
Net interest expense	(2,187,016)	(1,886,565)	(1,602,143)
	(12,058,008)	(12,669,956)	(9,978,486)
Actuarial changes arising from:			
Changes in financial assumptions	12,435,292	14,172,068	(18,812,882)
Experience adjustments	(3,206,968)	(4,452,910)	(3,225,553)
Remeasurement of plan assets	(7,128,106)	(2,801,571)	1,377,734
Changes in demographic adjustments	–	39,289	–
Changes in the effect of asset ceiling	–	(3,004)	–
	2,100,218	6,953,872	(20,660,701)
Contribution	17,815,512	14,464,080	5,996,197
Transfer from net retirement assets	357,977	–	–
Net retirement benefits payable, end	(₱ 39,931,355)	(₱ 48,147,054)	(₱ 56,895,050)

Changes in the present value of defined benefit obligation:

	2022	2021
Defined benefit obligation, beginning	₱ 482,724,903	₱ 493,788,432
Current service cost	19,185,398	24,193,146
Interest cost	22,398,989	16,625,399
Remeasurement in other comprehensive income:		
Actuarial gain - changes in financial assumptions	(33,621,857)	(26,787,615)
Actuarial loss (gain) - experience adjustments	28,515,892	(10,183,068)
Actuarial loss (gain) - changes in demographic assumptions	107,278	(1,086,929)
Benefits paid from plan assets	(13,697,334)	(13,712,153)
Benefits paid from the Company's fund	–	(112,307)
Defined benefit obligation, ending	₱ 505,613,269	₱ 482,724,905

Changes in the fair value of plan assets:

	2022	2021
Fair value of plan assets, beginning	₱ 720,570,814	₱ 551,816,645
Interest income	33,094,611	19,699,372
Contributions	26,034,885	22,187,256
Remeasurement gain	73,919,888	140,579,694
Benefits paid from plan assets	(13,697,334)	(13,712,153)
Fair value of plan assets, ending	₱ 839,922,864	₱ 720,570,814

Changes in the effect of asset ceiling:

	2022	2021
Beginning balance	₱ 138,851,339	₱ 23,310,933
Changes in the effect of asset ceiling	107,835,361	113,375,597
Interest on the effect of asset ceiling	6,203,004	2,164,809
Ending balance	₱ 252,889,704	₱ 138,851,339

The fair value of plan assets as at December 31 are as follows:

	2022	2021
Equity instruments	₱ 384,920,021	₱ 293,820,138
Debt instruments	224,485,094	410,413,591
Cash and cash equivalents	195,832,140	11,157,674
Unit investment trust funds	18,815,551	1,084,512
Others	15,870,058	4,094,899
	₱ 839,922,864	₱ 720,570,814

The financial instruments with quoted prices in active market amounted to ₱533.2 million and ₱561.4 million as at December 31, 2022 and 2021, respectively. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the Company, PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2022	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱ 8,404,905)
	-100 bps	9,570,911
Future salary increases	+100 bps	9,684,474
	-100 bps	(8,645,252)

2021	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱ 17,213,823)
	-100 bps	19,452,832
Future salary increases	+100 bps	19,333,257
	-100 bps	(17,429,176)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the subsidiaries except PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2022	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	**+100 bps**	**(₱ 8,633,715)**
	-100 bps	**9,508,484**
Future salary increases	**+100 bps**	**10,290,778**
	-100 bps	**(9,569,584)**

2021	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱ 1,199,594)
	-100 bps	1,356,306
Future salary increases	+100 bps	1,328,139
	-100 bps	(1,198,536)

The Group expects to make contributions amounting to ₱57.4 million to its defined benefit pension plans in 2023.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2022	2021
Discount rate	**5.21% to 7.19%**	3.00% to 5.05%
Future salary increases	**3.00% to 5.00%**	4.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2022 and 2021 ranges from 3.5 to 8.1 years and 1.4 to 10.3 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2022:

Year	**Amount**
2023	₱ 291,550,959
2024	23,176,741
2025	20,584,478
2026	22,348,901
2027	84,112,126
2028 to 2032	181,589,911

There were no changes from the previous period in the method and assumptions used in preparing the sensitivity analysis.

25. Income Taxes

The provision for income tax consists of:

	2022	2021	2020
Current	**₱ 338,153,898**	₱ 327,071,822	₱ 332,501,209
Deferred	**(95,998,699)**	53,080,192	(41,181,668)
	₱ 242,155,199	₱ 380,152,014	₱ 291,319,541

As at December 31, 2022 and 2021, tax credits or refunds included in "other current assets" amounted to ₱201.9 million and ₱190.5 million, respectively.

The components of the net deferred income tax assets (liabilities) are as follows:

	2022		2021	
	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]	Net Deferred Income Tax Assets[1]	Net Deferred Income Tax (Liabilities)[2]
Recognized in the consolidated profit or loss:				
Deferred income tax assets on:				
Allowance for expected credit losses	₱ 66,674,274	₱ –	₱ 66,503,058	₱ –
Allowance for inventory obsolescence and losses	23,130,697	–	23,659,440	–
Net retirement benefits payable	16,393,630	–	17,481,703	–
Unamortized past service cost	3,728,945	926,771	1,340,091	926,771
Unrealized foreign exchange loss	505,747	–	–	–
Others	9,622,011	–	8,889,196	–
	120,055,304	926,771	117,873,488	926,771
Deferred income tax liabilities on:				
Unrealized foreign exchange gains	(262,065)	(32,715,001)	(500,115)	(2,934,499)
Net retirement plan assets	(50,628)	(9,278,564)	(315,838)	(7,017,414)
Fair value adjustment on equity investments	–	(292,426,401)	–	(300,421,730)
Market adjustment on FVPL investments	–	(62,559,448)	–	(175,482,323)
Others	–	–	–	(5,206,010)
	(312,693)	(396,979,414)	(815,953)	(491,061,976)
	119,742,611	(396,052,643)	117,057,535	(490,135,205)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	–	1,061,311	–	(91,150)
Cumulative actuarial gains	(5,627,383)	(22,855,098)	(5,534,433)	(31,057,473)
	(5,627,383)	(21,793,787)	(5,534,433)	(31,148,623)
	₱ 114,115,228	(₱417,846,430)	₱ 111,523,102	(₱ 521,283,828)

(1) Pertain to SSRLI, ASAC, PDP and AHI.
(2) Pertain to Anscor and Anscorcon.

The following are the deductible temporary differences and carryforward benefits for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not probable:

	2022	2021
Deductible temporary differences on:		
Allowances for:		
Impairment losses	₱ **1,050,380,658**	₱ 1,812,677,232
Expected credit losses	**567,537,073**	567,537,073
Accrued pension benefits and others	**880,535**	1,603,894
Carryforward benefits of:		
NOLCO	**45,313,509**	43,908,287
MCIT	**6,293,385**	7,603,047
Others	**87,084**	–

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic corporations.

- For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax of 10% is repealed.

The reconciliation of provision for income tax computed at the statutory income tax rate (25% in 2022 and 2021 and 30% in 2020) with the provision for income tax is as follows:

	2022	2021	2020
Provision for income tax at statutory tax rates	₱ 774,549,289	₱ 729,436,234	₱ 138,013,361
Additions to (reductions from) income taxes resulting from:			
Nontaxable income	(493,648,900)	–	(218,673,569)
Movement in unrecognized deferred income tax assets	191,691,568	38,363,894	41,862,258
Decrease (increase) in market values of marketable equity securities and other investments subjected to final tax	(145,941,385)	(326,645,836)	216,649,877
Dividend income not subject to income tax	(66,751,373)	(90,948,354)	(72,379,100)
Income tax at 5% GIT	(33,624,145)	(7,253,409)	(17,975,832)
Equity in net losses (earnings) of associates not subject to income tax	(6,659,881)	(2,852,401)	179,401,942
Interest income already subjected to final tax	(123,402)	(131,030)	(1,458,413)
Change in income tax rate (impact of CREATE)	–	15,507,248	–
Others	22,663,428	24,675,668	25,879,017
	₱ 242,155,199	₱ 380,152,014	₱ 291,319,541

The Group has available NOLCO and MCIT which can be claimed as deduction from taxable income and as credit against income tax due, respectively, as follows:

NOLCO

Period of Recognition	Availment Period	Beginning of the year	Additions	Applied	Expired	End of the year
2019	2020-2022	₱ 15,633,297	₱ –	₱ –	(₱ 15,633,297)	₱ –
2020	2021-2025	18,174,117	–	–	–	18,174,117
2021	2022-2026	10,100,873	–	–	–	10,100,873
2022	2023-2025	–	17,038,519	–	–	17,038,519
		₱ 43,908,287	₱ 17,038,519	₱ –	(₱ 15,633,297)	₱ 45,313,509

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Hence, the incurred NOLCO of the Group in taxable year 2020 and 2021 can be claimed as deduction from the regular taxable income from taxable years 2021 to 2025 and taxable years 2022 to 2026, respectively, in pursuant to the Bayanihan to Recover As One Act.

MCIT

Period of Recognition	Availment Period		Beginning of the year		Additions		Applied		Expired		End of the year
2019	2020-2022	₱	3,866,181	₱	–	₱	–	(₱	3,866,181)	₱	–
2020	2021-2023		1,713,931		–		–		–		1,713,931
2021	2022-2024		2,022,934		–		–		–		2,022,934
2022	2023-2025		–		2,556,520		–		–		2,556,520
		₱	7,603,046	₱	2,556,520	₱	–	(₱	3,866,181)	₱	6,293,385

26. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

		2022		2021		2020
Net income attributable to equity holders of the Parent	₱	**2,800,557,660**	₱	2,504,080,376	₱	165,646,806
Total comprehensive income (loss) attributable to equity holders of the Parent		**2,728,710,414**		2,680,681,495		(24,105,756)
Weighted average number of shares		**1,227,570,239**		1,227,570,239		1,241,967,264
Earnings (Loss) Per Share						
Basic/diluted, for net income attributable to equity holders of the Parent	₱	**2.28**	₱	2.04	₱	0.13
Basic/diluted, for comprehensive income (loss) attributable to equity holders of the Parent	₱	**2.22**	₱	2.18	(₱	0.02)

The Company does not have potentially dilutive common stock equivalents in 2022, 2021 and 2020.

27. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

All related party transactions exceeding ₱5.0 million in a single transaction or in aggregate transactions within the last twelve (12) months shall be disclosed to and evaluated by the Related Party Transaction Committee for approval by at least majority of the BOD.

All material related party transactions, representing 10% or more of the consolidated total assets of the Group, shall be approved by at least two-thirds (2/3) vote of the BOD, with at least majority of the independent directors voting to approve the material related party transactions. These transactions shall be disclosed with the SEC.

In the normal course of business and in addition to those disclosed in Notes 13 and 30, the Group grants/ receives cash advances to/from its associates and affiliates. Related party transactions are generally settled through cash.

Compensation of the Group's key management personnel (in millions):

	2022	2021	2020
Short-term employee benefits (Notes 21 and 22)	₱ **205.9**	₱ 106.8	₱ 146.4
Retirement benefits (Notes 21, 22 and 24)	**4.4**	4.4	4.4
Total	₱ **210.3**	₱ 111.2	₱ 150.8

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

On November 4, 2019, the Company granted a five-year loan amounting to ₱363.5 million to A. Soriano Corporation Retirement Plan (the Retirement Plan) at 5% interest per annum. The loan is secured by the Company's shares of stock held by the Retirement Plan with a fair value of ₱506.2 million and ₱445.2 million as at December 31, 2022 and 2021, respectively.

The balance of the loan, which is presented as "Notes receivable" in the consolidated statements of financial position, amounted to ₱245.9 million and ₱297.6 million as at December 31, 2022 and 2021, respectively.

28. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable, lease liabilities and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields, and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk, and operating and regulatory risks. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Treasurer and Corporate Development Officer, and an independent consultant. The Committee meets at least every quarter for the review and evaluation. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk

The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures

The table below shows the gross maximum exposure for each class of financial assets before the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2022	2021
Cash in banks	₱ **1,333,555,278**	₱ 1,691,559,733
Cash equivalents	**1,613,714,139**	1,036,630,915
FVPL investments - bonds	**162,948,774**	246,425,256
FVOCI investments - bonds	**41,453,401**	46,396,340
Advances	**567,408,113**	566,449,622
	3,719,079,705	3,587,461,866
Receivables:		
Trade	**2,312,815,653**	1,935,826,780
Notes receivable	**245,854,878**	297,608,131
Receivable from villa owners	**100,880,108**	37,908,027
Interest receivable	**8,563,901**	6,172,679
Dividend receivable	**–**	22,251,559
Others	**31,545,240**	29,144,224
	2,699,659,780	2,328,911,400
	₱ **6,418,739,485**	₱ 5,916,373,266

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

		Days Past Due But Not Impaired					
		Less than	31 to	61 to	91 to 120	More than	
December 31, 2022	**Current**	**30 days**	**60 days**	**90 days**	**days**	**120 days**	**Total**
Expected credit loss rate	**0%**	**0% - 0.01%**	**0% - 0.02%**	**0% - 0.04%**	**0.%-99.49%**	**100%**	
Estimated total gross carrying amount at default	**₱1,358,737,772**	**₱ 316,259,359**	**₱ 242,520,337**	**₱183,419,945**	**₱ 43,423,375**	**₱ 168,454,865**	**₱2,312,815,653**
Expected credit loss	**₱ –**	**₱ 21,552**	**₱ 45,977**	**₱ 64,251**	**₱ 43,203,480**	**₱ 168,454,865**	**₱ 211,790,125**

		Days Past Due But Not Impaired					
		Less than	31 to	61 to	91 to 120	More than	
December 31, 2021	**Current**	**30 days**	**60 days**	**90 days**	**days**	**120 days**	**Total**
Expected credit loss rate	0%	0% - 1.05%	0% - 0.02%	0%	0% - 19.45%	100%	
Estimated total gross carrying amount at default	₱ 1,027,300,883	₱ 414,967,480	₱ 133,918,402	₱ 61,636,855	₱108,415,875	₱ 189,587,285	₱ 1,935,826,780
Expected credit loss	₱ –	₱ 4,685,005	₱ 24,441	₱ –	₱ 21,995,613	₱ 189,587,285	₱ 216,292,344

Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments.

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

2022	**12-month ECL**	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Cash in banks	**₱ 1,333,555,278**	₱ –	₱ –	**₱ 1,333,555,278**
Cash equivalents	**1,613,714,139**	–	–	**1,613,714,139**
FVOCI investments	**41,453,401**	–	–	**41,453,401**
Receivables:				
Notes receivable	**245,854,878**	–	–	**245,854,878**
Receivable from villa owners	**100,880,108**	–	–	**100,880,108**
Interest receivable	**7,972,806**	–	**591,095**	**8,563,901**
Others	**30,546,017**	–	**999,223**	**31,545,240**
Advances	**2,608,113**	–	**564,800,000**	**567,408,113**
	₱ 3,376,584,740	₱ –	**₱566,390,318**	**₱ 3,942,975,058**

2021	12-month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Cash in banks	₱ 1,691,559,733	₱ –	₱ –	₱ 1,691,559,733
Cash equivalents	1,036,630,915	–	–	1,036,630,915
FVOCI investments	46,396,340	–	–	46,396,340
Receivables:				
Notes receivable	297,608,131	–	–	297,608,131
Receivable from villa owners	37,908,027	–	–	37,908,027
Interest receivable	5,581,584	–	591,095	6,172,679
Dividend receivable	22,251,559	–	–	22,251,559
Others	28,145,001	–	999,223	29,144,224
Advances	1,649,622	–	564,800,000	566,449,622
	₱ 3,167,730,912	₱ –	₱ 566,390,318	₱ 3,734,121,230

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted contractual payments as well as the financial assets used for liquidity management.

December 31, 2022	Within 6 Months	Over 6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Cash on hand and in banks	₱ 1,334,687,516	₱ –	₱ –	₱ –	₱ 1,334,687,516
Cash equivalents	1,613,714,139	–	–	–	1,613,714,139
FVPL investments - bonds	–	–	29,909,658	133,039,115	162,948,773
FVOCI investments - bonds	–	–	27,817,958	13,635,443	41,453,401
Receivables*	2,240,424,459	–	245,854,878	–	2,486,279,337
	₱ 5,188,826,114	₱ –	₱ 303,582,494	₱ 146,674,558	₱ 5,639,083,166
Accounts payable and accrued expenses**	₱ 1,192,641,934	₱ –	₱ –	₱ –	₱ 1,192,641,934
Lease liabilities	7,053,815	7,053,814	6,509,093	–	20,676,722
Notes payable	–	–	–	–	–
Long-term debt	–	–	–	–	–
Dividends payable	501,959,779	–	–	–	501,959,779
	₱ 1,701,655,528	₱ 7,053,814	₱ 6,509,093	₱ –	₱ 1,715,278,435

** Including notes receivable amounting to ₱245.8 million.*
*** Excluding non-financial liabilities amounting to ₱100.2million.*

December 31, 2021	Within 6 Months	Over 6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Cash on hand and in banks	₱ 1,692,599,481	₱ –	₱ –	₱ –	₱ 1,692,599,481
Cash equivalents	1,036,630,915	–	–	–	1,036,630,915
FVPL investments - bonds	52,012,606	15,039,605	70,620,865	108,752,180	246,425,256
FVOCI investments - bonds	–	–	46,396,340	–	46,396,340
Receivables*	1,813,420,607	–	297,608,131	–	2,111,028,738
	₱ 4,594,663,609	₱ 15,039,605	₱ 414,625,336	₱ 108,752,180	₱ 5,133,080,730
Accounts payable and accrued expenses**	₱ 1,002,131,333	₱ –	₱ –	₱ –	₱ 1,002,131,333
Lease liabilities	4,969,201	4,969,201	7,729,869	–	17,668,271
Notes payable	23,166,200	–	–	–	23,166,200
Long-term debt	75,714,286	–	–	–	75,714,286
Dividends payable	519,529,172	–	–	–	519,529,172
	₱ 1,625,510,192	₱ 4,969,201	₱ 7,729,869	₱ –	₱ 1,638,209,262

** Including notes receivable amounting to ₱297.6 million.*
*** Excluding non-financial liabilities amounting to ₱108.6 million.*

Accounts payable and accrued expenses, dividends payable, lease liabilities, notes payable and current portion of long-term debt are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, foreign currency risk, copper rod price risk and operating and regulatory risk.

Investments exposed to market risk are foreign and local currency-denominated quoted debt instruments, foreign and local-currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant (in millions):

Floating Debt Instrument	Change in Interest Rates [in Basis Points (bps)]	Effect on Income Before Tax and Equity Increase (Decrease)
2022	**–**	**₱ –**
	–	**–**
2021	+150	₱ 0.23
	-150	(0.23)

The sensitivity analysis shows the effect on the consolidated profit or loss of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and financial liabilities held as at December 31, 2022 and 2021. There is no other impact on equity other than those affecting profit or loss.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity of the estimated future bond yields using a duration-based sensitivity approach. Items affecting profit or loss are bonds classified as FVPL and items affecting equity account are bonds classified as FVOCI. The impact of change in interest rates are as follows (in millions):

	Change in	Increase (Decrease)	
2022	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	**+100**	**₱ –**	**(₱ 1.03)**
	-100	**–**	**(1.08)**
FVPL investments	**+100**	**(₱ 14.25)**	**₱ –**
	100	**(4.46)**	**–**

	Change in	Increase (Decrease)	
2021	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	+100	₱ –	(₱ 2.06)
	-100	–	2.19
FVPL investments	+100	(₱ 4.85)	₱ –
	-100	5.11	–

b. Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the PSE, NASDAQ and NYSE.

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach. The impact of the change in equity prices are as follows (in millions):

FVPL Investments	Change in PSE Price Index	Effect on Income Before Tax and Equity Increase (Decrease)
2022	**+20.49%**	**₱ 1,050.13**
	-20.49%	**(1,050.13)**
2021	+18.77%	₱ 859.33
	-18.77%	(859.33)

The annual standard deviation of the PSE price index is approximately with 18.77% and 33.14% and with 99% confidence level, the possible change in PSE price index could be +/-20.49% and +/- 18.77% in 2022 and 2021, respectively.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

The sensitivity analysis demonstrates management's best estimate of the impact of reasonably possible change in NAV, with all other variables held constant.

The table below shows the impact on income before income tax and equity of assumed changes in NAV. A negative amount in the table reflects a potential reduction on income before income tax or equity while a positive amount reflects a potential increase on income before income tax or equity.

The impact of the change in mutual fund prices are as follows (in millions):

Mutual funds	Change in NAV	Effect on Income Before Tax and Equity Increase (Decrease)
2022	**+10.00%**	**₱ 224.17**
	-10.00%	**(224.17)**
2021	+10.00%	₱ 153.90
	-10.00%	(153.90)

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency-denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency - denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Australian dollar and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies.

On borrowings, it is the Company's group-wide policy for its subsidiaries to minimize any foreign exchange risks. Thus, all borrowings, whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI and SSRLI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso on income before tax. It assumes that all other variables remain constant. The impact of the change in currency rates are as follows (in millions):

2022	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
US Dollar	**+7.44%**	**₱ 15.36**
	-7.44%	**(15.36)**

2021	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
US Dollar	+4.38%	₱ 7.69
	-4.38%	(7.69)
Indonesian Rupiah	+19.11%	(₱ 34.01)
	-19.11%	34.01

e. Copper rod price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced. Average monthly purchase of copper rods amounted to ₱638.0 million, with an average quantity of about 1,255 metric tons in 2022 and ₱490.9 million, with an average quantity of about 1,182 metric tons in 2021.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market. The following table represents the effect on income before tax and equity of the reasonably possible change in metal prices, as they affect prices of copper rods, with all other variables held constant.

The impact of the change in copper prices are as follows (in millions):

	% Change in Copper Rod Prices	Effect on Income Before Income Tax and Equity Increase (Decrease)
2022	**+4.13**	**(₱ 45.13)**
	-4.13	**45.13**
2021	+9.02	(₱ 76.65)
	-9.02	76.65

PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk-return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position.

No changes were made in the objectives, policies or process for the years ended December 31, 2022 and 2021.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2022	At Amortized Cost	Assets at FVPL	Financial Assets at FVOCI	Financial Total
Cash and cash equivalents	₱ 2,948,401,655	₱ –	₱ –	₱ 2,948,401,655
FVPL investments	–	12,046,804,002	–	12,046,804,002
FVOCI investments	–	–	41,453,401	41,453,401
Receivables*	2,486,279,337	–	–	2,486,279,337
	₱ 5,434,680,992	₱12,046,804,002	₱ 41,453,401	₱ 17,522,938,395

**Including notes receivable amounting to ₱245.8 million.*

December 31, 2021	At Amortized Cost	Assets at FVPL	Financial Assets at FVOCI	Financial Total
Cash and cash equivalents	₱ 2,729,230,396	₱ –	₱ –	₱ 2,729,230,396
FVPL investments	–	11,677,813,985	–	11,677,813,985
FVOCI investments	–	–	46,396,340	46,396,340
Receivables*	2,111,028,738	–	–	2,111,028,738
	₱ 4,840,259,134	₱ 11,677,813,985	₱ 46,396,340	₱ 16,564,469,459

**Including notes receivable amounting to ₱297.6 million.*

Fair Values of Financial Assets and Financial Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable, current portion of lease liabilities and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investment in KSA are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a different multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

		Fair Value Measurement Using		
December 31, 2022	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	₱ 6,334,416,035	₱ 6,334,416,035	₱ –	₱ –
Unquoted equity shares	2,885,848,761	–	1,696,874,762	1,188,973,999
Funds and equities	2,139,724,268	–	2,139,724,268	–
Proprietary shares	518,127,073	–	518,127,073	–
Bonds	162,948,774	162,948,774	–	–
Others	5,739,091	5,739,091	–	–
	12,046,804,002	6,503,103,900	4,354,726,103	1,188,973,999
FVOCI investments	41,453,401	41,453,401	–	–
	₱12,088,257,403	₱ 6,544,557,301	₱ 4,354,726,103	₱ 1,188,973,999

December 31, 2021	Total	Fair Value Measurement Using Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱ 7,405,486,958	₱7,405,486,958	₱ –	₱ –
Unquoted equity shares	1,827,306,698	–	805,597,624	1,021,709,074
Funds and equities	1,790,855,560	–	1,790,855,560	
Proprietary shares	399,877,073	–	399,877,073	–
Bonds	246,425,256	246,425,256	–	–
Others	7,862,440	7,862,440	–	–
	11,677,813,985	7,659,774,654	2,996,330,257	1,021,709,074
FVOCI investments	46,396,340	46,396,340	–	–
	₱ 11,724,210,325	₱ 7,706,170,994	₱ 2,996,330,257	₱ 1,021,709,074

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2022	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	**DCF Model**	**Dividend payout is ₱100.7 million with 5% annual increase at the end of 2nd year**	**0% to 5%**	**0%: fair value of ₱649 5%: fair value of ₱1,045**
		Liquidity discount of 20%	**10% to 30%**	**10%: fair value of ₱1,175 30%: fair value of ₱914**
		Cost of equity of 13.20%	**12.20% to 14.20%**	**12.20%: fair value of ₱1,185% 14.20%; fair value of ₱936**

2021	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year	0% to 5%	0%: fair value of ₱780 5%: fair value of ₱1,069

(Forward)

2021	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,034 30%: fair value of ₱805
		Cost of equity of 13.20%	12.20% to 14.00%	12%: fair value of ₱981 14% fair value of ₱879

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

As at December 31, 2022 and 2021, the carrying value of the investment in KSA amounts to ₱1,021.7 million. No unrealized gain or loss recognized for the years 2022, 2021 and 2020.

In 2021, Grab was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the years ended December 31, 2022, 2021 and 2010, there were no transfers other than those mentioned above.

30. Contracts and Agreements

Anscor

a. On November 29, 2019, the Company entered into a lease agreement with ATR Asset Management, Inc., ATRAM Trust Corporation and MET Holdings, Inc. for the lease of its condominium unit commencing on the agreement date until April 30, 2021. The contract was renewed for another five (5) years effective May 1, 2021 and the Company will receive monthly rental payments of ₱1.2 million, which is subject to 5% escalation rate starting May 1, 2022.

   The Company recognized rental income amounting to ₱13.0 million, ₱12.6 million, and ₱12.3 million in 2022, 2021 and 2020, respectively (see Notes 15 and 23).

IAI

a. On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of the engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary by a Honeywell authorized service center. Deposits for the MSP as at December 31, 2022 and 2021 amounted to nil and ₱22.19 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets.

b. IAI entered into a lease or concessionaire agreement with Manila International Airport Authority (MIAA) which granted IAI to operate as an aircraft hangar and conduct fixed base operations within the leased premises. The agreement shall be effective for a period of one (1) year commencing on January 1, 2016. After the end of the first year, the lease is automatically renewed until IAI is permitted to stay in Ninoy Aquino International Airport (NAIA) Complex. IAI will continue to operate at NAIA Complex by virtue of the Certificate of Public Convenience and Necessity (CPCN) to operate Domestic Scheduled Air Transportation Services issued on March 31, 2017 and valid from March 1, 2017 up to February 28, 2022. On March 28, 2022, the CPCN was renewed for a period of 5 years, effective from March 1, 2022 up to February 28, 2027.

   On October 15, 2019, MIAA issued a memorandum stating that all general aviation operations be transferred to other alternate airports to ease the traffic congestion at the NAIA Complex. MIAA gave general aviation companies until May 31, 2020 to vacate and turn over the leased premises.

   IAI continues to operate in the leased premises after May 31, 2020 and the lease agreement was converted to a month-to-month basis starting June 1, 2020.

   On January 28, 2021, IAI received a letter from MIAA stating that should IAI desire to renew the agreement, documentary requirements must be submitted on or before February 15, 2021 and that IAI should provide its best lease offer. Rent expense in 2021 and 2020 amounted to ₱5.2 million and ₱1.5 million.

   At the beginning of February 2021, Federation of Aviation Organization, of which IAI is a member, sent a letter proposal to MIAA for the best lease offer price which was agreed by all of its members.

   A new lease arrangement between MIAA and ASAC was executed on April 21, 2022 effective for a period of three years starting January 1, 2022 to December 31, 2024 or earlier depending on MIAA's development plan affecting the area. The contract may be renewed or extended only upon the written agreement by the parties on such terms and conditions as they may be mutually agreed upon. The new lease arrangement between MIAA and ASAC superseded the month-to-month arrangement between MIAA and IAI.

		2022
Cost		
Additions for the year	₱	**17,652,622**
Accumulated Amortization		
Amortization for the year		**(5,884,207)**
Net Book Value	₱	**11,768,415**

Set out below is the carrying amount of lease liability and its movement:

		2022
Additions for the year	₱	**17,652,621**
Accretion of interest		**760,575**
Lease payments		**(6,192,000)**
		12,221,196
Less current portion of lease liability		**(5,845,738)**
Noncurrent portion of lease liability	₱	**6,375,458**

The future aggregate minimum lease payments under the said lease are as follows:

		2022
Not later than 1 year	₱	6,377,760
More than 1 year but not later than 5 years		6,569,093
	₱	12,946,853

c. On November 7, 2022, the Board approved the acquisition of two (2) twin Otter aircraft from Viking Air Limited (VAL). On the same date, the Board authorized IAI to avail a 10-year loan amounting to ₱1.0 billion from Banco De Oro (BDO) with variable or floating interest rate for the first two (2)— years and an interest (for evaluation whether fixed, variable or a combination of both) for the succeeding years.

d. On November 29, 2022, IAI entered into a purchase agreement with VAL to acquire two twin Otter aircraft with a total purchase price US$17.07 million. As of December 31, 2022, IAI deposited to VAL advance payment for the aircraft amounting to ₱245 million funded by the advance from SSRLI.

<u>SSRLI and PRI</u>

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop and construct the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation of machineries and equipment on PEZA-covered registered activities under the Registration Agreement.

   On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations are entitled to 5% gross income tax on revenues generated from foreign clients and regular income tax on non-foreign clients under the Registration Agreement.

   On July 1, 2011, PRI took over the resort operations of SSRLI. On the same date, PEZA approved PRI's application for registration as a locator at the Pamalican Island Ecozone Tourism Zone. SSRLI also transferred in the name of PRI all resort operation-related contracts entered into with related parties and third parties, including its long-term loans with a bank, except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is nontransferable.

   On October 3, 2012, PRI entered into an operating lease agreement with SSRLI covering all rights and interests in resort-related assets, which include land, land improvements and buildings for a period of 20 years beginning July 1, 2011. Annual lease rental amounted to ₱53.5 million, payable within the first five days at the beginning of each quarter.

   Effective January 1, 2016, the annual rental fee upon mutual agreement of both parties was reduced to ₱42.8 million.

b. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.9 million (₱255.9 million) cash consideration plus fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million (see Note 7).

c. Since 1995, the Company charges a monthly fee amounting to US$15,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to PRI.

   Starting January 1, 2018, both parties mutually agreed to a monthly fee amounting to ₱650,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. AHI also charges PRI for a monthly fee of ₱100,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. Effective August 2021, ₱375,000 (inclusive of VAT) is billed by AHI to PRI and the same amount is charged by the Company by PRI.

d. PRI executed in the past an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (AMBV, the Operator of Amanresorts), a company based in Amsterdam, the Netherlands, for a fee of 5% of PRI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by PRI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of the resort and a reserve cash funding equivalent to 3% of gross revenues, which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment.

   On June 24, 2013, both parties have mutually entered into a new OMA, effective on the same date, in which PRI will pay a basic fee amounting to 4% of gross revenue and an incentive fee of 10% based on the gross operating profit collectively known as "Management fee". In addition to the management fees discussed, PRI shall also reimburse AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

   Likewise, a Marketing Service Agreement (MSA) was entered into by PRI with Amanresorts Services Limited (ASL) with marketing fee charges of 3% of PRI's annual gross hotel revenues. On June 24, 2013, both parties mutually entered into a new marketing services agreement of the same terms and conditions, except for a lower marketing fee rate of 1% of gross revenue from 3%.

   On June 24, 2011, PRI also executed a Reservation Service Agreement with Hotel Sales Services Ltd. (HSSL), a company established in British Virgin Islands, in which PRI will pay the latter a monthly fee of 6.5% on gross accommodation charges for all realized bookings processed through HSSL's central sales and reservation offices with the exception of bookings made through the Global Distribution System (GDS) in which PRI will pay US$100 per booking. An annual maintenance fee of US$1,000 shall also be paid to HSSL.

   On October 10, 2014, PRI and HSSL executed a new agreement, effective January 1, 2015, with similar terms as the original agreement, except for a higher annual maintenance fee which increased to US$3,000 from US$1,000 and a lower transaction fee for GDS Network bookings for US$100 from US$300.

   PRI also obtained from Amanresorts I.P.R.B.V. (AIPRBV), a company incorporated in Amsterdam, the Netherlands, the nonexclusive license to use the Amanresorts Marks in connection with the operation of the Resort for a monthly fee of US$1,000.

The OMA, marketing and license contracts will expire on the thirty first (31st day) of December of the fifth full calendar year following their commencement. Further, AMBV has the option to extend the operating term for a period of five years from the date of its expiration.

On January 18, 2018 and March 9, 2018, the Aman Group notified PRI of the assignment of the OMA, MSA and RSA, among others, to Aman Group S.A.R.L., a company incorporated in Switzerland.

On November 28, 2018, Aman Group issued a Notice of Extension to PRI containing its election and intention to extend the operating term with PRI for a period of five (5) years or until December 31, 2023 from the date of expiration, which was on December 31, 2018, under the same terms and conditions as contained in the management agreement.

Total fees related to these agreements amounted to ₱98.1 million, ₱75.1 million and ₱52.6 million in 2022, 2021 and 2020, respectively.

e. PRI entered into an agreement with IAI wherein the latter will provide regular air transport service to PRI. IAI shall charge PRI a fixed round trip rate, subject to an annual review by both parties, with a guarantee that all IAI's operating cost will be covered. The agreement has a duration of three (3) years and was executed effective July 1, 2011. The agreement was renewed for another three (3) years on February 13, 2015. The duration of the contract may be extended upon such terms and condition as may be mutually agreed by both parties.

   On February 15, 2018, both parties entered into a renewal agreement which shall have a duration of not less than three (3) years unless otherwise pre-terminated. This was subsequently renewed for another three (3) years, i.e., until February 2024.

f. PRI entered into a lease agreement with IAI for the guest lounge, purchasing office including storage space and vehicle parking lots. In addition, in 2020, PRI entered into short-term lease agreements with IAI for PRI's disinfecting and rapid testing area, isolation area, staff room and additional vehicle parking slots.

   In 2022, the Company renewed its lease agreements with IAI for the Company's disinfecting and rapid testing area, isolation area, staff room and additional vehicle parking slots. These lease agreements are subjected to a lease term of one year or less.

   On April 21, 2022, a new lease arrangement between Manila International Airport Authority (MIAA) and A. Soriano Air Corporation (ASAC) was executed effective for a period of three years starting January 1, 2022 to December 31, 2024. This new lease agreement between MIAA and ASAC superseded the month-to-month arrangement between MIAA and IAI. Accordingly, all the existing lease agreements between IAI and the Company was terminated. New lease agreements was executed between the Company and ASAC starting August 1, 2022. These lease agreements are subjected to a lease term of one year or less.

   Total rent expense (eliminated in the consolidated profit or loss) relating to these lease agreements amounted to ₱3.84 million and ₱5.1 million in 2022 and 2021, respectively.

g. On July 1, 2011, PRI entered into management agreements with the villa owning companies wherein it shall provide general maintenance and accounting and administrative services for the villas. PRI shall also be responsible for the marketing and promotion of the villas. In return for these services, PRI shall be entitled to 50% of the net villa rental proceeds. PRI shall also receive reimbursements of costs, with 15% handling fees (except for utilities, which are not subject to handling fees), incurred in providing services to the villa guests. PRI's share in the net villa rental proceeds including handling fees amounted to ₱193.0 million, ₱164.0 million and ₱90.9 million in 2022, 2021 and 2020, respectively, and presented as "Services" revenue account in the consolidated statements of comprehensive income.

   As part of the agreement, PRI will also receive a fund which shall be used for future maintenance requirements of the villas. As at December 31, 2022 and 2021, the restricted fund amounted to ₱82.72 million and ₱87.01 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 16).

h. In November 2005, the DENR awarded to SSRLI the use of the foreshore land surrounding the Pamalican Island, where Amanpulo Resort is situated. The award has a duration of 25 years which may be renewed for another full period at the option of SSRLI. Annual rent shall be paid in advance on or before the 16th day of November every year.

i. In 2014, SSRLI entered into a Construction Service Contract (Service Contract) with the PEZA-registered villa owners in which SSRLI shall provide project management general and specific administration and supervision over the preconstruction and construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. As there are no ongoing projects, no handling fee was recognized in 2022, 2021 and 2020.

j. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2022 and 2021, total property development in progress mainly for Phase 4 villa development amounted to ₱41.1 million and ₱32.2 million, respectively.

<u>PDIPI and Subsidiaries</u>

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive), plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy (eliminated in the consolidated balance sheets) amounted to ₱44.7 million and ₱23.3 million as at December 31, 2022 and 2021, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱100.1 million, ₱103.6 million, and ₱85.1 million in 2022, 2021 and 2020, respectively.

   A new management contract was executed effective January 1, 2022 subject to the same terms and conditions except for the payment of a fixed fee amounting to ₱7.2 million (VAT inclusive) per year.

b. In 2012, PDP Energy entered into a contract of lease with a third party for the lease of its office building. The term is for a period of five years and renewable at the option of both parties. Set out below are the carrying amount of right-of-use asset recognized as at December 31, 2022 and 2021, and the movement during the period.

		2022		2021
Cost				
Beginning/Ending balance	₱	35,792,042	₱	35,792,042
Accumulated Amortization				
Beginning balance		22,605,501		15,070,334
Amortization for the year		7,535,167		7,535,167
Ending balance		30,140,668		22,605,501
Net Book Value	₱	5,651,374	₱	13,186,541

Set out below is the carrying amount of lease liability and its movements in 2022 and 2021:

		2022		2021
Beginning balance	₱	16,600,449	₱	24,130,777
Accretion of interest		1,618,916		1,890,962
Lease payments		(11,224,249)		(9,421,290)
		6,995,116		16,600,449
Less current portion of lease liability		4,288,032		9,810,744
Noncurrent portion of lease liability	₱	2,707,084	₱	6,789,705

Operating Lease commitments - PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

		2022		2021
Not later than 1 year	₱	7,729,869	₱	9,938,402
More than 1 year but not later than 5 years		–		7,729,869
	₱	7,729,869	₱	17,668,271

31. Changes in Liabilities Arising from Financing Activities

December 31, 2022	January 1, 2022	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Accretion of Interest	December 31, 2022
Long-term debt	₱ 75,714,286	₱ –	(₱ 75,714,286)	₱ –	₱ –	₱ –	₱ –
Notes payable	23,166,200	23,166,200	(23,166,200)	–	(23,166,200)	–	–
Dividends payable	519,529,172	–	(1,189,139,632)	1,227,570,239	(56,000,000)		501,959,779
Lease liabilities	16,600,449	–	(17,416,249)	–	17,652,621	2,379,491	19,216,312
Total liabilities from financing activities	₱ 635,010,107	₱23,166,200	(₱1,305,436,367)	₱1,227,570,239	(₱ 61,513,579)	₱ 2,379,491	₱ 521,176,091

December 31, 2021	January 1, 2021	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Accretion of Interest	December 31, 2021
Long-term debt	₱ 227,142,857	₱ –	(₱ 151,428,571)	₱ –	₱ –	₱ –	₱ 75,714,286
Notes payable	23,166,200	23,166,200	–	–	(23,166,200)	–	23,166,200
Dividends payable	366,069,163	–	(725,217,672)	920,677,681	(42,000,000)	–	519,529,172
Lease liabilities	24,130,777	–	(9,421,290)	–	–	1,890,962	16,600,449
Total liabilities from financing activities	₱ 640,508,997	₱23,166,200	(₱ 886,067,533)	₱ 920,677,681	(₱ 65,166,200)	₱ 1,890,962	₱ 635,010,107

December 31, 2020	January 1, 2020	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Foreign Exchange Movement	Accretion of Interest	December 31, 2020
Long-term debt	₱ 503,307,603	₱ –	(₱ 275,719,246)	₱ –	₱ –	(₱ 445,500)	₱ –	₱ 227,142,857
Notes payable	–	28,166,200	(5,000,000)	–	–	–	–	23,166,200
Dividends payable	283,974,578	–	(813,500,482)	937,595,067	(42,000,000)	–	–	366,069,163
Lease liabilities	37,374,645	–	(12,038,287)	–	(3,917,535)	–	2,711,954	24,130,777
Total liabilities from financing activities	₱ 824,656,826	₱28,166,200	(₱1,106,258,015)	₱937,595,067	(₱45,917,535)	(₱ 445,500)	₱ 2,711,954	₱ 640,508,997

32. Other Matters

a. ASAC is a defendant in labor lawsuits and claims. As at December 31, 2019, management has provisions for losses amounting to ₱5.7 million that may be incurred from these lawsuits. In 2020, ASAC reversed the provisions in full as management assessed that the claim is no longer probable due to the prescription of the period from which the complainants may file an independent action to re-open the labor lawsuits. The 10-year prescriptive period ended on April 20, 2020.

b. The Group have claims, commitments, litigations and contingent liabilities that arise in the normal course of their operations which are not reflected in the consolidated financial statements. Management is of the opinion that as at December 31, 2022 and 2021, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

c. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* are not disclosed as they many prejudice the Group's negotiation with third parties.

33. Notes to Consolidated Statements of Cash Flows

The Group's investing and financing activities in 2022 are as follows:

- 2021 additions to property and equipment amounting to ₱197.57 million was paid in 2022.

The Group's noncash investing activities in 2021 are as follows:

- Additions to property and equipment amounting to ₱197.57 million; and
- Loans amounting to ₱23.2 million were rolled-over for another year.

34. Subsequent Events

Anscor

- On March 1, 2023, the BOD approved the declaration of cash dividend of ₱0.50 per common share, payable on April 10, 2023 to common stockholders of record as at March 16, 2023.

SSRLI, PRI and PUI

- SSRLI sold its shares in PUI to PRI on January 31, 2023. On February 2, 2023, PRI transferred its assets to PUI amounting to ₱176.86 million.

IAI

- On January 6, 2023, SSRLI made an additional cash advance of ₱160 million to IAI for additional deposits to VAL (see Note 30).

- On January 9, 2023, a Facility Agreement (IAI Loan) was executed between IAI and BDO, for a term loan in the aggregate principal amount of up to P1 billion. On the same date, the Continuing Suretyship (CS) in favor of BDO was executed by SSRLI and PRI, as duly identified sureties, to secure the full payment of the IAI Loan and performance of the Secured Obligations as defined in the CS. Further, on the same date, IAI availed a 10-year loan from BDO amounting to P450.0 million with an interest rate of 6.5657%. The amount loaned was used to pay for the advances received from SSRLI amounting to P406 million.

- On February 14, 2023, SSRLI, PRI, PUI (the three companies as Trustors) and AB Capital and Investment Corporation (as Trustee) executed the Amended and Restated Mortgage Trust Indenture (MTI). PRI and PUI are now parties to the MTI which was originally entered by SSRLI and the Trustee on November 29, 2005. The Trustors in the MTI are now parties to the Mortgage Obligations for the IAI Loan with BDO Unibank Inc. (BDO). The Mortgaged properties include certain assets with an appraised value of at least 167% of the outstanding loan of IAI with BDO.

PDP

- On March 1, 2023, the Board of Directors of PD Energy approved the declaration of ₱336.0 million cash dividend to PDIPI representing ₱5.2 per share, payable as follows:

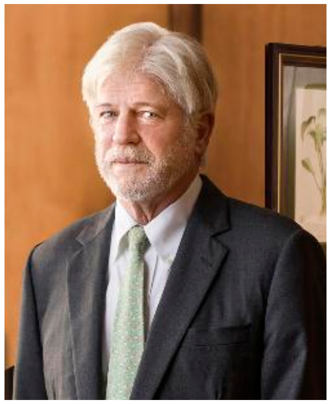
  ₱36 million - payable on March 22, 2023
  ₱150 million - payable on April 4, 2023
  ₱150 million - payable on June 29, 2023

- On March 1, 2023 the Board of Directors of PDIPI approved the declaration of ₱336.0 million cash dividend to each stockholders of record as of March 3, 2023 representing ₱3.9 per share, payable as follows:

  ₱36 million - payable on March 23, 2023
  ₱150 million - payable on April 5, 2023
  ₱150 million - payable on June 30, 2023

Board of Directors

ANDRES SORIANO III
Chairman of the Board and
Chief Executive Officer



EDUARDO J. SORIANO
Vice Chairman

ERNEST K. CUYEGKENG
President and Chief Operating Officer

JOHNSON ROBERT G. GO, JR.

OSCAR J. HILADO

WILLIAM H. OTTIGER
Executive Vice President and
Corporate Development Officer

ALFONSO S. YUCHENGCO III

Officers & Corporate Directory

CORPORATE DIRECTORY

Corporate Social Responsibility Arm
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External Auditors
SyCip Gorres Velayo & Co.

Stock Transfer Agent
Stock Transfer Service, Inc.
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6784 Ayala Avenue, Makati City

Legal Counsels
Angara Abello Concepcion Regala & Cruz
Kapunan & Castillo
Picazo Buyco Tan Fider & Santos
Tan Acut Lopez & Pison

** Assigned to AHI*
*** Assigned to ASF*

OFFICERS

ERNEST K. CUYEGKENG
President & Chief Operating Officer

WILLIAM H. OTTIGER
Executive Vice President & Corporate Development Officer

NARCISA M. VILLAFLOR
Vice President & Comptroller/Treasurer

LORENZO D. LASCO*
Vice President

JOSHUA L. CASTRO
Vice President & Assistant Corporate Secretary

SALOME M. BUHION
Assistant Vice President

MARIA VICTORIA L. CRUZ
Assistant Vice President

LEMIA L. SIMBULAN**
Executive Assistant

LORNA P. KAPUNAN
Corporate Secretary

SUBSIDIARIES

A. Soriano Air Corporation
AFC Agribusiness Corporation
Anscor Consolidated Corporation
Anscor Holdings, Inc. (AHI)
Anscor International, Inc.
IQ Healthcare Professional Connection, LLC
Island Aviation, Inc.
Minuet Realty Corporation
Pamalican Island Holdings, Inc.
Pamalican Resort, Inc.
Pamalican Utilities, Inc.
PD Energy International Corporation
Phelps Dodge International Philippines, Inc.
Phelps Dodge Philippines Energy Products Corporation
Seven Seas Resorts and Leisure, Inc.

AFFILIATES

Asia Partners LP
ATRAM Investment Management Partners Corporation
Fremont Holdings, Inc.
KSA Realty Corporation
Navegar LP
Prople Limited
Sierra Madre Philippines I LP
Vicinetum Holdings, Inc.
Y-mAbs Therapeutics, Inc.

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2022 information statement

A.SORIANO CORPORATION

A. SORIANO CORPORATION

Notice of Annual Meeting of Stockholders

NOTICE IS HEREBY GIVEN that the regular Annual Stockholders Meeting (ASM) of A. Soriano Corporation (ANSCOR or the Company) will be held on Wednesday, 19 April 2023 at 10:00 A.M. virtually at https://www.anscor.com.ph/2023-annualstockholders-meeting-live-stream/. There will be no physical venue for the ASM.

Stockholders who would like to participate in the virtual ASM may register by sending an email of their intention to participate to registration@anscor.com.ph not later than three (3) working days before the ASM or not later than 14 April 2023. The Procedure for Registration, Participation and Voting in the 2023 ASM of the Company is attached as Annex "A". A livestream of the virtual ASM will also be posted in the Company's website.

The agenda for the meeting and its explanation is as follows:

1. Approval of the minutes of previous meeting. The minutes of ASM last 20 April 2022 is posted in the Company's website. Please refer to pages 30 to 35 of the Information Statement ("IS") for further information on the approval of minutes of previous meeting.

2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders. The Chairman's Message to Stockholders is a summary of the Company's financial performance for the year ended December 31, 2022.

3. Election of members of the Board of Directors. The members of the Board of Directors are elected annually during the ASM and shall serve until the next ASM or until their successors are elected or appointed in case of vacancy due to death, resignation or removal. Please refer to pages 8 to 11 of the IS for the nominees for election as Directors of the Company.

4. Approval for Mr. Oscar J. Hilado to continue to act as Independent Director of the Company. The Company is allowed to retain an Independent Director who has served for more than nine years to continue based on meritorious justification/s and provided Stockholders' approval is secured. Please refer to pages 7 and 8 of the IS.

5. Approval of the amendment of Sections 2 and 3 of Article III on Meetings in order to formalize in the By-Laws the option to hold Stockholders' meetings virtually or via remote communications and to include e-mail and other alternative methods of sending notices of meetings to stockholders, specifically:

   a. A second paragraph to Section 2 of Article III was added to read as follows:

   Section 2. Xxx xxx xxx

   "The Board of Directors may authorize stockholders who cannot physically attend at stockholders' meetings to participate in such meetings through remote communications or other alternative modes of communication. The right to vote of stockholders may also be exercised through remote communication or in absentia when so authorized by the Board of Directors. The resolution of the Board of Directors authorizing the stockholders' participation in stockholders' meetings through remote communication and/or the right to vote through remote communication or in absentia shall only be applicable for a particular meeting through remote communication or in absentia when so authorized by the Board of Directors. The resolution of the Board of Directors authorizing the stockholders' participation in stockholders' meetings through remote communication and/or the right to vote through remote or in absentia shall only be applicable for a particular meeting.

   b. Section 3 of Article III was amended to read as follows:

   Section 3. Notices of ordinary stockholders' meeting shall be sent to stockholders of record at least fifteen (15) days prior to the scheduled annual stockholders' meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen

(15) business days prior to the date of the meeting. **<u>The notices of stockholders' meetings may also be sent to the stockholders through email or by posting in the Corporation's website and by publication in a newspaper of general circulation when so permitted by rules and regulations or circulars issued by the Securities and Exchange Commission.</u>** The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. **<u>The notice to the stockholders shall also include the requirements and procedure to be followed when stockholders are allowed to participate by remote communication or in absentia, and the manner of casting of votes and the period during which votes by remote communication or in absentia will be accepted."</u>**

Please refer to page 34 of the IS.

6. Approval of the amendment of Sections 6 and 7 of Article IV on Board of Directors in order to formalize in the By-Laws the option to hold Board meetings virtually or via remote communications and to include e-mail and messaging services as methods of sending notices of meetings to directors, specifically:

   a) A second paragraph to Section 6 of Article IV was added to read as follows:

      Section 6. xxx xxxx xxxx

      Directors who cannot physically attend or vote at Board meetings may participate through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate. Directors cannot attend or vote by proxy at Board meetings.

   b) Section 7 of Article IV was amended to read as follows:

      Section 7. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, by email, messaging services, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting.

      Please refer to pages 35 of the IS.

7. Appointment of external auditors. The appointment of SGV & Co. will be presented for approval of the Stockholders.

8. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting. As a matter of policy, Management seeks the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting. Please refer to pages 30 to 35 of the IS for a summary of resolutions passed by the Board of Directors.

9. Such other business as may properly come before the meeting. Any other matter which may properly be brought may be taken up by the stockholders during this portion of the meeting.

Only stockholders of record in the books of the Company at the close of business on 17 March 2023 will be entitled to vote at the meeting.

Stockholders are requested to complete, date, sign, and return the enclosed proxy form to reach the Company as promptly as possible not less than ten (10) working days prior to the Annual Meeting or not later than 31 March 2023. The duly signed proxy form may be emailed to our Stockholder Relations Officer, Ms. Rose Reyes at rose.reyes@anscor.com.ph.

Proxy validation will be held at A. Soriano Corporation, 7th Floor, Pacific Star Bldg., Makati Avenue corner Gil Puyat Avenue, Makati City on 12 April 2023 from 11:00 A.M. to 12:00 noon.

Makati City, Philippines, 28 March 2023.

THE BOARD OF DIRECTORS

By: Lorna Patajo-Kapunan

LORNA PATAJO-KAPUNAN
Corporate Secretary

Annex "A"

Procedure for Registration, Participation and Voting in the 2022 Annual Stockholders Meeting of A. SORIANO CORPORATION

A. Soriano Corporation (the Company) will be conducting its Annual Stockholders Meeting (ASM) on 19 April 2023 at 10:00 AM virtually at https://www.anscor.com.ph/2023-annual-stockholders-meeting-live-stream/. There will be no physical venue for the ASM.

Each share of stock outstanding as of 17 March 2023 are entitled to participate and vote in the 2023 ASM.

I. Registration and Participation/Attendance Procedure:

1. Stockholders who intend to participate in the virtual ASM may register by sending an email to registration@anscor.com.ph not later than three (3) working days before the ASM or not later than 14 April 2023, of their intention to participate together with the following:

   a. For individual stockholders:

      i. Scanned copy of any valid government-issued ID;

      ii. Scanned copy of stock certificate in the name of the individual stockholder; and

      iii. Active contact number, either landline or mobile.

   b. For stockholders with joint accounts:

      i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the 2023 ASM;

      ii. Documents required under items 1.a (i) and (iii) for the authorized stockholder; and

      iii. Scanned copy of stock certificate in the name of the joint stockholders.

   c. For stockholders under PCD Participant/Brokers Account or "Scripless Shares":

      i. Coordinate with the broker and request for the full account name and reference number or account number;

      ii. Documents required under items 1.a (i) and (iii).

   d. For corporate stockholders:

      i. Secretary's Certificate attesting to the authority of the representative to participate and/or vote in the 2023 ASM;

      ii. Documents required under items 1.a (i) and (iii) for the authorized representative; and

      iii. Scanned copy of stock certificate in the name of the corporate stockholder

2. Upon successful registration and validation of the documents submitted through email above, the stockholder will receive an email confirmation and a unique link which can be used to log in and view the 2023 ASM.

3. Only those stockholders who have registered following the procedure above and stockholders who have provided their duly signed Proxy Form shall be included for purposes of determining the existence of a quorum.

4. For purposes of voting during the 2023 ASM please see section on Voting Procedure below.

5. For the Question and Answer portion during the 2023 ASM, stockholders may send their questions related to the agenda by email to registration@anscor.com.ph. Due to limitations on technology and time, not all questions may be responded to during the 2023 ASM but the Company will endeavor to respond to all the questions through email.

6. The proceedings during the 2023 ASM will be recorded as required by the Securities and Exchange Commission.

II. Voting Procedure:

Stockholders may vote during the 2023 ASM either (1) by Proxy or (2) by voting in absentia through our Online Stockholder Voting System.

1. Voting by Proxy:

    a. Download and fill up the Proxy Form at https://www.anscor.com.ph/ disclosures/ proxy. The Chairman, or in his absence, the Vice-Chairman, the Chief Financial Officer or the Corporate Secretary is authorized to cast the votes pursuant to the instructions in the Proxy Form.

    b. Send a scanned copy of the duly signed Proxy Form by email to our Stockholder Relations Officer, Ms. Rose Reyes at rose.reyes@anscor.com.ph or at registration@ anscor.com.ph not later than ten (10) working days prior to the ASM or not later than 31 March 2023.

    c. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, 7th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City.

2. Voting in absentia through the Online Stockholder Voting System:

    a. Follow the Registration and Participation/Attendance Procedure set forth above.

    b. Signify your intention to vote in absentia through the Online Stockholder Voting System by email to registration@anscor.com.ph not later than three (3) working days before the 2023 ASM or not later than 14 April 2023.

    c. Upon validation, the Company will send an email to the stockholder containing the link for the Online Stockholder Voting System and the instructions for casting votes in the Online Stockholder Voting System. Registered stockholders shall have until the adjournment of the ASM on 19 April 2023 to cast their votes.

d. All agenda items indicated in the Notice of Meeting will be included in the Online Stockholder Voting System and the registered stockholder may vote as follows:

    i. For items other than election of the Directors, the stockholder may vote: “For”, “Against”, or “Abstain”. The vote shall be considered as cast for all the stockholder’s shares; and

    ii. For the election of Directors, the stockholder may vote for all the nominees, not vote for any of the nominees, or vote for some of the nominees only, in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.

e. Once voting is completed in the Online Stockholder Voting System, the stockholder shall proceed to click on the “Submit” button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. The votes cast in absentia will have equal effect as votes cast by proxy.

For any questions or clarification, you may contact us through Ms. Rose Reyes at rose.reyes@anscor.com.ph or through telephone number 8819-0251 or our stock transfer agent, Stock Transfer Service, Inc., through Michael C. Capoy at mccapoy@stocktransfer.com.ph or Ma. Corazon P. Biag at mpbiag@stocktransfer.com.ph, or their telephone numbers 8403-3798 and 5310-1343.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1.	Check the appropriate box: / / Preliminary Information Statement	:	/ √ / Definitive Information Statement
2.	Name of the registrant as specified in its charter	:	A. SORIANO CORPORATION
3.	Province, or country or other jurisdiction of incorporation organization	:	Makati City, Philippines
4.	SEC Identification Number	:	PW - 02
5.	BIR Tax Identification Code	:	000-103-216-000
6.	Address of principal office Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines	:	7th Floor, Pacific Star Building
7.	Registrant's telephone number, including area code	:	(632) 8819-0251 to 60
8.	Date, Time and Place of the meeting	:	19 April 2023, Wednesday at 10:00 A.M. 7th Floor, Pacific Star Building Makati Avenue corner Gil Puyat Avenue Makati City The meeting will be conducted virtually at https://www.anscor.com.ph/2023-annual-stockholders-meeting-live-stream/
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	The IS will be posted in the Company's website/PSE Edge on or before 28 March 2023
10.	In case of Proxy Solicitations Name of Person Filing the Statement/Solicitor	:	Atty. Lorna Patajo-Kapunan, Corporate Secretary
	Address	:	7th Floor, Pacific Star Building Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines
	Telephone Nos.	:	(632) 8819-0251 to 60

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount to debt is applicable only to corporate registrants):

Title of Each Class	:	Common Shares
Number of shares of Common Stock Outstanding or Amount of Debt Outstanding as of 28 February 2023	:	2,500,000,000

12.	Are any or all of registrant's securities listed in a Stock Exchange?	:	Yes
	If so, disclose name of the Exchange	:	The Philippine Stock Exchange, Inc.

Information Statement

A. GENERAL INFORMATION

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

(a) Date : Wednesday, 19 April 2023
Time : 10:00 A.M.
Place Virtual Meeting at https://www.anscor.com.ph/2023-annual-stockholders-meeting-live-stream/
Principal Office : 7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue
1209 Makati City, Philippines

(b) This information statement and the enclosed proxy form are posted in the Company's website and/or PSE Edge.

Item 2: Dissenter's Right of Appraisal

There are no corporate matters or actions that will trigger the exercise by the stockholders of their Right of Appraisal under Section 80 of the Revised Corporation Code. However, if at any time after the information statement has been sent out, an action which may give rise to the Right of Appraisal is proposed at the meeting, any stockholder who wishes to exercise such right and who voted against the proposed action must make a written demand within thirty (30) days after the meeting.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

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

(a) No Director or Executive Officer, nominated for re-election as Director, or his Associate has, at any time, any substantial interest, direct or indirect, by security holdings or otherwise, on any of the matters to be acted upon in the meeting, other than the approval of the Annual Report, election to office and ratification of acts of Management.

(b) None of the Directors has informed the Company of any intention to oppose an action intended to be taken by the Company.

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

(a) There are 2,500,000,000 shares of common stock and 500,000,000 shares of preferred stock outstanding and issued as of 17 March 2023. All the issued shares are entitled to vote on a one (1) share - one (1) vote basis. The Company has two (2) class of shares, common and preferred.

(b) Only stockholders of record on the books of the Company at the close of business on 17 March 2023 will be entitled to vote at the Annual Meeting. Presence by proxy or through registration for the virtual ASM of a majority of the shares outstanding on the record date is required for a quorum.

(c) Pursuant to the Revised Corporation Code and as provided under Section 8, Article III of the By-Laws, every stockholder is entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. The proxy being solicited includes the authority to cumulate votes.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

i. Security Ownership of Certain Record and Beneficial Owners

As of 28 February 2023, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

Title of Class	Name/Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,272,329,761*	42.411%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	496,475,045	16.549%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	161,546,329	5.385%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	112,242,636	3,741%
Common & Preferred	A. Soriano Corp. Retirement Plan (Filipino) 7th Flr. Pacific Star Bldg., Makati City	A. Soriano Corp. Retirement Plan (Filipino)	Filipino	63,694,835** Common 500,000,000 Preferred	2.123% 16.667%

* *Includes 122,287,251 shares lodged with PCD Nominee Corp. (Filipino).*

** *Includes 7,694,835 shares lodged with PCD Nominee Corp. (Filipino).*

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients of which ATRAM Trust Corporation is the sole owner of more than 5%, specifically 24.84%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. Shares owned by Deerhaven, LLC are indirectly owned by Andres Soriano III. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on 25 April 2003. Shares owned by A-Z Asia Limited Philippines, Inc. are indirectly owned by Eduardo J. Soriano.

A. Soriano Corporation Retirement Plan (the Plan) is a retirement benefit program established by the Company for the benefit of its employees. The Plan is administered by Trustees who are at the same time employees of the Company.

Other than the above, there are no stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

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ii. Securities Ownership of Directors and Management

As of 28 February 2023, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Security Ownership		Citizenship	Percentage
Common	Andres Soriano III	489,428,270	Direct/Indirect	American	16.314%
Common	Eduardo J. Soriano	177,285,111	Direct/Indirect	Filipino	5.910%
Common	Oscar J. Hilado	20,000	Direct	Filipino	0.001%
Common	William H. Ottiger	20,000	Direct	Filipino	0.001%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	Johnson Robert G. Go, Jr.	20,100	Direct	Filipino	0.001%
Common	Alfonso S. Yuchengco III	20,000	Direct	Filipino	0.001%
Total		666,813,481			22.228%

Lorna Patajo-Kapunan, Lorenzo D. Lasco, Narcisa M. Villaflor, Joshua L. Castro, Salome M. Buhion and Ma. Victoria L. Cruz do not own shares of the Company.

iii. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholder.

(e) No change in control of the Company occurred since the beginning of the last calendar year. Management is not aware of any arrangement which may result in a change in control of the Company.

Except as indicated in the above section on Security Ownership of Certain Record and Beneficial Owners, there are no other persons holding 5% or more of the common stock of the Company.

As of 28 February 2023 the foreign ownership level of total outstanding shares is 19.93%

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Item 5: Information required of Directors and Executive Officers

(a) Directors and Executive Officers

Pursuant to the Corporation's By-Laws, in addition to the right of the Board of Directors to make nominations for the election of Directors including independent Directors, nominations for Directors including independent Directors may be made by any shareholder entitled to vote for the election of Directors.

Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent through the Corporate Secretary), on the 1st of March of every year or at such earlier or later date as the Board of Directors may fix.

For this year, the Board of Directors set the deadline for nomination of Directors on 1 March 2023.

Each nomination under the preceding paragraph shall set forth the name, age, business address and, if known, residence address of each nominee, the principal occupation or employment of each such nominee, the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of the disqualified person shall be disregarded.

On March 1, 2023, Mr. Eduardo J. Soriano, the Vice Chairman, nominated all the nominees for Directors including independent Directors contained in the information statement. Mr. Soriano is not related to any of the independent Directors nominated. No other nomination was submitted as of 1 March 2023.

Unless marked otherwise, the proxies received will be voted FOR the election of the nominees named below who have signified their acceptance of their respective nominations. The Board of Directors has no reason to believe that any of such nominees will be unwilling or unable to serve if elected as a Director. Each Director shall serve until the next annual meeting of stockholders or until his successor is elected or appointed in case of vacancy due to death, resignation or removal. Management recommends a vote FOR the election of each of the nominees listed below. The nominees are incumbent Directors of the Company.

The nominations for independent Directors complies with SRC Rule 38, which requires that a corporation with a class of equity securities listed for trading on the Philippine Stock Exchange or with assets in excess of Fifty Million Pesos (₱50,000,000.00) and having two hundred (200) or more holders, at least two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities shall have at least two (2) independent Directors or such independent Directors shall constitute at least twenty percent (20%) of the members of such Board.

The three nominated independent Directors of the Company are Mr. Oscar J. Hilado, Mr. Alfonso S. Yuchengco III and Mr. Johnson Robert G. Go, Jr.

Mr. Hilado has been an independent Director of the Company for the last five years and has served as independent Director for more than nine years reckoned from the year 2012. The Company is allowed to retain an independent Director who has served for more than nine years to continue as long as meritorious justifications are provided and shareholders' approval is secured.

The Company believes that there are meritorious justifications to retain Mr. Hilado as an independent Director. He has been an essential member of the Board of Directors, serving at the same time as the Chairman of the Audit and Compensation Committees of the Company. He is highly qualified and well respected in the business community and sits as independent director in the Boards of other companies. He has performed his role as independent Director with dedication and commitment. His insights, wisdom, and knowledge of the Company gained from his experience over the years will help the Company navigate new challenges in the years ahead.

The retention of Mr. Hilado as independent Director will also preserve a well-balanced Board composition in terms of tenure. Mr. Yuchengco and Mr. Go, the other nominees for independent Directors were first elected as Directors in 2019 while Mr. Ottiger, another nominee for Director was first elected in April 2022, thus, ensuring that the Board has fresh perspective from relatively new members. Because of the invaluable contribution of Mr. Hilado, the Company is unable to find a suitable replacement for him. Please refer to page 10 for his business experience.

Mr. Yuchengco is an independent Director since 2019 while Mr. Go, although a Director of the Company since 2019, was first elected as an independent Director in 2022.

The three nominated independent Directors are neither officers nor employees of the Company or of any of its subsidiaries. They do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out their responsibilities. Further, the nominated independent Directors possess all the qualifications and none of the disqualifications to serve as independent Directors of the Company. The independent Directors are nominated and elected in the same manner as regular directors in accordance with the nomination and election procedures provided in the By-Laws. The Company amended its By-Laws on 10 June 2009 to incorporate the requirements of SRC Rule 38 with respect to the nomination and election of independent Directors.

A brief description of the nominated Directors' business experiences for the last five years follows:

ANDRES SORIANO III, age 71, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of The Andres Soriano Foundation, Inc. (1985 to present), Phelps Dodge International Philippines, Inc. (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present) and Pamalican Resort, Inc. (May 2011 to present); Director of International Container Terminal Services, Inc. (ICTSI) (July 1992 to present). Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation and was subsequently the Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 68, Filipino, Director of the Company since 21 May 1980; Vice Chairman of the Company (1990 to present) and Treasurer (1990 to September 2018); Chairman of Anscor Holdings, Inc. (2012 to present); Member of the Board of Trustees and President of The Andres Soriano Foundation, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 76, Filipino, Director of the Company since 22 April 2009; President and Chief Operating Officer of the Company (2022 to present), President and Director of Phelps Dodge Philippines Energy Products Corporation (1999 to present), and Anscor Holdings, Inc. (2012 to present); Director (2008 to present) and President (since 2021) of Seven Seas Resorts and Leisure, Inc.; KSA Realty Corporation (2001 to present), Prople, Inc. (2007 to present), Testech, Inc. (2003 to present), T-O Insurance (2008 to present), Sumifru, Singapore (2003 to present), and Philippine British Assurance Co. Inc. (Nov. 2011 to present); Chairman and Director of ArthaLand Corporation (2007 to present); Member of the Board of Trustees of The Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968), Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHNSON ROBERT G. GO, JR., age 58, Filipino, Director of the Company since 19 November 2019; Director of JG Summit Holdings, Inc., Universal Robina Corporation (May 5, 2005 to present) and Robinsons Land Corporation; President of the Dameka Trading, Inc., member of the Senior Advisory Board of Robinsons Bank Corporation and a Trustee of the Gokongwei Brothers Foundation, Inc. He received his Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University.

OSCAR J. HILADO, age 85, Filipino, an Independent Director of the Company since 13 April 1998; Chairman-Emeritus & Chairman of the Executive Committee of Phinma Corporation; Vice Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Union Galvasteel Corporation (March 2017 to present), Director of Phil. Cement Corporation (July 2018 to present), Phinma Solar Energy Corporation (July 2017 to present); Phinma Hospitality, Inc. (July 2011 to present), Phinma Education Holdings, Inc. (March 2016 to present), Araullo University, Inc. (April 2004 to present), Cagayan de Oro College, Inc. (June 2005 to present), University of Iloilo, Inc. (August 2009 to present), University of Pangasinan, Inc. (August 2009 to present), Southwestern University (June 2016 to present), Manila Cordage Corporation (1986 to present); Independent Director of Philex Mining Corporation (December 2009 to present), Metro Pacific Investments Corporation (May 2021 to present), Rockwell Land Corporation (May 2015 to present), Smart Communications, Inc. (May 2013 to present), Digital Telecommunications Philippines, Inc. (DIGITEL) (May 2013 to present), Roxas Holdings, Inc. (March 2016 to present), Seven Seas Resorts & Leisure, Inc. and Pamalican Resort, Inc. (May 2011 to present), Beacon Property Ventures, Inc. (December 1994 to present), Cebu Light Industrial Park, Inc. (February 1996 to present), Pueblo de Oro Development Corporation (February 1996 to present), United Pulp and Paper Company, Inc. (December 1969 to present). Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce (1958), Masters Degree in Business Administration, Harvard Graduate School of Business, (1962).

WILLIAM H. OTTIGER, age 55, Swiss, Director of the Company since 20 April 2022; Executive Vice President and Corporate Development Officer of the Company (2013 to present); Director of Anscor International, Inc. (2021 to present); Director of Seven Seas Resorts and Leisure, Inc. (2019 to present); Director of ATRAM Trust Corporation (2019 to present); Director of ATR Asset Management, Inc. (2019 to present); Director of Phelps Dodge International Philippines, Inc. (April 2016 to present); Director of AG&P International Holdings Pte. Ltd. (2014 to 2022) Formerly CEO of Cirrus Medical Staffing, Inc. (USA), an Anscor portfolio investment sold in 2017; UBS Investment Bank, London (UK) and San Miguel Brewing Hong Kong Ltd. Graduate of Washington & Lee University, B.A. European History, (1990); London Business School, MBA, (2001).

ALFONSO S. YUCHENGCO III, age 63, Filipino, an Independent Director of the Company since 10 April 2019 to present; Director of Mapua Institute of Technology (1999 to present); Chairman of Testech, Inc. (2003 to present); Chairman of Prople, Inc. (2009 to present); Member of the Board of Trustees of Semiconductor and Electronics Industries in the Philippines, Inc. (2011 to present). He is a graduate of BS Asian Studies from De La Salle University (1981).

The following are the members of the Executive Committee, Audit Committee, Compensation Committee and Nomination Committee for the period April 20, 2022 to April 19, 2023:

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Oscar J. Hilado	Member
Mr. Ernest K. Cuyegkeng	Member
Mr. William H. Ottiger	Member

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. William H. Ottiger	Member
Mr. Johnson Robert G. Go, Jr.	Member
Mr. Alfonso S. Yuchengco III	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Alfonso S. Yuchengco III	Member

Nomination Committee:

Mr. Eduardo J. Soriano	Chairman
Mr. Oscar J. Hilado	Member
Mr. Alfonso S. Yuchengco, III	Member

On April 19, 2023, the Board of Directors will elect the members of the different Board Committees during the Organizational Meeting of the Board of Directors to serve for the ensuing year.

The following are not nominees but incumbent officers of the Company:

LORNA PATAJO-KAPUNAN, age 70, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of Kapunan & Castillo Law Offices; Corporate Secretary, Roxas Holdings, Inc. (1995 to 2014), Central Azucarera de Don Pedro (February 1995), Central Azucarera de la Carlota (March 1996), Beverage Industry Association of the Philippines (February 1991 to present), Seven Seas Resorts & Leisure, Inc. (November 1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to 2011), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (February 1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to 2014), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to 2014), Jose M. Velero Corporation (2001 to 2014), Creative Concoctions, Inc. (2001 to 2014), Hotel Concepts, Inc. (September 2001 to present), Creative Hotel Concepts, Inc. (September 2001 to 2014), Culinary Events, Inc. (2001 to 2014), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to 2014), It's About Taste (I'ATE), Inc. (2002 to 2014), Kitchen Alley, Inc. (2001 to 2014), Les Maitres Gourmands, Inc. (July 2001 to 2014); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present), Elixir Gaming Technologies Philippines, Inc. (2007 to 2008), Elixir Group Philippines, Inc. (2006 to 2008); Director of AMAX Holdings Limited (2008 to 2014); Corporate Secretary, Blessed Mary Mother of the Poor Foundation, Inc. (2014), Montemar Beach Club, Inc. (2013 to present), Philcomsat Communications Satellite Corporation (Philcomsat) (2013 to present), UNLAD Foundation (2015). Graduate of University of the Philippines College of Law, (1978); Seminar Courses: Japan Institute of Invention and Innovation (JIII) Tokyo (1997); National Institute on Humanitarian Law, San Remo, Italy (September 2005); Summer Course International Humanitarian Law, Magdalene College, Cambridge University, London UK (July 2010). Bar Examiner, Mercantile Law (1988). The Outstanding Women In The Nations Service (TOWNS) Awardee – Corporate Law (1995); Filipinas Women Network (FWN) Influential Women Award (2016); Columnist, Business Mirror "Legally Speaking"; Program Host/Commentator "Laban Para Sa Karapatan" DWIZ, 882 AM; Top 100 Lawyers in the Philippines (2019 to 2021); and 2021 Corporate Int'l Global Awardee.

LORENZO D. LASCO, age 60, Filipino, Vice President (joined the group in 1997); Director and General Manager of Anscor Holdings, Inc. (2000 to present); Director of AFC Agribusiness Corp.; Project Manager at Seven Seas Resorts and Leisure, Inc. (Amanpulo); used to be connected with Ayala Land, Inc. (ALI); Graduate of the Asian Institute of Management, Masters in Business Administration (1989).

NARCISA M. VILLAFLOR, age 60, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure, Inc., Pamalican Resort, Inc. and Anscor Holdings, Inc., The Andres Soriano Foundation, Inc., Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation and A. Soriano Air Corporation; Trustee of The Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989; Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

JOSHUA L. CASTRO, age 48, Filipino, Vice President (April 2017 to present) and Assistant Corporate Secretary of the Company; Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge Philippines Energy Products Corporation and The Andres Soriano Foundation, Inc. (2006 to present); and Anscor Holdings, Inc. (2012 to present), Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005); Graduate of San Beda College of Law (1999).

SALOME M. BUHION, age 50, Filipino, Assistant Vice President-Accounting (April 2017 to present) and Accounting Manager (January 1998 to April 2017) of the Company; Assistant Manager, Business System Division (Support Management Group), Equitable PCI Bank, (1997); Auditor, SyCip Gorres Velayo & Co. (1994 to 1997); Certified Public Accountant.

MA. VICTORIA L. CRUZ, age 58, Filipino, Assistant Vice President of the Company (April 2017 to present); Executive Secretary to the Chairman (September 1998 to March 2017). Ms. Cruz was formerly the Executive Assistant to the Head of Mission of the Embassy of Peru. She also worked with Shangri-La's Mactan Island Resort, John Clements Consultants, Inc. and the Mandarin Oriental Hotel, Manila. She received a Bachelor of Science degree major in Business Management from De La Salle University in 1984.

(b) Resignation of Directors

Since the date of the last annual meeting, no incumbent Director has resigned or declined to stand for re-election to the Board of Directors due to disagreement with Management.

(c) Ownership Structure and Parent Company

The registrant has no parent company.

(d) Family Relationship

Andres Soriano III and Eduardo J. Soriano are brothers. There are no other family relations up to the Fourth Civil Degrees either by consanguinity or affinity among the Directors, Executive Officers or persons nominated that is known to the Company.

(e) Executive Officers and Significant Employees

There are no significant employees.

(f) Legal Proceedings

For the last five years and as of 28 February 2023, Management is not aware of any pending material legal proceeding i.e., bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

(g) Certain Relationship and Related Transactions

There are no Management transactions during the year or proposed transactions to which the Company was or is to be a party, in which any of its Directors, nominees for election as Directors, Executive Officers, security holders owning more than 5% of the outstanding shares of the Company, or any member of the immediate family of any of the foregoing persons, have or is to have material interest.

Item 6: Compensation of Directors and Executive Officers

(a) As approved in 2004, Directors are paid a per diem of P20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and the Board of Directors.

Name	Principal Position	Compensation		
		2021 Actual	2022 Actual	2023 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng	President & Chief Operating Officer			
William H. Ottiger	Vice President, & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller/Treasurer			
Lorenzo D. Lasco	Vice President			
Joshua L. Castro	Vice President & Assistant Corporate Secretary			
Salome M. Buhion	Assistant Vice President-Accounting			
Ma. Victoria L. Cruz	Assistant Vice President			
Executive Directors*				
Salaries		₱ 39,798,168	₱ 43,282,543	₱ 40,619,965
Bonus		–	62,950,000	72,100,000
		39,798,168	106,232,543	112,719,965
Other Executive Officers**				
Salaries		13,971,076	17,577,138	17,928,826
Bonus		0	15,850,000	19,500,000
Benefits		2,513,949	1,916,916	1,916,916
		16,485,025	35,344,054	39,345,742
Subtotal Executive Director and Officers		56,283,193	141,576,597	152,065,707
Non-Executive Directors***				
Consultancy Fee		4,642,857	3,660,714	3,125,000
Bonus		0	19,264,286	18,600,000
Directors Fees		760,000	580,000	560,000
Subtotal Non-Executive Directors		5,402,857	23,505,000	22,285,000
Total		₱ 61,686,050	₱ 165,081,597	₱ 174,350,707

* *Executive Directors include members of the Board of Directors who are at the same time Executive Officers.*

** *Other Executive Officers include Executive Officers who are not members of the Board of Directors*

*** *Non-Executive Directors include members of the Board of Directors who are not at the same time Executive Officers of the Company.*

(b) Employment Contracts and Termination of Employment and Change-in Control Arrangements
All the Executive Officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named Executive Officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named Executive Officers' responsibilities following a change in control.

(c) Warrants and Options Outstanding
There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Item 7: Independent Public Accountants

(a) SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors of the Company for the ensuing year.

(b) In compliance with SRC Rule 68 paragraph 3(b) (IX) (Rotation of External Auditors), the SGV audit partner, as of December 2022, is Ms. Dhonabee B. Señeres, who is on her fourth year of audit engagement. Ms. Señeres will again be the SGV audit partner for the ensuing year.

(c) A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

(d) The Company has no disagreement with its independent auditors on Accounting and Financial Disclosures and changes in Accounting and Financial Disclosures are included in the attached Notes to Financial Statements, if applicable.

(e) Audit and Audit Related Fees

The Company paid to its external auditors the following fees for the past two years:

Year	Audit Fees
2022	**₱ 1,320,000**
2021	₱ 1,320,000

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

(f) Consultancy and Other Fees

The consultancy and other fees paid by the Company to SGV for the year 2022 amounted to ₱303,800.

Item 8: Compensation Plan

There are no matters or actions to be taken up in the meeting with respect to any compensation plan pursuant to which cash or noncash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9: Authorization or issuance of securities other than exchange

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10: Modification or Exchange of Securities

There is no matter or action to be taken up for the modification or exchange of any class of the Company securities.

Item 11: Financial and Other Information

The audited financial statements (included in the Annual Report) as of December 31, 2022, Management's Discussion and analysis, market price of shares and dividends and other data related to the Companies' financial information are attached hereto as "Annex B".

1. Financial statements meeting the requirements of SRC Rule 68, as amended; (please see pages 12 to 111 of the Annual Report attached hereto).
2. "Annex B", management discussion and analysis and plan of operation (please see pages 36 to 50 of the Definitive Information Statement); and
3. "Annex B", changes in and disagreements with accountants on accounting and financial disclosure. (please see page 58 of the Definitive Information Statement).

Item 12: Mergers, Consolidation, Acquisitions, and Similar Matters

There is no action to be taken with respect to any transactions involving mergers, consolidation, acquisitions or similar matters.

Item 13: Acquisition or Disposition of Property

There is no action to be taken with respect to acquisition or disposition of any property.

Item 14: Restatement of Accounts

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards (PFRSs) which became effective beginning 1 January 2022. There is no restatement of accounts to disclose.

D. OTHER MATTERS

Item 15: Action with Respect to Reports

The following reports/minutes shall be submitted for approval/ ratification:

(a) Approval of Minutes of Annual Meeting of Stockholders on 20 April 2022

The Minutes of Annual Meeting of Stockholders of the Company held on 20 April 2022 ("Minutes") will be presented for approval of the stockholders. Such action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholders' approval and action on those items had already been obtained in that meeting and subsequently carried out.

The Minutes and related records are available for inspection at the office of the Company during business hours. In addition, copies of the Minutes shall beposted at the meeting site.

Summary of the Minutes of 20 April 2022:

In the Annual Stockholders' Meeting the following were taken up:

1. Approval of the minutes of previous meeting.
2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders.
3. Election of members of the Board of Directors.
4. Approval of the continuation of Mr. Oscar J. Hilado to act as Independent Director and to serve as such if elected as one of the Directors of the Corporation.
5. Re-appointment of SGV & Co. as external auditors of the Corporation.
6. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting.

In the organizational meeting that followed after the Stockholders' Meeting, the Executive Officers were re-elected and the members of the Audit Committee, Executive Committee, Compensation Committee, and Nomination Committee were re-appointed.

(b) Approval of 2021 Audited Financial Statements

The Audited Financial Statements of the Company for the period ended 31 December 2021 will be submitted for approval of the stockholders at the Annual Meeting.

SGV had examined the Financial Statements in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of the presentation in their report to the Board of Directors and Stockholders of the Company. The information and representation in the Financial Statements are the responsibility of Company's Management.

(c) Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since 14 April 2021 Meeting.

As a matter of corporate policy, Management seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since 14 April 2021. These are reflected in the Minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, and in the 2021 Annual Report of the Company. For reference, attached herewith (Annex A) is a list of all the resolutions approved by the Board of Directors since April 20, 2022 which are the subject of ratification by the stockholders.

Requirements under Section 49 of the Revised Corporation Code of the Philippines

(a) Pursuant to the Procedure for the Registration, Participation and Voting in the 2022 Annual Stockholders Meeting (ASM) of the Company, the stockholders have the option of voting either (1) by Proxy or (2) by voting in absentia through the Company's Online Stockholder Voting System. All the stockholders who attended the virtual ASM either by Proxy or by registration via email elected to vote by Proxy. Hence, the Corporate Secretary voted the shares covered by the Proxies from stockholders in accordance with the instructions given by the stockholders in the Proxy Forms. The Company's stock transfer agent, Stock Transfer Service, Inc. validated the Proxy Forms and the votes cast during the ASM.

(b) In accordance with the Procedure for the Registration, Participation and Voting in the 2022 ASM, the stockholders were given the opportunity to send their questions for the Question and Answer portion of the ASM by email to registration@anscor.com.ph. The following is the record of the Question read by the Corporate Secretary and responded to by the Chairman during the ASM:

Corporate Secretary: The question is - With the continuing situation in our country due to the Covid-19 pandemic and the re-imposition of the enhanced community quarantine in Metro Manila and nearby provinces, what steps have the Company undertaken in order to ensure the viability of its businesses?

Chairman: As we have done last year, we continue to focus on the health and safety of our employees as well as the health and safety of the customers and guests of our businesses. Since the start of the lockdown in March 2020 and up to the present, we have implemented a work from home arrangement for many of our employees. We strictly follow the health and safety protocols for private companies issued by the government in all of our work premises.

We are pleased to inform you also that we have ordered Moderna vaccines through the ICTSI Foundation which we will provide free of charge to all our employees of Anscor and its subsidiaries.

We have weathered the challenges of the pandemic last year and we are confident that we will do so again this year. Your company is in good position to take advantage of opportunities once we recover from the effects of the pandemic.

(c) The following are matters discussed and resolutions reached during the 2022 ASM:

1. Approval of the minutes of the 14 April 2021 Annual Meeting of Stockholders;
2. Approval of the 2021 Annual Report of the Corporation;
3. Election of the Members of the Board of Directors;
4. Approval for the continuation of Mr. Oscar J. Hilado to act as Independent Director;
5. Appointment of the External Auditor; and
6. Ratification of all acts, contracts and resolutions of Management and the Board of Directors since the 2021 ASM.

(d) The following are the voting results for each agenda item during the 2022 ASM:

Agenda Item	For	Against	Abstain
Approval of the minutes of the 14 April 2021 Annual Meeting of Stockholders	2,761,674,589	0	0
Approval of the 2021 Annual Report of the Corporation	2,761,674,589	0	0
Election of the Members of the Board of Directors:			
a. Andres Soriano III	2,761,674,589	0	0
b. Eduardo J. Soriano	2,761,674,589	0	0
c. Ernest K. Cuyegkeng	2,761,674,589	0	0
d. Johnson Robert Go, Jr.	2,761,674,589	0	0
e. Oscar J. Hilado	2,761,674,589	0	0
f. Jose C. Ibazeta	2,761,674,589	0	0
g. Alfonso S. Yuchengco III	2,761,674,589	0	0
Approval for the continuation of Mr. Oscar J. Hilado to act as Independent Director	2,761,674,589	0	0
Appointment of SGV & Co. as External Auditor	2,761,673,589	0	1,000
Ratification of all acts, contracts and resolutions of Management and the Board of Directors since the 2021 ASM	2,761,674,589	0	0

(e) The following are the directors and officers and stockholders who attended the 2022 ASM;

Directors and Officers:

1. Andres Soriano III
2. Eduardo J. Soriano
3. Ernest K. Cuyegkeng
4. Johnson Robert Go, Jr.
5. Oscar J. Hilado
6. Jose C. Ibazeta
7. Alfonso S. Yuchengco III
8. Atty. Lorna Patajo-Kapunan

9. William H. Ottiger
10. Lorenzo D. Lasco
11. Narcisa M. Villaflor
12. Atty. Joshua L. Castro
13. Salome M. Buhion
14. Ma. Victoria L. Cruz

Stockholders:

1. Anscor Consolidated Corporation
2. A.Soriano Corporation Retirement Plan
3. A. Soriano Corporation Domestic Retirement Trust Fund
4. Citibank N.A. Manila CITIOMNI FOR Various Accounts
5. Citibank N.A. FAO 7568421675 (ASIII)
6. Citibank N.A. FAO 7571821942 (Anscor Retirement Plan)
7. Citibank N.A. FAO 757831700 (Deerhaven)
8. Citibank N.A. FAO 757831700 (Deerhaven)
9. Citibank N.A. FAO 757830661846 (ACC)
10. A. Soriano Corp. Fractional Shares
11. Balangingi Shipping Corporation
12. DAO Investment & Management Corp.
13. A-Z Asia Ltd. Philippines, Inc.
14. C & E Property Holdings, Inc.
15. Edmen Property Holdngs, Inc.
16. MCMS Property Holdings, Inc.
17. EJS Holdings, Inc.
18. Eduardo J. Soriano
19. Universal Robina Corp.
20. JG Summit Holdings, Inc.
21. John Lance Gokongwei
22. Santiago Tanchan III
23. Philippine Remnants Co., Inc.
24. Communications Electrical Equipment and Supply Co., Inc.
25. Phil. International Life Insurance Co., Inc.
26. Jose C. Lee
27. Jocelyn C. Lee
28. Lennie C. Lee
29. Ernest K. Cuyegkeng
30. Jose C. Ibazeta Acct. #2
31. Jose C. Ibazeta
32. Sylvia A. Ibazeta
33. Oscar J. Hilado
34. Johnson Robert G. Go, Jr.
35. Alfonso S. Yuchengco III
36. Enrique M. Cruz

37. Santiago Tanchan, Jr.
38. Constantine Tanchan
39. Santiago Tanchan III
40. Imelda T. Tagudar
41. Lauro Go
42. SSS FAO Veneranda C. Bernaldez
43. Roderick Alain Alvarez
44. Julius Victor J. Sanvictores

(f) Material information on the current stockholders voting rights were provided during the 2022 ASM. Specifically, the Corporate Secretary informed the stockholders during the meeting that 2,761,674,589 shares of stock or 92.06% of the issued and outstanding capital stock of the Company were represented at the ASM by proxy or were present through remote communication in accordance with the procedure for the ASM. On the voting rights, the Proxy Form and the Information Statement of the Company provides that each share of stock outstanding as of the record date shall be entitled to one vote on all matters.

g) There are no transaction to which the Company was a party in which any of the Directors have material interest.

Item 16: Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of the security holders.

Item 17: Amendment of Charter, By-laws or Other Documents

As stated in the Proxy and the Notice of Meeting, the following are the proposed amendments to the By-Laws Article and Section Numbers

Article and Section Numbers	FROM	TO	EFFECTS OF THE AMENDMENTS
Article III Section 2	Section 2. The meetings of stockholders shall be ordinary or extraordinary and held in the principal offices of the Corporation or in such place as may be designated by the Board within Metro Manila. Unless a different date and time preferably in April is fixed by the Board of Directors and only upon due notice, the annual meeting of stockholders shall be held at 10:00 o'clock in the morning on the THIRD WEDNESDAY OF APRIL OF EACH YEAR, if not a legal holiday, and if a legal holiday, then on the day following. The special meeting of stockholders may be	Section 2. The meetings of stockholders shall be ordinary or extraordinary and held in the principal offices of the Corporation or in such place as may be designated by the Board within Metro Manila. Unless a different date and time preferably in April is fixed by the Board of Directors and only upon due notice, the annual meeting of stockholders shall be held at 10:00 o'clock in the morning on the THIRD WEDNESDAY OF APRIL OF EACH YEAR, if not a legal holiday, and if a legal holiday, then on the day following. The special meeting of stockholders may be held at any time whenever so called by the	To authorize the Company to allow stockholders who cannot physically attend the stockholders' meeting to participate or vote in absentia through remote communication or other alternative modes of communication.

Article and Section Numbers	FROM	TO	EFFECTS OF THE AMENDMENTS
	held at any time whenever so called by the Board of Directors or the Chairman and Chief Executive Officer.	Board of Directors or the Chairman and Chief Executive Officer. The Board of Directors may authorize stockholders who cannot physically attend at stockholders' meetings to participate in such meetings through remote communications or other alternative modes of communication. The right to vote of stockholders may also be exercised through remote communication or in absentia when so authorized by the Board of Directors. The resolution of the Board of Directors authorizing the stockholders' participation in stockholders' meetings through remote communication and/or the right to vote through remote communication or in absentia shall only be applicable for a particular meeting. *(As amended by the Board on March 1, 2023 and the Stockholders on April 19, 2023)*	
Article III Section 3	Section 3. Notices of ordinary stockholders meeting shall be sent to stockholders or record at least fifteen (15) business days prior to the scheduled annual stockholders meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*	Section 3. Notices of ordinary stockholders' meeting shall be sent to stockholders of record at least fifteen (15) business days prior to the scheduled annual stockholders' meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. The notices of stockholders' meetings may likewise be sent to the stockholders through email or by posting in the Corporation's website and by publication in a newspaper of general circulation when so permitted by rules and regulations or circulars issued by the Securities and Exchange Commission. The notice shall state the business to be	To provide for additional methods by which notices to stockholders' meeting may be sent to stockholders in conformity with the rules and regulations or circulars issued by the Securities and Exchange Commission.
		discussed at the meeting and any other matters not stated therein shall not be touched upon. The notice to the stockholders shall also include the requirements and procedure to be followed when stockholders are allowed to participate by remote communication or in absentia, and the manner of casting of votes and the period during which votes by remote communication or in absentia will be accepted. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000* ***and as further amended by the Board on March 1, 2023 and the Stockholders on April 19, 2023)***	

Article and Section Numbers	FROM	TO	EFFECTS OF THE AMENDMENTS
Article IV Section 6	Section 6. Regular meetings of the Board of Directors shall be held once every quarter of the year in the office of the Corporation on such dates and at such times as the Chairman of the Board and Chief Executive Officer, or in his absence, the President and Chief Operating Officer may determine. Special meetings of the Board and Chief Executive Officer, or in his absence, of the President and Chief Operating Officer, or upon the request of a majority of the directors.	Section 6. Regular meetings of the Board of Directors shall be held once every quarter of the year in the office of the Corporation on such dates and at such times as the Chairman of the Board and Chief Executive Officer, or in his absence, the President and Chief Operating Officer may determine. Special meetings of the Board and Chief Executive Officer, or in his absence, of the President and Chief Operating Officer, or upon the request of a majority of the directors. Directors who cannot physically attend or vote at Board meetings can participate through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate. Directors cannot attend or vote by proxy at Board meetings. *(As amended by the Board on March 1, 2023 and the Stockholders on April 19, 2023)*	To allow directors who cannot physically attend at board meetings to participate or vote in absentia through remote communication or other alternative modes of communication.
Article IV Section 7	Section 7. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting.	Section 7. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, by email, messaging services, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting. *(As amended by the Board on March 1, 2023 and the Stockholders on April 19, 2023)*	To provide for additional methods in sending notices of Board meetings to directors.

Item 18: Other Proposed Actions

As indicated in the Notice of Annual Meeting of the Stockholders, the fourth item on the agenda is for approval of the shareholders for Mr. Oscar J. Hilado to continue to act as an independent Director of the Company. The Company is allowed to retain an independent Director who has served for more than nine years based on meritorious justification/s and provided shareholders' approval is secured.

The Company believes that there are meritorious justifications to retain Mr. Hilado as an independent Director. He has been an essential member of the Board of Directors, serving at the same time as the Chairman of the Audit and Compensation Committees of the Company. He is highly qualified and well respected in the business community and sits as independent director in the Boards of other companies. He has performed his role as independent Director with dedication and commitment. His insights, wisdom, and knowledge of the Company gained from his experience over the years will help the Company navigate new challenges in the years ahead. The retention of Mr. Hilado as independent Director will also preserve a well-balanced Board composition in terms of tenure. Mr. Yuchengco and Mr. Go, the other nominees for independent Directors were first elected as Directors in 2019 while Mr. Ottiger, another nominee for Director was first elected in 2022, thus, ensuring that the Board has fresh perspective from relatively new members. Because of the invaluable contribution of Mr. Hilado, the Company is unable to find a suitable replacement for him. Please refer to page 10 for his business experience.

Item 19: Voting Procedures

(a) All questions and elections shall be decided by majority vote of stockholders present and in proxy and entitled to vote thereat.

(b) Stockholders may vote during the 2023 ASM either (1) by Proxy or (2) by voting in absentia through our Online Stockholder Voting System.

1. Voting by Proxy:

   a. Download and fill up the Proxy Form at https://www.anscor.com.ph/disclosures/proxy. The Chairman, or in his absence, the Vice-Chairman, the Chief Financial Officer or the Corporate Secretary is authorized to cast the votes pursuant to the instructions in the Proxy Form.
   b. Send a scanned copy of the duly signed Proxy Form by email to our Stockholder Relations Officer, Ms. Rose Reyes at rose.reyes@anscor.com.ph or at registration@anscor.com.ph.
   c. The scanned copy of the duly signed Proxy Form should be emailed to above not less than ten (10) working days prior to the ASM or not later than 31 March 2023.

d. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, 7th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City.

2. Voting in absentia through the Online Stockholder Voting System:

   a. Follow the Registration and Participation/ Attendance Procedure set forth above.
   b. Signify your intention to vote in absentia through the Online Stockholder Voting System by email to registration@anscor.com.ph not later than three (3) working days before the 19 April 2023 ASM or not later than 14 April 2023.
   c. Upon validation, the Company will send an email to the stockholder containing the link for the Online Stockholder Voting System and the instructions for casting votes in the Online Stockholder Voting System. Registered stockholders shall have until the adjournment of the ASM on 19 April 2023 to cast their votes.
   d. All agenda items indicated in the Notice of Meeting will be included in the Online Stockholder Voting System and the registered stockholder may vote as follows:

      i. For items other than election of the Directors, the stockholder may vote: "For", "Against", or "Abstain". The vote shall be considered as cast for all the stockholder's shares.
      ii. For the election of Directors, the stockholder may vote for all the nominees, not vote for any of the nominees, or vote for some of the nominees only, in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.

   e. Once voting is completed in the Online Stockholder Voting System, the stockholder shall proceed to click on the "Submit" button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. The votes cast in absentia will have equal effect as votes cast by proxy.

Other Matters

As of the date hereof, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting. If other matters come before the meeting, the proxy holders will vote in accordance with his best judgment with respect to such matters that are not known to the solicitors at a reasonable time before the solicitation is made.

The Company shall provide to the stockholders, without charge, on written request the Annual Report of the Company on SEC Form 17-A, and list of stockholders as of record date. All such requests for a copy of the Annual Report, and list of stockholders shall be directed to the Corporate Secretary, 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, Philippines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 16 March 2023.

LORNA PATAJO-KAPUNAN
Corporate Secretary

ANNEX A

Resolutions Approved During the Meetings of the Board of Directors of A. Soriano Corporation for the Period April 20, 2022 to March 1, 2023

1. **<u>Board Meeting held on April 20, 2022</u>**

1.1 RESOLVED, That the Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board of Directors and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2021.

1.2 RESOLVED, as it is hereby resolved, that the Corporation, through its Board of Directors, Officers and Employees, expresses its sincerest thanks and deep gratitude to Mr. Jose C. Ibazeta for his invaluable services as Director for the last 35 years.

1.3 RESOLVED, as it is hereby resolved, that the Corporation through Anscor International, Inc. is hereby authorized to invest the amount of US$10.00 million in Asia Partners II LP under such terms and conditions as may be for the best interest of the Corporation.

RESOLVED, FURTHER, that Mr. Ernest K. Cuyegkeng and/or Mr. William H. Ottiger is hereby authorized to sign any all documents that may be required to give full force and effect to this resolution.

1.4 RESOLVED, as it is hereby resolved, that the Corporation through Anscor International, Inc. is hereby authorized to invest the amount of US$2.0 million in Third Prime Series Investments LLC under such terms and conditions as may be for the best interest of the Corporation.

RESOLVED, FURTHER, that Mr. Ernest K. Cuyegkeng and/or William H. Ottiger is hereby authorized to sign any all documents that may be required to give full force and effect to this resolution.

1.5 RESOLVED, as it is hereby resolved, that the Corporation hereby appoints and designates the following officers as the authorized signatories to the Bank of the Philippine Islands (the "Bank") for its Peso Current Account and Dollar Savings Account, namely:

NAME	**POSITION**
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Ernest K. Cuyegkeng	President and Chief Operating Officer
Mr. William H. Ottiger	EVP / Corporate Dev't. Officer / Treasurer
Atty. Joshua L. Castro	Vice President and Assistant Corporate Secretary
Ms. Emelinda P. Orozco	Manager (up to ₱100,000.00 only)

hereby authorizing any two (2) of the aforesaid officers to represent and act on behalf of the Corporation in all its transactions with the Bank with full capacity to execute, sign and deliver any and all documents necessary to give full force and effect to the foregoing resolutions.

1.6 RESOLVED, as it is hereby resolved, that the Corporation hereby appoints and designates the following officers as the authorized signatories to Banco de Oro for its Dollar Savings Account and for its Peso Savings and Current Accounts, namely:

NAME	**POSITION**
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Ernest K. Cuyegkeng	President and Chief Operating Officer
Mr. William H. Ottiger	EVP / Corporate Dev't. Officer / Treasurer
Atty. Joshua L. Castro	Vice President and Assistant Corporate Secretary
Ms. Emelinda P. Orozco	Manager (up to ₱100,000.00 only)

hereby authorizing any two (2) of the aforesaid officers to represent and act on behalf of the Corporation in all its transactions with the Bank with full capacity to execute, sign and deliver any and all documents necessary to give full force and effect to the foregoing resolutions.

1.7 RESOLVED, as it is hereby resolved, that the Corporation hereby appoints and designates the following officers as the authorized signatories to Union Bank of the Philippines (the "Bank") for its Peso Savings and Current Accounts, namely:

NAME	POSITION
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Ernest K. Cuyegkeng	President and Chief Operating Officer
Mr. William H. Ottiger	EVP / Corporate Dev't. Officer / Treasurer
Atty. Joshua L. Castro	Vice President and Assistant Corporate Secretary
Ms. Emelinda P. Orozco	Manager (up to ₱100,000.00 only)

hereby authorizing any two (2) of the aforesaid officers to represent and act on behalf of the Corporation in all its transactions with the Bank with full capacity to execute, sign and deliver any and all documents necessary to give full force and effect to the foregoing resolutions.

2. **Board Meeting held on September 1, 2022**

2.1 RESOLVED, as it is hereby resolved, that the Board of Directors of the Corporation hereby approves the additional investment of Anscor International, Inc. in Third Prime Series Investments, LLC – Kafene B amounting to US$1.60 million.

3. **Board Meeting held on November 11, 2022**

3.1 "RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a special cash dividend of Fifty Centavos (₱0.50) per share on the common stock of the Corporation, payable on December 15, 2022, to all stockholders of record as of the close of business on November 28, 2022, and Mr. Ernest K. Cuyegkeng, the Corporation's President and Chief Operating Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

3.2 "RESOLVED, as it is hereby resolved, that the Corporation appoints MS. NARCISA M. VILLAFLOR, Vice President and Comptroller, and/or MS. SALOME M. BUHION, Assistant Vice President, to act as Authorized Representatives/Signatories of the Corporation in all its dealings and transactions with the Bureau of Internal Revenue (BIR), with the power to sign, execute and deliver any and all applications for permits, registration of Computerized Books of Accounts filing of tax returns, requests for documents or reports as required or necessary in the operations of the Corporation, and such other reports or instruments related thereto, and to perform any other act as may be necessary or appropriate to effect the foregoing."

3.3 "RESOLVED, as it is hereby resolved, that the Corporation hereby appoints and designates MS. NARCISA M. VILLAFLOR, Vice President and Comptroller, to be the authorized signatory, with full powers and authority to represent and act for and in behalf of the Corporation in all its transactions with BDO Insurance Brokers, Inc.; hereby authorizing Ms. Villaflor to sign the Broker of Record (BOR), and any or all documents necessary and pertinent to give full force and effect to the foregoing resolution."

4. <u>Board Meeting held on March 1, 2023</u>

4.1 RESOLVED, as it is hereby resolved, that the audited Financial Statements of A. Soriano Corporation for the year ended December 31, 2022 is approved.

4.2 The Board proceeded to approve the record date, proxy validation date and the date of the Annual Stockholders' Meeting as follows:

i) Record Date – March 17, 2023
ii) Proxy Validation Date – April 12, 2023
iii) Date of Stockholders' Meeting – April 19, 2023

4.3 RESOLVED, That Second paragraph to Section 2 of Article III is added to read as follows:

Section 2. Xxx xxx xxx

The Board of Directors may authorize stockholders who cannot physically attend at stockholders' meetings to participate in such meetings through remote communications or other alternative modes of communication. The right to vote of stockholders may also be exercised through remote communication or in absentia when so authorized by the Board of Directors. The resolution of the Board of Directors authorizing the stockholders' participation in stockholders' meetings through remote communication and//or the right to vote through remote communication or in absentia shall only be applicable for a particular meeting.

RESOLVED, FURTHER, That Section 3 of Article III is amended to add certain provisions in sending notices of ordinary stockholders' meeting to read as follows:

Section 3. Notices of ordinary stockholders' meeting shall be sent to stockholders of record at least fifteen (15) business days prior to the scheduled annual stockholders' meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. **The notices of stockholders' meetings may likewise be sent to the stockholders through email or by posting in the Corporation's website and by publication in a newspaper of general circulation when so permitted by rules and regulations or circulars issued by the Securities and Exchange Commission.** The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. **The notice to the stockholders shall also include the requirements and procedure to be followed when stockholders are allowed to participate by remote communication or in absentia, and the manner of casting of votes and the period during which votes by remote communication or in absentia will be accepted.**

RESOLVED, FURTHER, That second paragraph is added to Section 6 of Article IV to indicate other means of participation and manner of voting at Board meetings to read as follows:

Section 6. Xxx xxx xxx

Directors who cannot physically attend or vote at Board meetings may participate through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate. Directors cannot attend or vote by proxy at Board meetings.

RESOLVED, FINALLY, That Section 7 of Article IV is amended to add certain provision in sending notices of regular or special meetings of the Board to read as follows:

Section 7. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, **by email, messaging services**, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting."

4.4 RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a regular cash dividend of Fifty Centavos (₱0.50) per share on the common stock of the Corporation, payable on April 10, 2023, to all stockholders of record as of the close of business on March 16, 2023, and Mr. Ernest K. Cuyegkeng, the Corporation's President and Chief Operating Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

ANNEX B

MANAGEMENT REPORT

I. Brief Description of General Nature and Scope of the Business and Management's Discussion and Analysis of Operation

Description of General Nature and Scope of Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, business process outsourcing and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments, mainly the trading gain on marketable securities and bonds.

Growing the businesses is vital to Anscor's long-term success. The Company keeps a tight watch on the existing portfolio of businesses and new opportunities as they emerge.

As of 31st December 2022, the Company's consolidated total assets stood at ₱25.1 billion. For the year ended 31st December 2022, consolidated revenues of the Company amounted to ₱13.6 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2022:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
International Quality Healthcare Investment Ltd.	100%	Holding Company	British Virgin Island
IQ Healthcare Professional Connection, LLC	93%	Inactive	USA

Company	Ownership	Business	Jurisdiction
Prople Limited, Inc.	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercrest Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
Summerside Corporation	100%	Holding Company	Philippines
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Fremont Holdings, Inc.	26%	Real Estate Holding	Philippines
ATRAM Investment Management Partner Corp.	20%	Asset Management	Philippines
KSA Realty Corporation	14%	Realty	Philippines

Below are the Key Performance Indicators of the Group:

Over the last years, consolidated revenues and net income from operations are as follows (in thousand pesos except earnings per share):

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Sale of goods - net	**₱ 10,727,755**	₱ 8,751,667	₱ 6,448,195
Services	**1,292,107**	1,013,454	767,570
Dividend income	**295,307**	399,429	259,109
Interest income	**67,462**	53,534	82,204
	12,382,631	10,218,084	7,557,078

	Years Ended December 31		
	2022	2021	2020
INVESTMENT GAINS (LOSSES)			
Gain on sale of long-term investment	₱ **2,208,757**	₱ –	₱ –
Gain (loss) on increase (decrease) in market values of FVPL investments - net	**(994,108)**	1,124,061	(76,521)
Gain on sale of FVOCI investments - net	**764**	532	1,150
	1,215,413	1,124,593	(75,371)
EQUITY IN NET EARNINGS (LOSSES) AND IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATES	**26,640**	11,410	(598,006)
TOTAL	**13,624,684**	**11,354,087**	**6,883,701**
INCOME BEFORE INCOME TAX	**3,098,197**	2,917,745	460,045
PROVISION FOR INCOME TAX	**242,155**	380,152	291,320
NET INCOME	**2,856,042**	**2,537,593**	**168,725**
OTHER COMPREHENSIVE INCOME (LOSS)	**(71,847)**	**176,601**	**(189,753)**
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ **2,784,195**	₱ 2,714,194	(₱ 21,028)
Net Income Attributable to:			
Equity holders of the Parent	₱ **2,800,558**	₱ 2,504,080	₱ 165,647
Noncontrolling interests	**55,484**	33,513	3,078
	₱ **2,856,042**	₱ 2,537,593	₱ 168,725
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	₱ **2,728,711**	₱ 2,680,681	(₱ 24,106)
Noncontrolling interests	**55,484**	33,513	3,078
	₱ **2,784,195**	₱ 2,714,194	(₱ 21,028)
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	₱ **2.28**	₱ 2.04	₱ 0.13
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	₱ **2.22**	₱ 2.18	(₱ 0.02)

Financial Performance in 2022

Net income in 2022 reached P2.8 billion primarily as a result of Anscor International's sale of AGP International Holdings Pte. Ltd., for a consideration of US$38.5 million, resulting in a one-time gain of ₱2.2 billion. Last year's profit reached ₱2.5 billion.

Anscor's operating company, Phelps Dodge Philippines Energy Products Corporation (PDP), continues to be the main contributor to Anscor's revenues at ₱1.04 billion, comprising ₱956.5 million in equity earnings and ₱100.1 million in management fees. Anscor share in resort earnings improved from ₱48.4 million in 2021 to ₱89.4 million in 2022, while KSA Realty Corporation provided ₱100.7 million in cash dividends.

Anscor's investment portfolio, which posted a gain of ₱1.4 billion in 2021, reversed to a loss of ₱0.9 billion, due to a decrease in market values of traded securities, both locally and abroad.

The Philippine Stock Exchange Index fell from 7,123 as of December 31, 2021 to 6,554 as of end December 2022. This contributed to a ₱194.2 million loss on Philippine-traded equities against a gain of ₱1.8 billion in 2021. Foreign traded shares accounted for a ₱586.7 million loss in 2022, lower than last year's loss of ₱900.3 million. Investment in bonds and managed funds were impacted by the increase in interest rates and registered a decline in value of ₱374.1 million versus a gain of ₱12.7 million in 2021.

Financial portfolio losses were slightly offset by larger foreign exchange gains from ₱130.1 million in 2021 to ₱294.6 million in 2022 as the strong US dollar boosted the value of our dollar-denominated assets.

Anscor paid a total cash dividend of ₱2.5 billion or ₱1.00 per share in 2022: ₱0.50 per share on April 5, 2022, and another P0.50 per share on December 15, 2022. The book value of the Company increased from ₱16.67 to ₱17.89 as of December 31, 2022.

The Soriano Group Operations

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

PDP's sales volume increased by 5% over that of 2021. While its high-rise and mall project segment declined by 25%, the company achieved substantial inroads into the sectors of communication and of energy, among both distributors and generators. PDP continued to increase its provincial sales in the Visayas and Mindanao. Northern Luzon showed significant growth in both the retail sector and the business-to-business segments.

2022 revenues reached ₱10.7 billion, a 23% increase over last year, in part because of the higher average copper price during the year. Copper prices were volatile with an upward trend throughout the year. PDP's policy of maintaining stable selling prices was rewarded with a flow of steady orders from its distributors. PDP's innovative products met customers' need for safe and quality products at reasonable prices.

Net profit increased from ₱909.9 million to ₱956.5 million, the highest in PDP's history. Costs were kept at the same level as 2021, a notable achievement in an era of high inflation throughout the year.

PDP will continue with its growth strategy. Additional investments are being made to increase the company's production capability, which will give more production flexibility to serve different segments and increase the company's ability to deliver in the shortest possible time.

PDP continues its sustainability and governance programs, its enviable safety record, and its strongly adhered to health protocols. Studies have started on the feasibility of solar panels. PDP remains committed to participate actively in the projects of the Andres Soriano Foundation.

SEVEN SEAS RESORTS AND LEISURE, INC. (OWNER OF AMANPULO RESORT)

After two years of restricted international travel, the Philippine borders reopened to tourists in February 2022 and Amanpulo reintroduced itself as a must-travel destination. Through strategic sales and marketing activities and new products and offerings, Amanpulo bounced back strongly. Revenue improved to ₱1.1 billion and a net income of ₱143.5 million, nearly that of the pre-pandemic period.

Initiatives to attract foreign guests to Amanpulo, included visits from top-producing and high-potential travel agents, foreign press trips and releases featuring Amanpulo in top-tier publications, including Conde Nast Traveller (UK), Tatler (UK), Tatler (Asia), Travel+Leisure (SEA), and Robb Report (China).

Amanpulo's Marine Conservation Program continues to expand its reach with the launch of identifying resident turtles by volunteer team members and guests. In November, the Large Marine Vertebrates Research Institute Philippines trained the Amanpulo team on enhanced marine turtle conservation. A total of 1,927 turtle hatchlings were released to the sea and natural nest monitoring was increased.

Amanpulo was shortlisted as "Private Island of the Year" and awarded as "Asia's Leading Private Island Resort," the "Philippines' Leading Private Island Resort" and the "World's Leading Dive Resort" by the World Travel Awards 2022. The Resort also placed Top 8 in the "Top 10 Best Resorts in Southeast Asia" in the Travel + Leisure Asia's Best Awards 2022.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

ATRAM weathered volatile markets in 2022, ending the year with assets under management at ₱157.1 billion, 9.9% lower from the previous year. Though inflation and geopolitical concerns kept investors on the sidelines, the company still generated positive net inflows of ₱4.2 billion, driven by the fund distribution and wealth businesses. ATRAM Group's revenues grew 19.9% to ₱872.7 million in 2022, from ₱727.6 million in 2021.

ATRAM continued to build its digital capabilities to reach target client segments and enhance customer brand experience. ATRAM Prime was launched in April 2022. It is a mobile-first investment platform to help clients grow their long-term wealth, simplify the investing process and access investment outlets and advice. Development of a wealth management platform, Wealth360, began in 2022 for rollout to clients in 2023.

The company earned multiple awards and industry recognitions. ATRAM was hailed as "Asset Management Company of the Year – Philippines" in The Asset Triple A Sustainable Investing Awards 2022. World Business Outlook and International Business Magazine also recognized ATRAM as the "Best Investment Solutions Provider" in the Philippines for 2022. In addition, ATRAM Trust Corporation was recognized as a 2022 Outstanding Bangko Sentral ng Pilipinas (BSP) Stakeholder for its role as a Personal Equity & Retirement Account (PERA) administrator during the 2022 Outstanding BSP Stakeholders Appreciation Ceremonies.

ATRAM is ready to face a digital future with a diverse set of product offerings.

KSA REALTY CORPORATION (owner of the Enterprise Center)

The office leasing operations of The Enterprise Center (TEC) continued to face challenges, along with other office building operators in the country.

TEC's occupancy and rental revenue declined due to the after effects of the COVID-19 pandemic: downsizing of leased premises to adapt to on-site work arrangements of companies and requests for rental concessions to reduce costs to cope with business slowdown.

TEC's average effective rent for office leases decreased from P1,539 per sq.m. in 2021 to ₱1,430 per sq.m. in 2022. Rental income decreased by 18% and average occupancy during the year fell to 66%, as compared to last year's 80%. Net income stood at ₱0.7 billion.

Despite the negative growth in rental revenue and net income, KSA declared P0.7 billion in dividends in 2022, of which ₱100.7 million was Anscor's share as against ₱185.6 million in 2021.

EARLY STAGE AND PRIVATE EQUITY VENTURES

A portion of the Company's assets is dedicated to private equity funds and early-stage opportunities.

Anscor began investing in **Y-mAbs Therapeutics, Inc.** in 2015 that was listed on the Nasdaq in 2018. Y-mAbs is a clinical stage biopharmaceutical company focused on developing and commercializing novel, antibody-based therapeutic products to treat cancer. Anscor's investment thesis centered on Y-mAbs with two pivotal-stage product candidates, naxitamab and omburtamab.

Naxitamab received its first approval from the US Food and Drug Administration (USFDA) in November 2020. Unfortunately, the USFDA declined marketing approval of omburtamab in a Refusal-to-File letter dated October 2, 2020, citing the need for additional data to support an approval. In response, Y-mAbs has deprioritized the omburtamab program to focus on developing the Self-Assembly DisAssembly (SADA PRIT 2-STEP) technology platform. Corporate restructuring extended its cash runway into 2024. Y-mAbs stock price fell 70% in 2022 from US$6.21 to US$4.88 a share.

Anscor invested US$5.0 million in **Macquarie ASEAN Technology Investments Holdings II LP** in 2018, a special-purpose vehicle invested exclusively in shares of Grab Holdings, Inc. Grab is the leading on-demand transportation and food delivery provider in Southeast Asia with a leading market share in seven countries, including the Philippines.

In December 2021, Grab was listed on the Nasdaq via a special purpose acquisition vehicle. Sales grew 38%, as its Mobility and Deliveries benefited from economies reopening across the Association of Southeast Asian Nations (ASEAN) region. Despite the positive operating trends, shares in Grab Holdings, like many of its high-growth peers, fell dramatically in 2022 and ended down 55% from its Initial Public Offering (IPO).

Anscor has committed US$20.0 million to **Navegar I LP, Navegar II LP** and **Sierra Madre Philippines I LP,** three Philippine-focused private equity funds. Investments are diversified across e-commerce, business process outsourcing, information technology, casual dining, logistics, education, and retail.

In March 2021, Anscor committed US$6.0 million to **Asia Partners I (AP I)**, a Singapore-based private equity fund focused on high growth technology and technology-enabled companies across Southeast Asia. In March 2022, on the back of a solid performance from AP I, a follow-on commitment of $10.0 million was made to **Asia Partners II.**

Additional investments that were initiated in 2022 included a US$3.0 million investment in **Blue Voyant,** an early-stage, US-based cybersecurity firm; a US$3.0 million commitment to **Third Prime**, a US-based private equity fund focused on finance and property technology; a US$1.2 million follow-on co-investment in **SCI**, a Singapore-based e-commerce company, alongside Asia Partners; a US$1.6 million co-investment in **Kafene**, an early-stage, US-based financial technology company, alongside Third Prime; and US$750,000 in **Wholesome Spirits**, an early-stage, US company focused on the sales and marketing of "Volley", a tequila-based seltzer drink.

<u>Other Information</u>

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development

- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

Components of financial soundness and indicators of the Group are shown in Annex E of this report.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods Ended December 31	
	2022	2021
Revenues (excluding investment gains or losses)	**2,056,903**	1,466,407
Investment Gains (Losses)	**(704,043)**	1,984,265
Net Income	**2,276,878**	3,359,704
Total Comprehensive Income (Loss)	**(28,065)**	3,402,617
Earnings Per Share		
Net Income	**0.91**	1.34
Total Comprehensive Income	**0.90**	1.36
Market Price Per Share (PSE)	**9.04**	7.95

The Key Financial Indicators of the Major Subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

	12/31/2022	12/31/2021	12/31/2020
1. Net sales	**10,728**	8,752	6,448
2. Gross profit	**1,606**	1,603	1,366
3. Net income	**956**	910	692

Seven Seas Group

In Million Pesos

	12/31/2022	12/31/2021	12/31/2020
1. Occupancy rate	**47.1%**	40.0%	36.9%
2. Hotel revenue	**1,088.8**	836.1	646.3
3. Gross operating profit (GOP)	**441.4**	327.8	207.3
4. GOP ratio	**40.5%**	39.2%	32.1%
5. Resort net income	**133.1**	64.1	(9.5)
6. Lease net income	**10.4**	13.1	13.9
7. Consolidated net income	**143.5**	77.2	4.3

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

Outlook

PDP is projected to experience growth and make investments to boost its productivity with innovative products and cost management. As foreign travel rebounds globally, Amanpulo is expected to grow its number of guests. ATRAM will benefit from its digital initiatives and the improved investment climate. Anscor look forward to the increased occupancy of the Enterprise Center as "in-office" work becomes the norm again.

The combined performances of Anscor's holdings will continue to enhance shareholder value. The fundamentals are strong, sustainability is ingrained in operations and processes. Anscor dealt decisively with the impact of the COVID-19 pandemic, caring first for employees, customers and the communities in the most trying times.

Employees

The Company and the Group as of December 31, 2022, has 22 and 709 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	10	178	188
Rank and file	12	509	521
TOTAL	22	687	709

- The Company and the Group were not subjected to any employees' strike in the past three years nor were there any threatening strike for the ensuing year.
- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).
- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Properties

Anscor owns and maintains its office at 7th Floor, Pacific Star Building in Makati City with approximately 2,000 square meters. Also, the company owns office units A and D, 8th Floor, at 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City.

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectare property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.
- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. Additional 62 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2022.
- AHI has interests in land covering an area of approximately 111.39 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 36.9 hectares in Cebu. Also, AHI owns 1.27 hectare properties in Puerto Princesa.
- AFC Agribusiness has 97.4 hectares of land in Guimaras.

Other Information:

- The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.
- There were no commitments for major capital expenditures or acquisitions of properties in the next twelve months.

<u>Financial Condition</u>

There was no other significant change in the Company's Consolidated Balance Sheet as of December 31, 2022 versus December 31, 2021.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2022 and 2021.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash generated from operating and investing activities mainly the net proceeds from sale of investment in AG&P, partially offset by cash used in financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements.)

Fair Value Through Profit and Loss (FVPL) Investments
The increase in the account can be attributed to the ₱1.2 billion net additions mainly investment in PE Funds and foreign exchange gain of P198.1 million, partially offset by the decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds of ₱994.1 million.

Receivables
The increase in receivables was mainly due to improved revenues of the wire manufacturing business and resort operation.

Inventories
The increase was due to higher level of finished goods, work in process and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Prepayments
Increase in this account pertains mainly to payments for inventories in transit of the wire manufacturing subsidiary wherein the new terms and conditions in the contract with the supplier doesn't meet the criteria for it to be classified and presented as inventories.

Other Current Assets
Change in the account balance can be attributed to the increase in prepaid taxes of the Parent Company.

Fair Value Through Other Comprehensive Income Investments (FVOCI) – noncurrent
Minimal decrease in this account amounted to ₱4.9 million. The decrease can be attributed to net disposal of ₱4.8 million and the decline in market value of the FVOCI investments of ₱4.6 million, partially offset by unrealized foreign exchange gain of ₱4.5 million.

Notes Receivable
The decrease was attributable to the collection of advances by the Parent Company to Anscor Retirement Trust Fund.

Investments and Advances
The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to ₱26.6 million.

Property, Plant and Equipment - net
The increase can be traced to net acquisition of property and equipment of ₱457.7 million offset by depreciation amounting to ₱295.0 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties - net
Decrease was mainly due to depreciation amounting to ₱14.7 million mainly of 8 Rockwell office condominium unit.

Retirement Plan Assets
Change in the retirement plan asset arises mainly from fair value adjustments of the underlying assets of the retirement plan of the Group.

Right-of-Use-Assets
With the adoption of PFRS 16, Leases, the manufacturing and aviation subsidiaries as a lessee recognized asset representing the right to use the asset/property during the lease term.

Deposit to suppliers
Change in the account balance can be attributed to the increase in deposits to suppliers related to capital expenditure requirements for the purchase of new aircraft of the aviation subsidiary.

Notes Payable
Notes payable in 2021 represent unsecured, short-term, interest-bearing liabilities of the aviation subsidiary which was paid in 2022.

Accounts Payable and Accrued Expenses
The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries as a result of increased volume of their businesses.

Lease Liability (current and noncurrent)
With the adoption of PFRS 16, Leases, the manufacturing and aviation subsidiary as a lessee recognized a liability for future lease payments.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2022 due to problematic addresses of some of the Company's stockholders. Last cash dividend payment of ₱0.50 per share to shareholders was on December 15, 2022.

Income Tax Payable
Movement in the account was attributable to income tax paid by the resort, aviation and wire manufacturing subsidiaries, partially offset by provision for income tax during the year by the Group.

Long-term Debt (current and noncurrent)
The outstanding long-term debt in 2021 pertained to PDP loan which was paid in 2022.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect of unrealized decline in market value of FVPL investments.

Retirement Benefits Payable
Decrease resulted mainly from payment of contribution to the plan.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. The net decreased in CTA balance is ₱47.2 million, mainly due to reversal of CTA related to the sale of AG&P of ₱234.2 million.

Unrealized valuation gain on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to December 31, 2022.

Remeasurement on Retirement Benefits
Movement in the account was mainly due to the decrease in fair value of the underlying assets under the retirement plan.

Noncontrolling Interest (equity portion)
Increase was mainly due to share of minority shareholders in the net income of the resort and aviation subsidiaries for the year 2022.

Others
There were no commitments for major capital expenditures in 2022.

Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The discussions below were based on the consolidated results of the Company and its subsidiaries for the year ended December 31, 2022 as compared to consolidated results for the year ended December 31, 2021:

Revenues
This year's consolidated gross revenues of ₱13.6 billion was higher from last year's revenue of ₱11.4 billion due to gain on sale of investment in AGP of ₱2.2 billion and higher revenues of the resorts and the wire manufacturing operations.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher copper cost of the wire manufacturing subsidiary and increased volume of products sold.

Cost of Services Rendered
Increase in cost of services rendered was due to higher occupancy rate of the resort subsidiary.

Operating Expenses
The Group reported an increase in consolidated operating expenses for 2022 due to higher overhead of the parent company (from bonus paid based on higher net income in 2021) and rise in operating expenses of the resort and wire manufacturing subsidiaries due to higher volume of business.

Interest Expense
Interest expense in 2022 was lower than 2021 due to payment of loan by PDP.

Foreign Exchange Gain (loss)
Due to the depreciation of peso vis-à-vis dollar, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
The current tax provision of the resort, aviation and wire manufacturing subsidiaries was offset by the benefit from deferred income tax, mainly of the parent company, attributable to unrealized loss from decline in market value of FVPL investments.

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020 (as reported in 2021 SEC 17-A)

Revenues
This year's consolidated gross revenues of ₱11.4 billion was higher from last year's revenue of ₱6.9 billion due to improved market value of FVPL investments and higher revenues of the resort and the wire manufacturing operations despite the community quarantine due to COVID-19 pandemic.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher copper cost of the wire manufacturing subsidiary and increased volume of products sold.

Cost of Services Rendered
Increase in cost of services rendered was due to higher occupancy rate of the resort subsidiary.

Operating Expenses
The Group reported an increase in operating expenses for 2021 due to higher volume of business of the manufacturing and resort subsidiaries, offset by lower operating cost of the parent company.

Interest Expense
Interest expense in 2021 was lower than 2020 due to payment of loan by PDP.
Foreign Exchange Gain (loss)
Due to the depreciation of peso vis-à-vis dollar, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
Movement in the account was mainly due to the higher provision for deferred income tax of the parent company for the increase in market value of its FVPL investments and rise in unrealized foreign exchange gain.

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019 (as reported in 2020 SEC 17-A)

Revenues
This year's consolidated gross revenues of ₱6.9 billion were significantly lower than the last year's revenues of ₱10.7 billion mainly due to decrease in market value of FVPL investments of ₱76.5 million vs a gain of ₱1.2 billion in 2019. Revenues of the resort and wire manufacturing operations were lower than last year as a result of community quarantine imposed by the Government due to COVID-19 pandemic, while share in net losses of associates amounting to ₱598.0 million was higher as compared to ₱517.1 million in 2019. Dividend income also decreased from ₱373.6 million to ₱259.1 million.

Cost of Goods Sold
Decrease in cost of goods sold was mainly attributable to decline in volume sold by the wire manufacturing subsidiary.

Cost of Services Rendered
Decrease in cost of services rendered was mainly due to lower occupancy rate of the resort subsidiary this year versus last year.

Operating Expenses
The Group reported a decrease in operating expenses for 2020 mainly due to lower overhead of the subsidiaries due to the quarantine imposed in 2020 due to COVID-19. Lower salaries, advertising and promotion, delivery and utilities cost were reported in 2020.

Interest Expense
Amount in 2020 was lower than 2019 due to payment of long-term loan by the Parent Company and PDP.

Foreign Exchange Gain (loss)
Due to the depreciation of dollar vis-à-vis peso, the parent company reported foreign exchange loss on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net
The tax provision of the resort and wire manufacturing subsidiaries for 2020 decreased due to lower profits.

<u>Changes in Accounting Policies</u>
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Annual Improvements to PFRSs 2018-2020 Cycle

  o Amendments to PFRS 1, *First-time Adoption of Philippines Financial Repo*rting Standards, Subsidiary as a first-time adopter

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  o Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf.

  o Amendments to PAS 41, Agriculture, Taxation in fair value measurements

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and

  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

    The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

  - o That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - o That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - o That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Other Financial Information

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

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2022 and onwards.

- The management has no knowledge of 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 revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant, no restructuring, except the business combination mentioned above.

- There is no other material event subsequent to the reporting period that has not been reflected in the financial statements.

Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippines Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by SRC Rules 68 and 68.1, current PFRS/IAS.

3. The consolidated financial statements included disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

Audited Financial Statements

The audited Financial Statements as of 31 December 2022 and the Statement of Management Responsibility are attached to the Definitive Information Statement.

II. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

The Company has no disagreement with its independent auditors on Accounting and Financial Disclosures and changes in Accounting and Financial Disclosures that are included in the attached Notes to the Financial Statements, if applicable.

III. External Audit Fees

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors of the Company for the ensuing year.

In compliance with SRC Rule 68 paragraph 3(b) (IX) (Rotation of External Auditors), the SGV audit partner, as of December 2022, is Ms. Dhonabee B. Señeres, who is on her fourth year of audit engagement. Ms. Señeres will again be the SGV audit partner for the ensuing year.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

Audit and Audit Related Fees
The Company paid to its external auditors the following fees for the past two years:

Year	Audit Fees
2022	**₱ 1,320,000.00**
2021	₱ 1,320,000.00

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

Consultancy and Other Fees
Consultancy and other fees paid by the Company to SGV for the year 2022 amounted to ₱303,800.00.

IV. Market Price of Shares and Dividends

The Principal Market where the registrant's Common equity is traded:

Philippine Stock Exchange
Latest Market Price – **15 March 2023**

Previous close	High	Low	Close
10.26	**10.70**	**10.10**	**10.10**

The following are the high and low sale prices of the shares of the Company for each quarter within the last two fiscal years:

	2022		2021	
Quarter	**High**	**Low**	High	Low
First	**10.44**	**7.70**	7.80	6.00
Second	**9.43**	**8.54**	7.10	6.37
Third	**9.10**	**8.00**	7.50	6.10
Fourth	**9.15**	**8.21**	8.00	6.81

Source: PSE Report

The total number of stockholders/accounts as of 28 February 2023 is 11,046 holding 2,500,000,000 shares of common stock and 1 stockholder holding 500,000,000 preferred shares

Dividends

The cash dividends declared by the Board of Directors in 2021 was:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	0.25	28-Feb-2021	17-Mar-2021	14-Apr-2021
Special	0.25	17-Nov-2021	03-Dec-2021	27-Dec-2021

In 2022, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	**0.50**	**23-Feb-2022**	**11-Mar-2022**	**05-Apr-2022**
Special	**0.50**	**11-Nov-2022**	**28-Nov-2022**	**15-Dec-2022**

On March 1, 2023, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	0.50	01-Mar-2023	16-Mar-2022	10-Apr-2023

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of 31 December 2021, the Company has sufficient retained earnings available for dividend declaration.

The top 20 stockholders as of 28 February 2023 is broken down as follows:

Stockholder Name	Type	Number of Shares	% of Ownership
1. Anscor Consolidated Corporation	Common	1,272,329,761*	42.411
2. A. Soriano Corporation Retirement Plan	Common Preferred	63,694,835** 500,000,000	2.123 16.667
3. PCD Nominee Corp. (Non-Filipino)	Common	497,919,306	16.597
4. A-Z Asia Limited Philippines, Inc.	Common	161,546,329	5.385
5. PCD Nominee Corp. (Filipino)	Common	112,242,636	3.741
6. Universal Robina Corporation	Common	64,605,739	2.154
7. Philippines International Life Insurance Co., Inc.	Common	57,921,593	1.931
8. C & E Property Holdings, Inc.	Common	28,011,922	0.934
9. Edmen Property Holdings, Inc.	Common	27,511,925	0.917
10. MCMS Property Holdings, Inc.	Common	26,513,928	0.884
11. Express Holdings, Inc.	Common	23,210,457	0.774
12. EJS Holdings, Inc.	Common	15,518,782	0.517
13. DAO Investment & Management Corp.	Common	8,628,406	0.288
14. Philippine Remnants Co., Inc.	Common	7,556,183	0.252
15. Balangingi Shipping Corporation	Common	2,767,187	0.092
16. Leonardo Siguion Reyna	Common	2,625,000	0.088
17. Lennie C. Lee	Common	2,000,000	0.067
18. Jocelyn C. Lee	Common	2,000,000	0.067
19. Jose C. Lee	Common	1,798,000	0.060
20. F. Yap Securities, Inc.	Common	1,409,741	0.047
Total		2,879,811,730	95.971

** Included 122,287,251 shares of Anscor Consolidated Corporation with ATRAM.*
*** Included 7,694,835 shares lodged with PCD Nominee Corp. (Filipino).*

Recent Sale of Unregistered Securities

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

V. Compliance with Leading Practice on Corporate Governance

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC. On 02 July 2014, the Company submitted to the SEC and PSE its Amended Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 9, Series of 2014.

With the promulgation of the Code of Corporate Governance for Publicly Listed Companies under SEC Memorandum Circular No. 19 dated November 22, 2016, the Company submitted to the SEC and PSE its Manual on Corporate Governance in compliance with said Circular. This Manual superseded all previous Manuals on Corporate Governance of the Company including its revisions.

All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

The Board of Directors and Management evaluates on an annual basis, the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. These improvements are contained in the Company's Integrated Annual Corporate Governance Report and updates thereto to be submitted to the SEC yearly. Further, Directors of the Company are required, before assuming office and annually thereafter, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, following SEC's thrust to promote a better corporate governance environment, the Company complied with SEC Memorandum Circular No. 11, Series of 2014, which provides for template for publicly-listed companies' websites. The Company's website contains all the items indicated in said Circular.

As of 28 February 2023, there were no deviations from the Company's Manual on Corporate Governance.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated March 1, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Accreditation No. 97133-SEC (Group A)
Valid to cover audit 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564699, January 3, 2023, Makati City

March 1, 2023

A. SORIANO CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

Annex C:	Supplementary Schedule of Retained Earnings Available for Dividend Declaration
Annex D:	Group Structure

ANNEX C

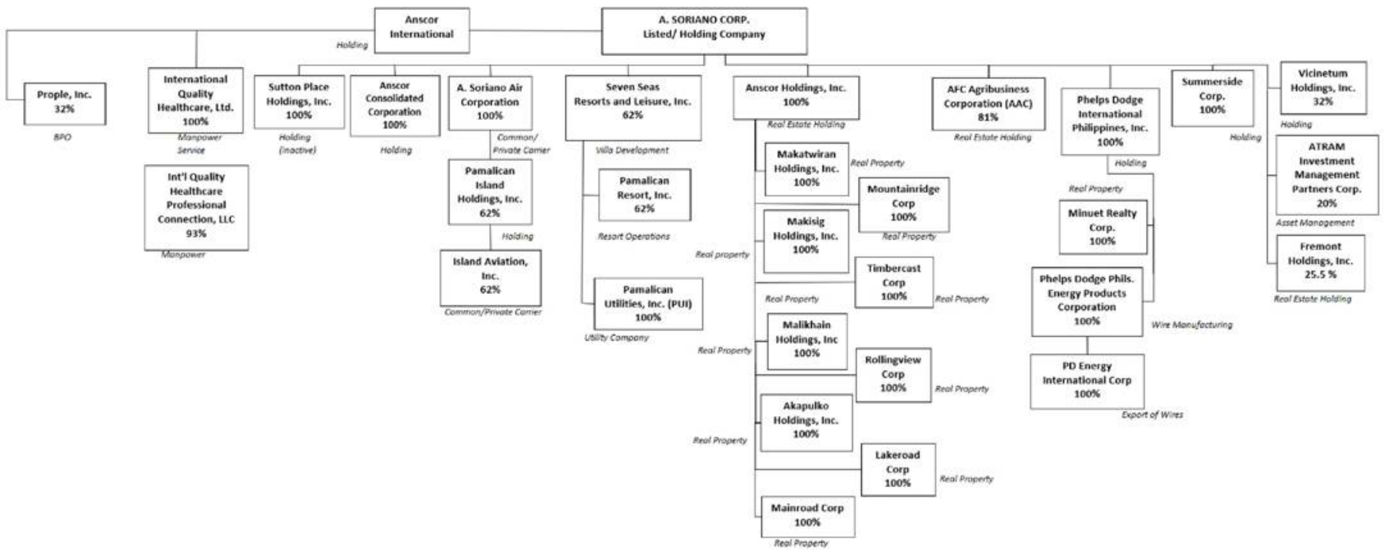
A. SORIANO CORPORATION
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Unappropriated retained earnings, January 1, 2022	**₱7,023,096,681**
Adjustments pertaining to unrealized market to market gains and deferred tax assets	4,344,181,279
Unappropriated retained earnings, as adjusted to available for dividend distribution, January 1, 2022	**2,678,915,402**
Add: Net income actually earned/realized	
Net income during the period	2,276,878,018
Foreign exchange gains (except those attributable to cash and cash equivalents)	(128,551,322)
Net income actually earned	**4,827,242,097**
Less dividend declarations	(2,500,000,000)
Total retained earnings available for dividend declaration, December 31, 2022	**₱2,327,242,097**

ANNEX D

A. SORIANO CORPORATION AND SUBSIDIARIES

GROUP STRUCTURE
DECEMBER 31, 2022



SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 1, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Accreditation No. 97133-SEC (Group A)
Valid to cover audit 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564699, January 3, 2023, Makati City

March 1, 2023

ANNEX E

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022 AND 2021

			2022		2021	
i.	Current Ratio	Total Current Assets / Total Current Liabilities	19,339,745,781 / 1,945,908,175	9:94 : 1	18,093,740,907 / 1,877,916,302	9.64 : 1
ii.	Acid Test Ratio	Total Current Assets less Inventories, Prepayments, and Other Current Assets / Total Current Liabilities	17,235,630,116 / 1,945,908,175	8:86 : 1	16,220,464,988 / 1,877,916,302	8.64 : 1
iii.	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and amortization / Total Liabilities	3,110,279,644 / 2,524,505,009	123.20%	2,806,675,830 / 2,567,867,866	109.30%
iv.	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	2,524,505,009 / 21,961,719,040	2.52 : 21.96	2,567,867,866 / 20,460,578,865	2.57 : 20.46
v.	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	25,138,235,219 / 21,961,719,040	1.14	23,624,974,330 / 20,460,578,865	1.15
vi.	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes) / Interest expense	3,102,884,832 / 4,687,677	661.92	2,928,004,620 / 10,259,686	285.39
vii.	Return on Equity	Net Income Attributable to Equity Holders of the Parent / Equity Attributable to Equity Holders of the Parent	2,800,557,660 / 21,961,719,040	12.75%	2,504,080,376 / 20,460,578,865	12.24%
viii.	Return on Assets	Net Income Attributable to Equity Holders of the Parent / Total Assets	2,800,557,660 / 25,138,235,219	11.14%	2,504,080,376 / 23,624,974,330	10.60%

ANNEX E

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022 AND 2021

			2022		2021	
ix.	Profit Ratio	Net Income Attributable to Equity Holders of the Parent / Total Revenues	2,800,557,660 / 13,624,683,643	20.56%	2,504,080,376 / 11,354,086,841	22.05%
x.	Book value per share	Equity Attributable to Equity Holders of the Parent / Outstanding Number of Shares	21,961,719,040 / 1,227,570,239	17.89	20,460,578,865 / 1,227,570,239	16.67

A. SORIANO CORPORATION
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Ext.
1209 Makati City, Philippines

C O V E R   S H E E T

for

SEC FORM 17-Q

SEC Registration Number

P	W	2								

COMPANY NAME

A. SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@anscor.ph	8819-0251	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,067	April 20	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	nancie.villaflor@anscor.com.ph	8819-0251	N/A

CONTACT PERSON's ADDRESS

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 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, 2022

2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216

A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

hilippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office Postal Code

8190251
8. Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, 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	2,500,000,000
Preferred	500,000,000

....

....

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common

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 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: May 16, 2022

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: May 16, 2022

SEC Form17-Q
May 16, 2022

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

		PAGE NO.
Item 1.	**Financial Statements**	
	Consolidated Balance Sheets	1 - 2
	Consolidated Statements of Comprehensive Income	3 - 4
	Consolidated Statements of Changes in Equity	5
	Consolidated Statements of Cash Flows	6 - 7
	Parent Company Balance Sheets	8
	Parent Company Statements of Comprehensive Income	9
	Parent Company Statements of Changes in Equity	10
	Parent Company Statements of Cash Flows	11 - 12
	Notes to Consolidated Financial Statements	
	1. Segment Information	13 - 14
	2. Basic of Preparation and Changes in Accounting Policies and Disclosures	15 - 19
	3. Summary of Significant Accounting and Financial Reporting Policies	20 - 46
	4. Significant Accounting Judgments, Estimates and Assumptions	46 - 50
	5. Financial Risk Management Objective and Policies	51 - 54
	6. Financial Instruments	54 - 57
Item 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operation**	
	Notes to Consolidated Financial Statements	
	7. Financial Condition	57 - 59
	8. Result of Operation	59 - 60
	9. Cash flows	60
	10. Other Financial Information	60 - 61
	11. Subsidiaries and Affiliates	61
	12. Financial Indicators	63 - 64

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	March 31 2022	December 31 2021
ASSETS		
Current Assets		
Cash and cash equivalents	**4,218,325**	2,729,230
Fair value through profit and loss (FVPL) investments	**12,230,369**	11,677,814
Receivables	**2,409,063**	1,997,228
Inventories	**1,585,549**	1,625,125
Prepayments and other current assets	**55,497**	64,344
Total Current Assets	**20,498,803**	18,093,741
Noncurrent Assets		
FVOCI investments	**14,497**	46,396
Notes receivables	**301,440**	297,608
Investments and advances	**339,604**	329,433
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,537,439**	2,544,387
Investment properties	**476,455**	480,125
Retirement plan asset	**146,117**	147,142
Deferred tax assets	**112,721**	111,523
Right of use assets	**13,155**	13,187
Other noncurrent assets	**238,479**	259,157
Total Noncurrent Assets	**5,482,183**	5,531,233
TOTAL ASSETS	**25,980,986**	23,624,974

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**23,166**	23,166
Accounts payable and accrued expenses	**1,009,078**	1,110,782
Dividends payable	**1,034,336**	519,529
Income tax payable	**215,098**	138,913
Current portion of lease liability	**9,811**	9,811
Current portion of long-term debt	**75,714**	75,714
Total Current Liabilities	**2,367,203**	1,877,916

(Forward)

	March 31 2022	December 31 2021
Noncurrent Liabilities		
Lease liability - net of current portion	**6,790**	6,790
Deferred income tax liabilities - net	**478,428**	521,284
Retirement benefits payable	**48,568**	48,147
Other noncurrent liabilities	**114,367**	113,731
Total Noncurrent Liabilities	**648,152**	689,952
Total Liabilities	**3,015,355**	2,567,868
Equity Attributable to Equity Holdings of the Parent		
Capital stock	**2,505,000**	2,505,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**44,067**	226,174
Unrealized valuation gains on FVOCI investments	**(829)**	273
Remeasurement on retirement benefits	**75,656**	75,656
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**13,385,887**	11,299,307
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	22,363,949	20,460,579
Noncontrolling interests	**601,682**	596,528
Total Equity	**22,965,631**	21,057,106
TOTAL LIABILITIES AND EQUITY	**25,980,986**	23,624,974

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended March 31	
	2022	2021
REVENUES		
Sale of goods - net	**2,798,272**	2,083,661
Services	**211,122**	272,567
Dividend income	**149,144**	110,984
Interest income	**8,708**	8,323
	3,167,245	2,475,535
INVESTMENT GAINS (LOSSES)		
Gain on sale of long term investments	**2,208,757**	-
Gain (loss) on increase (decrease) in market values of FVPL investments	**89,180**	(906,513)
Loss on sale of FVOCI investments	**(512)**	-
	2,297,425	(906,513)
Equity in net earnings of associates	**5,185**	1,584
	5,469,856	**1,570,606**
Cost of goods sold	**(2,267,843)**	(1,616,525)
Services rendered	**(88,220)**	(81,708)
Operating expenses	**(402,501)**	(261,753)
Foreign exchange gain	**47,448**	19,797
Interest expense	**(981)**	(2,820)
Other income (charges) - net	**225**	(7,367)
	(2,711,872)	(1,950,375)
INCOME (LOSS) BEFORE INCOME TAX	**2,757,983**	(379,769)
PROVISION FOR INCOME TAX		
Current	**94,952**	101,997
Deferred	**(42,489)**	3,849
	52,463	105,846
NET INCOME (LOSS)	**2,705,520**	(485,615)

(forward)

	Periods Ended March 31	
	2022	2021
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation loss on FVOCI investments	**(1,247)**	(4,115)
Realized loss on sale of FVOCI investments, net of impairment losses	**512**	-
Income Tax Effect	**(367)**	1,235
Cumulative Translation Adjustment	**(182,107)**	16,312
OTHER COMPREHENSIVE INCOME (LOSS)	**(183,210)**	13,431
TOTAL COMPREHENSIVE INCOME (LOSS)	**2,522,311**	(472,184)
Net Income (Loss) Attributable to:		
Equity holders of the parent	**2,700,365**	(497,579)
Minority interest	**5,155**	11,964
	2,705,520	(485,615)
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the parent	**2,517,156**	(484,148)
Minority interest	**5,155**	11,964
	2,522,311	(472,184)
Earnings Per Share		
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**2.20**	**(0.41)**
Earnings Per Share		
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**2.05**	**(0.39)**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent										
	Capital Stock						Retained Earnings				
	Common	Preferred	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2020	2,500,000	-	1,859,383	2,522	23,720	99,261	7,150,000	9,715,904	(2,655,215)	564,815	19,260,391
Comprehensive loss	-	-	-	(2,881)	-	16,312	-	(497,579)	-	11,964	(472,184)
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(217)	(217)
Balance at 03/31/2021	2,500,000	0	1,859,383	(359)	23,720	115,572	7,150,000	8,604,540	(2,655,215)	576,563	18,174,205
Balance at 12/31/2021	2,500,000	5,000	1,859,383	273	75,656	226,174	7,150,000	11,299,307	(2,655,215)	596,528	21,057,106
Comprehensive income	-	-	-	(1,102)	-	(182,107)	-	2,700,365	-	5,155	2,522,311
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance at 03/31/2022	**2,500,000**	**5,000**	**1,859,383**	**(829)**	**75,656**	**44,067**	**7,150,000**	**13,385,887**	**(2,655,215)**	**601,682**	**22,965,631**

A. SORIANO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**2,757,983**	(379,769)
Adjustment for:		
Depreciation and amortization	**78,703**	72,324
Unrealized foreign exchange loss (gain)	**37,037**	(1,661)
Interest expense	**981**	2,820
Loss on sale of FVOCI investments	**512**	-
Gain on sale of long term investment	**(2,208,757)**	-
Dividend income	**(149,144)**	(110,984)
Loss (gain) on decrease (increase) in market values of FVPL investments	**(89,180)**	906,513
Interest income	**(8,708)**	(8,323)
Equity in net earnings of associates	**(5,185)**	(1,584)
Operating income before working capital changes	**414,242**	479,335
Decrease (increase) in:		
FVPL investments	**(463,376)**	(155,948)
Receivables	**(415,667)**	(319,352)
Inventories	**39,576**	5,820
Increase (decrease) in:		
Accounts payable and accrued expenses	**(101,705)**	474,893
Retirement plan assets	**1,446**	(7,004)
Net cash generated from (used in) operations	**(525,483)**	477,745
Dividend received	**149,144**	110,984
Interest received	**8,708**	8,323
Interest paid	**(981)**	(2,820)
Income taxes paid	**(18,767)**	(22,246)
Net cash flows from (used in) operating activities	**(387,380)**	571,987

(Forward)

	Periods Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
Long-term investment	**1,974,596**	-
FVOCI investments	**30,368**	-
Addition to:		
FVOCI investments	**-**	(74,318)
Property and equipment	**(68,086)**	(19,827)
Decrease (increase) in:		
Prepayments and other assets	**29,524**	2,335
Other noncurrent liabilities	**636**	571
Advances to affiliates	**(4,985)**	(4,005)
Net cash flows used in investing activities	**1,962,053**	(95,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Long-term debt	**-**	(37,857)
Cash dividends	**(98,978)**	-
Increase (decrease) in:		
Lease liabilities	**32**	42
Minority interest	**(1)**	(217)
Net cash flows used in financing activities	**(98,947)**	(38,032)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**13,369**	797
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,489,094**	439,509
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,729,230**	3,091,959
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4,218,325**	3,531,469

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	March 31	December 31
	2022	2021
ASSETS		
Cash and Cash Equivalents	**2,072,576**	557,227
Fair Value through Profit and Loss (FVPL) Investments	**10,489,291**	10,209,886
Fair value through other comprehensive income (FVOCI) investments	**14,497**	46,396
Receivables - net	**503,821**	491,269
Investments and Advances- net	**6,718,850**	7,556,096
Investment Properties	**234,530**	238,200
Property and Equipment - net	**6,536**	7,261
Retirement Plan Asset	**144,283**	144,283
Other Assets	**2,390**	1,923
TOTAL ASSETS	**20,186,774**	19,252,541

LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**125,379**	165,048
Dividends Payable	**1,034,336**	519,529
Deferred Income Tax Liabilities - net	**165,765**	206,622
Total Liabilities	**1,325,480**	891,199
Equity		
Capital Stock - 1 Par Value	**2,505,000**	2,505,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains on FVOCI investments	**(829)**	273
Remeasurement on Retirement Benefits	**93,172**	93,172
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**7,524,151**	7,023,097
Total Equity	**18,861,294**	18,361,342
TOTAL LIABILITIES AND EQUITY	**20,186,774**	19,252,541

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended March 31	
	2022	2021
REVENUES		
Dividend income	**1,129,300**	707,984
Management fees	**29,332**	30,176
Interest income	**8,183**	7,717
	1,166,816	745,878
INVESTMENT GAINS (LOSSES)		
Gain (loss) on increase (decrease) in market values of FVPL investments	**177,557**	(355,056)
Loss on sale of FVOCI investments	**(512)**	-
	177,045	(355,056)
	1,343,861	390,822
Operating expenses	**(124,818)**	(35,811)
Foreign exchange gain	**46,435**	18,445
Reversal of valuation allowance - net	**440,408**	-
Interest expense	**-**	(9)
Others net	**4,679**	3,905
	366,703	(13,470)
INCOME BEFORE INCOME TAX	**1,710,564**	377,353
PROVISION FOR INCOME TAX		
Current	**-**	459
Deferred	**(40,490)**	5,848
	(40,490)	6,306
NET INCOME	**1,751,054**	371,046
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation loss on FVOCI investments	**(1,247)**	(7,733)
Realized loss on Sale of FVOCI investments	**512**	-
Income Tax Effect	**(367)**	2,665
OTHER COMPREHENSIVE INCOME (LOSS)	**(1,102)**	(5,068)
TOTAL COMPREHENSIVE INCOME	**1,749,952**	365,979
Earnings Per Share:		
Basic/diluted, for net income	**0.70**	0.15
Basic/diluted, for total comprehensive income	**0.70**	0.15

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock		Additional Paid-in	Unrealized Valuation Gains (loss) on FVOCI	Remeasurement on Retirement Benefits	Retained Earnings		
	Common	Preferred	Capital	Investments	Gain	Appropriated	Unappropriated	Total
Balance at 12/31/2020	2,500,000	-	1,589,800	2,522	48,011	7,150,000	5,538,392	16,828,725
Comprehensive income	-	-	-	(2,881)	-	-	371,046	368,166
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 03/31/2021	2,500,000	-	1,589,800	(359)	48,011	7,150,000	4,659,438	15,946,890
Balance at 12/31/2021	2,500,000	5,000	1,589,800	273	93,172	7,150,000	7,023,097	18,361,342
Comprehensive income	-	-	-	(1,102)	-	-	1,751,054	1,749,952
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 03/31/2022	**2,500,000**	**5,000**	**1,589,800**	**(829)**	**93,172**	**7,150,000**	**7,524,151**	**18,861,294**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	**1,710,564**	377,353
Adjustment for:		
Depreciation and amortization	**4,488**	4,625
Loss on sale of FVOCI investments	**512**	-
Dividend income	**(1,129,300)**	(707,984)
Reversal of allowance - net	**(440,408)**	-
Loss (gain) on decrease (increase) in market values of FVPL investments	**(177,557)**	355,056
Unrealized foreign exchange gain	**(12,806)**	(17,973)
Interest income	**(8,183)**	(7,717)
Interest expense	**-**	9
Operating gain (loss) before working capital changes	**(52,690)**	3,368
Decrease (increase) in:		
Receivables	**(12,552)**	(10,037)
FVPL investments	**(101,848)**	65,537
Decrease in accounts payable and accrued expenses	**(39,668)**	(10,193)
Net cash generated (used in) operations	**(206,758)**	48,675
Dividend received	**237,300**	110,984
Interest received	**8,183**	7,717
Interest paid	**-**	(9)
Income tax paid	**-**	(459)
Net cash flows from operating activities	**38,726**	166,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
FVOCI investments	**30,368**	-
Additions to:		
FVOCI investments	**-**	(74,318)
Long-term investments	**(93,450)**	-
Property and equipment	**(92)**	(644)

(forward)

	For the Periods Ended March 31	
	2022	2021
Increase in:		
Advances to affiliates	**1,626,889**	28,206
Other assets	**(467)**	(315)
Net cash flows from (used in) investing activities	**1,563,247**	(47,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Cash dividends	**(98,978)**	-
Net cash flows used in financing activities	**(98,978)**	-
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**12,356**	797
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,515,350**	120,635
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**557,227**	529,192
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,072,576**	649,827

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
03/31/2022							
REVENUE	2,745,379	223,012	2,692,506	1,343,861	7,004,758	(1,769,063)	**5,235,694**
TOTAL COMPREHENSIVE INCOME (LOSS)	271,674	17,034	2,602,917	1,749,952	4,641,577	(2,119,266)	**2,522,311**
TOTAL ASSETS	5,712,989	1,716,809	14,815,983	20,186,774	42,432,555	(16,451,569)	**25,980,986**
INVESTMENTS PORTFOLIO *	19,762	27,554	29,675,376	17,457,168	47,179,859	(34,118,934)	**13,060,925**
PROPERTY & EQUIPMENT	704,741	683,683	147,736	6,536	1,542,696	994,743	**2,537,439**
TOTAL LIABILITIES	994,770	536,308	1,549,789	1,325,480	4,406,346	(1,390,992)	**3,015,355**
DEPRECIATION AND AMORTIZATION	29,238	27,384	10,930	4,488	72,040	6,663	**78,703**

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
03/31/2021							
REVENUE	2,083,661	228,070	63,838	390,822	2,766,391	(1,195,785)	**1,570,606**
TOTAL COMPREHENSIVE INCOME (LOSS)	265,706	24,052	14,234	365,979	669,971	(1,142,155)	**(472,184)**
TOTAL ASSETS	5,631,804	1,833,631	12,688,188	17,121,280	37,274,904	(15,630,625)	**21,644,279**
INVESTMENTS PORTFOLIO *	17,662	121,269	24,934,425	15,848,206	40,921,562	(30,631,095)	**10,290,467**
PROPERTY & EQUIPMENT	581,559	727,988	94,256	6,817	1,410,621	1,021,394	**2,432,015**
TOTAL LIABILITIES	1,583,400	576,204	2,765,215	1,174,390	6,099,210	(2,629,136)	**3,470,074**
DEPRECIATION AND AMORTIZATION	22,223	28,466	10,348	4,625	65,661	6,663	**72,324**

**** Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include real estate holding, aviation and management services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at FVPL) and FVOCI investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Thousand Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before
  - June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16*, Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

    - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
    - Relief from discontinuing hedging relationships
    - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Group adopted the amendments beginning January 1, 2021.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3*, Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements* to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8*, Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
  The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at March 31, 2022 and December 31, 2021:

		Percentage of Ownership	
	Nature of Business	**2022**	2021
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Holding	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Inactive	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
Summerside Corp.	Holding	**100**	40
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62

Except for AI and its subsidiaries, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Current Versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2022**	2021
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
Fremont Holdings, Inc. (FHI)	Real Estate Holding	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp (AIMP)	Asset Management	**20**	20
AG&P International Holdings, Pte Ltd (AGP-SG)*	Modular Steel Engineering / LNG Construction	**-**	21

** Its associate is engaged in modular steel fabrication and LNG.*

The principal business location of AIMP, VHI and FHI is the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in the BVI, Singapore, USA and Hong Kong, respectively.

<u>Business Combinations and Goodwill</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

<u>Asset Acquisitions</u>
If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Disposal Group and Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVOCI equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVOCI financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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.

Financial Instruments

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.   The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of March 31, 2022 and December 31, 2021, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at March 31, 2022 and December 31, 2021, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at March 31, 2022 and December 31, 2021.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated profit or loss when the asset is derecognized, modified or impaired.

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. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at March 31, 2022 and December 31, 2021, the Group's FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at March 31, 2022 and December 31, 2021, included in this category are the Group's notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial 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 or removed from the consolidated balance sheet where:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes

the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes 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 operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

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

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

* *or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in

use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities
Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has a non-contributory defined benefit retirement plan.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise 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 income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

<u>Earnings Per Share</u>

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of March 31, 2022 and December 31, 2021.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Determination of functional currency
The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, 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 definition 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 consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at March 31, 2022 and December 31, 2021, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Assessment of control over the entities for consolidation
The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted FVPL equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

Impairment of FVOCI debt investments

For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group 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; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk

   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI,

SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended March 31, 2022.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at March 31, 2022:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱7,526,186**	**₱7,526,186**	**₱–**	**₱–**
Unquoted equity shares	**2,371,433**	**–**	**1,349,724**	**1,021,709**
Funds and equities	**1,789,010**	**–**	**1,789,010**	**–**
Proprietary shares	**399,877**	**–**	**399,877**	**–**
Bonds and convertible note	**135,304**	**135,304**	**–**	**–**
Others	**8,559**	**8,559**	**–**	**–**
	12,230,369	**7,670,049**	**3,538,611**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**14,497**	**14,497**	**–**	**–**
	₱12,244,866	**₱7,684,546**	**₱3,538,611**	**₱1,021,709**

As of December 31, 2021

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,405,487	₱7,405,487	₱–	₱–
Unquoted equity shares	1,827,307	–	805,598	1,021,709
Funds and equities	1,790,856	–	1,790,856	–
Proprietary shares	399,877	–	399,877	–
Bonds and convertible note	246,425	246,425	–	–
Others	7,862	7,862	–	–
	11,677,814	7,659,774	2,996,331	1,021,709
FVOCI investments	46,396	46,396	–	–
	₱11,724,210	₱7,706,170	₱2,996,331	₱1,021,709

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2022 and 2021

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is 121.0 million 3% annual increase at the end of 2nd year	0% to 5%	0% fair value of ₱780 5% fair value of ₱1,069
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,034 30% fair value of ₱805
		Cost of equity of 13.2%	12.2% to 14.0%	12%: fair value of ₱981 14% fair value of ₱879

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2021	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2021	1,021.7
Unrealized gain in profit or loss	–
As at 31 March 2021	**₱1,021.7**

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the period ended March 31, 2022 and December 31, 2021, there were no transfers other than mentioned above.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of March 31, 2022 versus December 31, 2021.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash generated from investing activities mainly the net proceeds from sale of investment in AG&P partially offset by cash used in operating activities and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments
The increase in the account can be attributed to the P463.4 million mainly investment in PE Funds for the period and the increase in market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P89.2 million.

Receivables
The increase in receivables was mainly due to improved revenues of the wire manufacturing business.

Inventories
The slight decrease is traced to inventories sold by the wire manufacturing subsidiary and the spare parts and supplies utilized for three months by the aviation and resort subsidiaries.

Prepayments and other current assets
Decrease in this account can be attributed mainly to use up of the prepaid expenses related to manufacturing and resort operations.

Fair value through other comprehensive income (FVOCI) investments
Net decrease in this account amounted to P31.9 million. The decrease can be attributed to net disposal of investments of P30.9 million and the decline in market value of the FVOCI investments of P1.5 million partially offset by foreign exchange gain of P0.5 million.

Notes Receivables

The increase was attributable to the accrued interest related to the advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances

The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P5.2million and advances to associates of P4.7 million.

Property and Equipment - net

The slight decrease can be traced to depreciation amounting to P75.0 million offset by acquisition of property and equipment of P68.1 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties

Decrease was due to depreciation amounting to P3.7 million.

Other noncurrent assets

Change in the account balance can be attributed to the decrease in fund of the resort subsidiary for the villa operation which was used for maintenance and capex requirements.

Accounts Payable and Accrued Expenses

The decrease was mainly attributable to the payment of liabilities to the suppliers of the resort and wire manufacturing subsidiaries.

Dividends Payable

On February 23, 2022, the Parent Company approved the declaration of cash dividends of P0.50 per share to shareholders, which was paid on April 5, 2022.

Income Tax Payable

Movement in the account was attributable to tax provision during the period by the Group partially offset by income tax paid by the resort, aviation and wire manufacturing subsidiaries.

Deferred Income Tax Liabilities

Decrease in the account was mainly due to the deferred tax effect of unrealized decline in market value of FVPL investments.

Cumulative Translation Adjustment (CTA)

This account includes translation adjustments of Anscor International, Inc., and IQHPC. CTA balance decreased by P182.1 million, mainly from realized gain from the sale of investment in AG&P by Anscor International.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to March 31, 2022.

Others
There were no commitments for major capital expenditures in 2022.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political, market uncertainties and COVID-19 that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended March 31	
	2022	2021
Revenues (excluding investment gains or losses)	**1,166,816**	745,878
Investment Gains (Losses)	**177,045**	(355,056)
Total Comprehensive Income (Loss)	**1,749,952**	365,979
Earnings Per Share		
Net Income (Loss)	**0.70**	0.15
Total Comprehensive Income (Loss)	**0.70**	0.15
Market Price Per Share (PSE)	**9.00**	6.54

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year's consolidated gross revenues of P5.2 billion was higher from last year's revenue of P1.5 billion due to gain on sale of investment in AGP, improved market value of FVPL investments and higher revenues of the wire manufacturing operations.

Cost of Goods Sold

Increase in cost of goods sold was mainly attributable to higher cost of goods of the wire manufacturing subsidiary due to higher volume of sold products.

Cost of Services Rendered

Increase in cost of services rendered was mainly due to higher cost of services by the resort subsidiary from local guests in 2022.

Operating Expenses

The Group reported increase in consolidated operating expenses for three months of 2022 due to higher overhead of the parent company (from bonus paid based on higher income in 2021) and increased operating expenses of the resort and wire manufacturing subsidiaries.

Foreign Exchange Gain

Increase can be traced to the reported foreign exchange gain on dollar-denominated investments.

Provision for income tax

The current tax provision of the resort, aviation and wire manufacturing subsidiaries was of offset by the benefit from deferred income tax mainly by the parent company.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,272,429,761 shares of Anscor. No additional shares were purchased during three months of 2022.

- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- 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.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended March 31	
	2022	2021
Volume sold (MT)	**3,977**	3,979
Revenue	**2,745,379**	2,083,661
Net Income	**271,675**	265,706

PDP Energy's revenue improved in 2022 as against 2021's revenues.

PDP recorded a net income of P271.7 million for three months in 2022, a bit higher than the P265.7 million profit recorded last year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 35.4% for the 1st quarter of 2022, lower than the 2021 average occupancy rate of 44.9% due to Omicron variant that caused cancellation of bookings in January and February 2022. Average room rate was P69,630, higher from last year's average room rate of P63,490. Total hotel revenues amounted to P223.0 million, lower from last year's revenues of P227.2 million, mostly coming from local guests.

Seven Seas reported a lower consolidated net income of P17.0 million in 2022, compared to last year's consolidated net income of P24.3 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			2022		2021	
i	Current Ratio	Total Current Assets / Total Current Liabilities	**20,498,803** / **2,367,203**	8.66 : 1	**16,204,621** / **2,780,952**	5.83 : 1
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets / Total Current Liabilities	**18,857,757** / **2,367,203**	7.97 : 1	**15,089,600** / **2,780,952**	5.43 : 1
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization / Total Liabilities	**2,779,068** / **3,015,355**	92.16%	**(425,255)** / **3,470,074**	(12.25%)
iv	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	**3,015,355** / **22,363,949**	0.13 :1	**3,470,074** / **17,597,642**	0.20 : 1
v	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	**25,980,986** / **22,363,949**	1.16	**21,644,279** / **17,597,642**	1.23
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes) / Interest Expense	**2,758,965** / **981**	2,811.07	**(376,949)** / **2,820**	(133.68)
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent / Equity Attributable to Equity Holders of the Parent	**2,700,365** / **22,363,949**	12.07%	**(497,579)** / **17,597,642**	(2.83%)

			2022		2021	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**2,700,365**	10.39%	**(497,579)**	(2.30%)
		Total Assets	**25,980,986**		**21,644,279**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**2,700,365**	51.58%	**(497,579)**	(31.68%)
		Total Revenues	**5,235,694**		**1,570,606**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**22,363,949**	18.22	**17,597,642**	14.34
		Outstanding Number of Shares	**1,227,570**		**1,227,570**	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	03/31/2022	03/31/2021
1. Volume	**3,977**	3,979
2. Revenue	**2,745,379**	2,083,661
3. Net income	**271,675**	265,706

Seven Seas Group

In Thousand Pesos

	03/31/2022	03/31/2021
1. Occupancy rate	**35.4%**	44.9%
2. Hotel revenue	**223,012**	227,181
3. Gross operating profit (GOP)	**80,087**	98,537
4. GOP ratio	**35.9%**	43.4%
5. Net income	**17,034**	24,29

Occupancy rate is based on actual room nights sold over available room nights on a 3 -month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

C O V E R   S H E E T

for

SEC FORM 17-Q

SEC Registration Number

P	W	2								

C O M P A N Y   N A M E

A . SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	NA

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@anscor.ph	8819-0251	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,067	April 20	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	nancie.villaflor@anscor.com.ph	8819-0251	N/A

CONTACT PERSON's ADDRESS

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

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

1. For the quarterly period ended June 30, 2022

2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216

A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

hilippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office Postal Code

8190251
8. Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, 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	2,500,000,000
Preferred	500,000,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common

SEC Form 17Q
August 12, 2022

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 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: August 12, 2022

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: August 12, 2022

SEC Form17-Q
August 12, 2022

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

		PAGE NO.
Item 1.	**Financial Statements**	
	Consolidated Balance Sheets	1 - 2
	Consolidated Statements of Comprehensive Income	3 - 4
	Consolidated Statements of Changes in Equity	5
	Consolidated Statements of Cash Flows	6 - 7
	Parent Company Balance Sheets	8
	Parent Company Statements of Comprehensive Income	9
	Parent Company Statements of Changes in Equity	10
	Parent Company Statements of Cash Flows	11 - 12
	Notes to Consolidated Financial Statements	
	1. Segment Information	13 - 14
	2. Basic of Preparation and Changes in Accounting Policies and Disclosures	15 - 20
	3. Summary of Significant Accounting and Financial Reporting Policies	20 - 46
	4. Significant Accounting Judgments, Estimates and Assumptions	46 - 50
	5. Financial Risk Management Objective and Policies	51 - 54
	6. Financial Instruments	54 - 57
Item 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operation**	
	Notes to Consolidated Financial Statements	
	7. Financial Condition	57 - 59
	8. Result of Operation	59 - 60
	9. Cash flows	60
	10. Other Financial Information	60 - 61
	11. Subsidiaries and Affiliates	61
	12. Financial Indicators	62 - 64

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	June 30 2022	December 31 2021
ASSETS		
Current Assets		
Cash and cash equivalents	**3,801,391**	2,729,230
Fair value through profit and loss (FVPL) investments	**11,163,943**	11,677,814
Receivables	**1,970,438**	1,997,228
Inventories	**1,988,680**	1,625,125
Prepayments	**50,437**	44,808
Other current assets	**27,440**	19,536
Total Current Assets	**19,002,329**	18,093,741
Noncurrent Assets		
FVOCI investments	**41,298**	46,396
Notes receivables	**271,001**	297,608
Investments and advances	**361,343**	329,433
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,587,627**	2,544,387
Investment properties	**472,785**	480,125
Retirement plan asset	**145,092**	147,142
Deferred tax assets	**113,001**	111,523
Right of use assets	**13,155**	13,187
Other noncurrent assets	**205,823**	259,157
Total Noncurrent Assets	**5,513,401**	5,531,233
TOTAL ASSETS	**24,515,730**	23,624,974
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**-**	23,166
Accounts payable and accrued expenses	**1,047,515**	1,110,782
Dividends payable	**455,120**	519,529
Income tax payable	**111,841**	138,913
Current portion of lease liability	**9,811**	9,811
Current portion of long-term debt	**-**	75,714
Total Current Liabilities	**1,624,287**	1,877,916

(Forward)

	June 30 2022	December 31 2021
Noncurrent Liabilities		
Lease liability - net of current portion	**6,790**	6,790
Deferred income tax liabilities - net	**416,826**	521,284
Retirement benefits payable	**45,221**	48,147
Other noncurrent liabilities	**115,055**	113,731
Total Noncurrent Liabilities	**583,892**	689,952
Total Liabilities	**2,208,179**	2,567,868
Equity Attributable to Equity Holdings of the Parent		
Capital stock	**2,505,000**	2,505,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**151,642**	226,174
Unrealized valuation gains (loss) on FVOCI investments	**(2,690)**	273
Remeasurement on retirement benefits	**75,656**	75,656
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**12,588,987**	11,299,307
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	21,672,764	20,460,579
Noncontrolling interests	**634,788**	596,528
Total Equity	**22,307,551**	21,057,106
TOTAL LIABILITIES AND EQUITY	**24,515,730**	23,624,974

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2022	2021	**2022**	2021
REVENUES				
Sale of goods - net	**5,269,218**	4,106,904	**2,470,946**	2,023,243
Services	**528,646**	486,742	**317,525**	214,175
Dividend income	**215,420**	125,015	**66,276**	14,030
Interest income	**24,328**	18,240	**15,619**	9,918
	6,037,612	4,736,901	**2,870,366**	2,261,366
INVESTMENT GAINS (LOSSES)				
Gain on sale of long term investments	**2,208,757**	-	**-**	-
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,340,913)**	476,897	**(1,430,093)**	1,383,410
Gain (loss) on sale of FVOCI investments	**(512)**	2,097	**-**	2,097
	867,332	478,994	**(1,430,093)**	1,385,507
Equity in net earnings of associates	**25,812**	4,885	**20,627**	3,301
	6,930,756	5,220,780	**1,460,900**	3,650,174
Cost of goods sold	**(4,270,217)**	(3,163,030)	**(2,002,374)**	(1,546,505)
Services rendered	**(203,369)**	(148,219)	**(115,149)**	(66,512)
Operating expenses	**(709,157)**	(515,902)	**(306,656)**	(254,149)
Foreign exchange gain	**255,324**	24,312	**207,876**	4,515
Interest expense	**(1,276)**	(5,207)	**(294)**	(2,387)
Other income (charges) - net	**21,458**	(7,650)	**21,233**	(283)
	(4,907,237)	(3,815,696)	**(2,195,364)**	(1,865,321)
INCOME (LOSS) BEFORE INCOME TAX	**2,023,519**	1,405,084	**(734,464)**	1,784,853
PROVISION FOR INCOME TAX				
Current	**185,265**	198,758	**90,313**	96,761
Deferred	**(103,470)**	18,265	**(60,981)**	14,416
	81,795	217,023	**29,332**	111,177
NET INCOME (LOSS)	**1,941,724**	1,188,061	**(763,796)**	1,673,676

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2022	2021	**2022**	2021
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(4,462)**	472	**(3,215)**	4,587
Realized loss (gain) on sale of FVOCI investments, net of impairment losses	**512**	(2,097)	**-**	(2,097)
Income Tax Effect	**987**	586	**1,355**	(648)
Cumulative Translation Adjustment	**(74,531)**	22,103	**107,575**	5,791
OTHER COMPREHENSIVE INCOME (LOSS)	**(77,494)**	21,064	**105,715**	7,633
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,864,230**	1,209,125	**(658,081)**	1,681,309
Net Income (Loss) Attributable to:				
Equity holders of the parent	**1,903,464**	1,171,435	**(796,901)**	1,669,014
Minority interest	**38,260**	16,626	**33,105**	4,662
	1,941,724	1,188,061	**(763,796)**	1,673,676
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**1,825,970**	1,192,499	**(691,186)**	1,676,647
Minority interest	**38,260**	16,626	**33,105**	4,662
	1,864,230	1,209,125	**(658,081)**	1,681,309
Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**1.55**	**0.95**	**(0.65)**	1.36
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**1.49**	**0.97**	**(0.56)**	1.37

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent										
	Capital Stock						Retained Earnings				
	Common	Preferred	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2020	2,500,000	-	1,859,383	2,522	23,720	99,261	7,150,000	9,715,904	(2,655,215)	564,815	19,260,391
Comprehensive loss	-	-	-	(1,039)	-	22,103	-	1,171,436	-	16,626	1,209,125
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(190)	(190)
Balance at 06/30/2021	2,500,000	-	1,859,383	1,483	23,720	121,364	7,150,000	10,273,555	(2,655,215)	581,251	19,855,541
Balance at 12/31/2021	2,500,000	5,000	1,859,383	273	75,656	226,174	7,150,000	11,299,307	(2,655,215)	596,528	21,057,106
Comprehensive income	-	-	-	(2,963)	-	(74,532)	-	1,903,465	-	38,260	1,864,230
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-
Balance at 06/30/2022	**2,500,000**	**5,000**	**1,859,383**	**(2,690)**	**75,656**	**151,642**	**7,150,000**	**12,588,987**	**(2,655,215)**	**634,788**	**22,307,551**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**2,023,519**	1,405,084	**(734,464)**	1,784,853
Adjustment for:				
Loss (gain) on decrease (increase) in market values of FVPL investments	**1,340,913**	(476,897)	**1,430,093**	(1,383,410)
Depreciation and amortization	**150,492**	139,366	**71,789**	67,042
Interest expense	**1,276**	5,207	**294**	2,387
Loss (gain) on sale of FVOCI investments	**512**	(2,097)	**-**	(2,097)
Gain on sale of long term investment	**(2,208,757)**	-	**-**	-
Dividend income	**(215,420)**	(125,015)	**(66,276)**	(14,030)
Unrealized foreign exchange loss (gain)	**(87,737)**	(576)	**(124,773)**	1,085
Equity in net earnings of associates	**(25,812)**	(4,885)	**(20,627)**	(3,301)
Interest income	**(24,327)**	(18,240)	**(15,619)**	(9,917)
Gain on sale of property and equipment	**(127)**	(67)	**(127)**	(67)
Operating income before working capital changes	**954,532**	921,880	**540,290**	442,545
Decrease (increase) in:				
FVPL investments	**(669,075)**	(195,817)	**(205,699)**	(39,869)
Receivables	**53,397**	(51,941)	**469,064**	267,411
Inventories	**(363,555)**	(424,049)	**(403,131)**	(429,869)
Increase (decrease) in:				
Accounts payable and accrued expenses	**(63,266)**	161,690	**38,438**	(313,204)
Retirement plan assets	**(876)**	2,380	**(2,322)**	9,384
Net cash generated from (used in) operations	**(88,843)**	414,143	**436,640**	(63,602)
Dividend received	**215,420**	125,015	**66,276**	14,030
Interest received	**24,327**	18,240	**15,619**	9,917
Interest paid	**(1,276)**	(5,207)	**(294)**	(2,387)
Income taxes paid	**(212,338)**	(240,400)	**(193,570)**	(218,154)
Net cash flows from (used in) operating activities	**(62,710)**	311,791	**324,671**	(260,196)

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
Long-term investment	**1,974,596**	-	**-**	-
FVOCI investments	**30,368**	33,006	**-**	33,007
Property and equipment	**127**	67	**127**	67
Addition to:				
FVOCI investments	**(26,987)**	(164,641)	**(26,987)**	(90,323)
Property and equipment	**(186,393)**	(122,734)	**(118,307)**	(102,907)
Decrease (increase) in:				
Prepayments and other assets	**39,800**	(31,351)	**10,275**	(33,686)
Other noncurrent liabilities	**1,324**	1,659	**688**	1,088
Advances to affiliates	**(6,098)**	(2,135)	**(1,113)**	1,870
Net cash flows from (used in) investing activities	**1,826,737**	(286,129)	**(135,317)**	(190,885)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Notes payable	**(23,166)**	-	**(23,166)**	-
Long-term debt	**(75,714)**	(75,714)	**(75,714)**	(37,857)
Cash dividends	**(678,195)**	(574,050)	**(579,216)**	(574,050)
Increase (decrease) in:				
Lease liabilities	**32**	20	**-**	(22)
Minority interest	**-**	(190)	**-**	27
Net cash flows used in financing activities	**(777,043)**	(649,934)	**(678,096)**	(611,902)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS CASH EQUIVALENTS	**85,177**	861	**71,808**	62
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,072,161**	(623,411)	**(416,934)**	(1,062,921)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,729,230**	3,091,959	**4,218,325**	3,531,469
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,801,391**	2,468,548	**3,801,391**	2,468,548

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	June 30 2022	December 31 2021
ASSETS		
Cash and Cash Equivalents	**1,809,593**	557,227
Fair Value through Profit and Loss (FVPL) Investments	**8,968,759**	10,209,886
Fair value through other comprehensive income (FVOCI) investments	**41,298**	46,396
Receivables - net	**455,512**	491,269
Investments and Advances- net	**6,688,598**	7,556,096
Investment Properties	**230,860**	238,200
Property and Equipment - net	**13,750**	7,261
Retirement Plan Asset	**144,283**	144,283
Other Assets	**2,437**	1,923
TOTAL ASSETS	**18,355,090**	19,252,541

	June 30 2022	December 31 2021
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**131,516**	165,048
Dividends Payable	**455,120**	519,529
Deferred Income Tax Liabilities - net	**106,162**	206,622
Total Liabilities	**692,798**	891,199
Equity		
Capital Stock - 1 Par Value	**2,505,000**	2,505,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains (loss) on FVOCI investments	**(2,690)**	273
Remeasurement on Retirement Benefits	**93,172**	93,172
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**6,327,010**	7,023,097
Total Equity	**17,662,292**	18,361,342
TOTAL LIABILITIES AND EQUITY	**18,355,090**	19,252,541

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2022	2021	**2022**	2021
REVENUES				
Dividend income	**1,195,495**	722,015	**66,194**	14,030
Management fees	**53,962**	61,655	**24,630**	31,479
Interest income	**19,631**	16,055	**11,448**	8,338
	1,269,088	799,725	**102,272**	53,847
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,356,303)**	911,716	**(1,533,861)**	1,266,772
Gain (loss) on sale of FVOCI investments	**(512)**	2,097	**-**	2,097
	(1,356,815)	913,813	**(1,533,861)**	1,268,869
	(87,727)	1,713,538	**(1,431,589)**	1,322,716
Operating expenses	**(165,157)**	(68,935)	**(40,339)**	(33,125)
Foreign exchange gain (loss)	**250,575**	22,744	**204,140**	4,299
Valuation allowance - net of reversal	**440,408**	-	**-**	-
Interest expense	**-**	(9)	**-**	-
Others net	**16,451**	5,921	**11,772**	2,016
	542,277	(40,279)	**175,573**	(26,810)
INCOME (LOSS) BEFORE INCOME TAX	**454,550**	1,673,259	**(1,256,016)**	1,295,906
PROVISION FOR INCOME TAX				
Current	**109**	981	**109**	522
Deferred	**(99,472)**	22,263	**(58,983)**	16,415
	(99,363)	23,244	**(58,874)**	16,937
NET INCOME (LOSS)	**553,913**	1,650,015	**(1,197,142)**	1,278,969
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(4,462)**	472	**(3,215)**	8,204
Realized loss (gain) on Sale of FVOCI investments	**512**	(2,097)	**-**	(2,097)
Income Tax Effect	**987**	586	**1,355**	(2,078)
OTHER COMPREHENSIVE INCOME (LOSS)	**(2,963)**	(1,039)	**(1,860)**	4,029
TOTAL COMPREHENSIVE INCOME (LOSS)	**550,950**	1,648,976	**(1,199,002)**	1,282,998
Earnings Per Share:				
Net income (loss)	**0.22**	**0.66**	**(0.48)**	0.51
Total comprehensive income (loss)	**0.22**	**0.66**	**(0.48)**	0.51

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock		Additional	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings		
	Common	Preferred	Paid-in Capital			Appropriated	Unappropriated	Total
Balance at 12/31/2020	2,500,000	-	1,589,800	2,522	48,011	7,150,000	5,538,392	16,828,725
Comprehensive income	-	-	-	(1,039)	-	-	1,650,015	1,648,976
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 06/30/2021	2,500,000	-	1,589,800	1,483	48,011	7,150,000	5,938,407	17,227,701
Balance at 12/31/2021	2,500,000	5,000	1,589,800	273	93,172	7,150,000	7,023,097	18,361,342
Comprehensive income	-	-	-	(2,963)	-	-	553,913	550,950
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 06/30/2022	**2,500,000**	**5,000**	**1,589,800**	**(2,690)**	**93,172**	**7,150,000**	**6,327,010**	**17,662,292**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended June 30		Quarters Ended June 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**454,550**	1,673,259	**(1,256,016)**	1,295,906
Adjustment for:				
Loss (gain) on decrease (increase) in market values of FVPL investments	**1,356,303**	(911,716)	**1,533,861**	(1,266,772)
Depreciation and amortization	**10,028**	9,146	**5,540**	4,521
Loss (gain) on sale of FVOCI investments	**512**	(2,097)	**-**	(2,097)
Dividend income	**(1,195,495)**	(722,015)	**(66,194)**	(14,030)
Reversal of allowance - net	**(440,408)**	-	**-**	-
Unrealized foreign exchange gain	**(242,617)**	(22,679)	**(229,811)**	(4,706)
Interest income	**(19,631)**	(16,055)	**(11,448)**	(8,338)
Interest expense	**-**	9	**-**	-
Operating income (loss) before working capital changes	**(76,758)**	7,852	**(24,068)**	4,484
Decrease in:				
Receivables	**35,757**	38,294	**48,308**	48,332
FVPL investments	**42,791**	153,634	**144,639**	88,097
Increase (decrease) in accounts payable and accrued expenses	**(33,532)**	70,918	**6,136**	81,110
Net cash generated (used in) operations	**(31,742)**	270,698	**175,015**	222,023
Dividend received	**435,495**	375,015	**198,194**	264,030
Interest received	**19,631**	16,055	**11,448**	8,338
Interest paid	**(0)**	(9)	**(0)**	0
Income tax paid	**(109)**	(981)	**(109)**	(522)
Net cash flows from operating activities	**423,275**	660,778	**384,548**	493,869

(Forward)

	For the Periods Ended June 30		Quarters Ended June 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of				
FVOCI investments	**30,368**	33,007	**-**	33,007
Redemption of preferred shares				
Additions to:				
FVOCI investments	**(26,987)**	(164,641)	**(26,987)**	(90,323)
Long-term investments	**(93,450)**	-	**-**	-
Property and equipment	**(9,177)**	(1,124)	**(9,084)**	(479)
Decrease (increase) in advances to affiliates	**1,525,141**	(49,234)	**(101,748)**	(77,439)
Increase in other assets	**(514)**	(455)	**(46)**	(142)
Net cash flows from (used in) investing activities	**1,425,381**	(182,447)	**(137,865)**	(135,376)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of cash dividends	**(678,195)**	(574,050)	**(579,216)**	(574,050)
Net cash flows used in financing activities	**(678,195)**	(574,050)	**(579,216)**	(574,050)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**81,905**	861	**69,550**	64
NET INCRREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,252,366**	(94,858)	**(262,983)**	(215,493)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**557,227**	529,192	**2,072,576**	649,827
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,809,593**	434,334	**1,809,593**	434,334

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
06/30/2022							
REVENUE	5,152,275	550,384	2,852,858	(87,727)	8,467,790	(1,537,034)	**6,930,756**
TOTAL COMPREHENSIVE INCOME (LOSS)	502,002	91,791	2,702,491	550,950	3,847,234	(1,983,004)	**1,864,230**
TOTAL ASSETS	5,748,125	1,673,965	15,161,743	18,355,090	40,938,923	(16,423,193)	**24,515,730**
INVESTMENTS PORTFOLIO *	19,762	28,075	30,465,863	15,929,515	46,443,215	(34,403,846)	**12,039,369**
PROPERTY & EQUIPMENT	744,089	676,193	165,515	13,750	1,599,547	988,080	**2,587,627**
TOTAL LIABILITIES	799,578	418,708	1,720,208	692,798	3,631,292	(1,423,113)	**2,208,179**
DEPRECIATION AND AMORTIZATION	45,830	55,417	25,891	10,028	137,166	13,326	**150,492**

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
06/30/2021							
REVENUE	4,106,904	408,167	937,350	1,713,538	7,165,959	(1,945,179)	**5,220,780**
TOTAL COMPREHENSIVE INCOME (LOSS)	537,214	29,593	845,419	1,648,976	3,061,202	(1,852,077)	**1,209,125**
TOTAL ASSETS	5,084,370	1,862,779	13,628,960	17,925,521	38,501,630	(16,199,446)	**22,302,184**
INVESTMENTS PORTFOLIO *	17,662	121,511	26,008,707	16,916,502	43,064,382	(31,287,023)	**11,777,359**
PROPERTY & EQUIPMENT	618,921	740,431	91,021	6,446	1,456,819	1,014,730	**2,471,549**
TOTAL LIABILITIES	764,035	599,811	2,869,965	697,820	4,931,631	(2,484,987)	**2,446,644**
DEPRECIATION AND AMORTIZATION	44,549	56,287	16,058	9,146	126,040	13,326	**139,366**

**** Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include real estate holding, aviation and management services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at FVPL) and FVOCI investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Thousand Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

<u>Changes in Accounting Policies</u>

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before
  - June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16*, Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Group adopted the amendments beginning January 1, 2021.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3*, Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements* to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8*, Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
  The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at June 30, 2022 and December 31, 2021:

		Percentage of Ownership	
	Nature of Business	**2022**	2021
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Holding	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Inactive	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
Summerside Corp.	Holding	**100**	40
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62

Except for AI and its subsidiaries, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

Current Versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2022**	2021
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
Fremont Holdings, Inc. (FHI)	Real Estate Holding	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp (AIMP)	Asset Management	**20**	20
AG&P International Holdings, Pte Ltd (AGP-SG)*	Modular Steel Engineering / LNG Construction	**-**	21

** Its associate is engaged in modular steel fabrication and LNG.*

The principal business location of AIMP, VHI and FHI is the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in the BVI, Singapore, USA and Hong Kong, respectively.

<u>Business Combinations and Goodwill</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Disposal Group and Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVOCI equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVOCI financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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.

Financial Instruments

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of June 30, 2022 and December 31, 2021, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at June 30, 2022 and December 31, 2021, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at June 30, 2022 and December 31, 2021.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated profit or loss when the asset is derecognized, modified or impaired.

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. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at June 30, 2022 and December 31, 2021, the Group's FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at June 30, 2022 and December 31, 2021, included in this category are the Group's notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial 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 or removed from the consolidated balance sheet where:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Impairment of Financial Assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes

the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

<u>Costs and Expenses</u>
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

<u>Other Comprehensive Income</u>
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes 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 operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

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

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in

use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

<u>Goodwill</u>

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Borrowing Costs</u>
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

<u>Pension Benefits</u>
The Group has a non-contributory defined benefit retirement plan.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

<u>Income Taxes</u>

Current income tax

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

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise 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 income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

<u>Earnings Per Share</u>

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of June 30, 2022 and December 31, 2021.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, 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 definition 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 consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at June 30, 2022 and December 31, 2021, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Assessment of control over the entities for consolidation

The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

<u>Estimates and Assumptions</u>

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted FVPL equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

Impairment of FVOCI debt investments

For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group 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; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk
   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI,

SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk
The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management
The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended June 30, 2022.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities
The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at June 30, 2022:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱6,196,774**	**₱6,196,774**	**₱–**	**₱–**
Unquoted equity shares	**2,699,883**	**–**	**1,678,174**	**1,021,709**
Funds and equities	**1,723,552**	**–**	**1,723,552**	**–**
Proprietary shares	**399,877**	**–**	**399,877**	**–**
Bonds and convertible note	**136,768**	**136,768**	**–**	**–**
Others	**7,089**	**7,089**	**–**	**–**
	11,163,943	**6,340,631**	**3,801,603**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**41,298**	**41,298**	**–**	**–**
	₱11,205,241	**₱6,381,929**	**₱3,801,603**	**₱1,021,709**

As of December 31, 2021

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,405,487	₱7,405,487	₱–	₱–
Unquoted equity shares	1,827,307	–	805,598	1,021,709
Funds and equities	1,790,856	–	1,790,856	–
Proprietary shares	399,877	–	399,877	–
Bonds and convertible note	246,425	246,425	–	–
Others	7,862	7,862	–	–
	11,677,814	7,659,774	2,996,331	1,021,709
FVOCI investments	46,396	46,396	–	–
	₱11,724,210	₱7,706,170	₱2,996,331	₱1,021,709

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2022 and 2021

	Valuation Technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
KSA	DCF Model	Dividend payout is 121.0 million 3% annual increase at the end of 2nd year	0% to 5%	0% fair value of ₱780 5% fair value of ₱1,069
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,034 30% fair value of ₱805
		Cost of equity of 13.2%	12.2% to 14.0%	12%: fair value of ₱981 14% fair value of ₱879

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2021	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2021	1,021.7
Unrealized gain in profit or loss	–
As at 30 June 2022	**₱1,021.7**

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the period ended June 30, 2022 and December 31, 2021, there were no transfers other than mentioned above.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of June 30, 2022 versus December 31, 2021.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash generated from investing activities mainly the net proceeds from sale of investment in AG&P partially offset by cash used in operating activities and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments
The decrease in the account can be attributed to the decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P1.3 billion partially offset by additions of P669.1 million mainly investment in PE Funds and foreign exchange gain of 158.0 million.

Receivables
The decrease in receivables was mainly due to collection of trade receivables by the wire manufacturing business and the resort.

Inventories
The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Prepayments and other current assets
Increase in this account can be attributed mainly to prepaid expenses related to manufacturing, resort and aviation operations.

Fair value through other comprehensive income (FVOCI) investments
Net decrease in this account amounted to P5.1 million. The decrease can be attributed to net disposal of investments of P3.4 million and the decline in market value of the FVOCI investments of P3.9 million partially offset by foreign exchange gain of P2.7 million.

Notes Receivables
The decrease was attributable to the collection of advances partially offset by accrued interest related to the advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances
The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P25.8 million and advances to associates of P6.1 million.

Property and Equipment - net
The increase can be traced to acquisition of property and equipment of P186.4 million offset by depreciation amounting to P143.2 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties
Decrease was due to depreciation amounting to P7.4 million.

Other noncurrent assets
Change in the account balance can be attributed to the decrease in fund of the resort subsidiary for the villa operation which was used for maintenance and capex requirements.

Accounts Payable and Accrued Expenses
The decrease was mainly attributable to the payment of liabilities to the suppliers of the resort and wire manufacturing subsidiaries.

Dividends Payable
On February 23, 2022, the Parent Company approved the declaration of cash dividends of P0.50 per share to shareholders, which was paid on April 5, 2022.

Income Tax Payable
Movement in the account was attributable to tax provision during the period by the Group partially offset by income tax paid by the resort, aviation and wire manufacturing subsidiaries.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect of unrealized decline in market value of FVPL investments.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. CTA balance decreased by P74.5 million.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to June 30, 2022.

Others
There were no commitments for major capital expenditures in 2022.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political, market uncertainties and COVID-19 that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended June 30	
	2022	2021
Revenues (excluding investment gains or losses)	**1,269,088**	799,725
Investment Gains (Losses)	**(1,356,815)**	913,813
Total Comprehensive Income (Loss)	**550,950**	1,648,976
Earnings Per Share		
Net Income (Loss)	**0..22**	0.66
Total Comprehensive Income (Loss)	**0.22**	0.66
Market Price Per Share (PSE)	**8.99**	7.10

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year's consolidated gross revenues of P6.9 billion was higher from last year's revenue of P5.2 billion due to gain on sale of investment in AGP and higher revenues of the resorts and the wire manufacturing operations.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher cost of goods of the wire manufacturing subsidiary.

Cost of Services Rendered
Increase in cost of services rendered was mainly due to higher cost of services by the resort subsidiary mainly from local guests in 2022.

Operating Expenses
The Group reported increase in consolidated operating expenses for six months of 2022 due to higher overhead of the parent company (from bonus paid based on higher net income in 2021) and increased operating expenses of the resort and wire manufacturing subsidiaries.

Foreign Exchange Gain
Increase can be traced to the reported foreign exchange gain on dollar-denominated investments.

Provision for income tax
The current tax provision of the resort, aviation and wire manufacturing subsidiaries was offset by the benefit from deferred income tax mainly by the parent company.

9. Cash Flows
Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer’s continuing operations.

In the interim period:
- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,272,429,761 shares of Anscor. No additional shares were purchased during six months of 2022.

- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- 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.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended June 30	
	2022	2021
Volume sold (MT)	**7,353**	7,359
Revenue	**5,152,275**	4,106,904
Net Income	**502,002**	537,214

PDP Energy's revenue improved in 2022 as against 2021's revenues.

PDP recorded a net income of P502.0 million for six months in 2022, a slightly lower than the P537.2 million profit recorded last year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 50.0% for the 1st semester of 2022, higher than the 2021 average occupancy rate of 42.2%. Average room rate was P66,293 from last year's average room rate of P57,313. Total hotel revenues amounted to P550.4 million, an increase from last year's revenues of P408.2 million, mostly coming from local guests.

Seven Seas reported a consolidated net income of P91.8 million in 2022, compared to last year's consolidated net income of P29.6 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			June 30, 2022		June 30, 2021	
i	Current Ratio	Total Current Assets / Total Current Liabilities	**19,002,329** / **1,624,287**	11.70 : 1	**16,768,321** / **1,770,681**	9.47 : 1
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets / Total Current Liabilities	**16,935,772** / **1,624,287**	10.43 : 1	**15,198,838** / **1,770,681**	8.58 : 1
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization / Total Liabilities	**2,053,956** / **2,208,179**	93.02%	**1,310,801** / **2,446,644**	53.58%
iv	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	**2,208,179** / **21,672,764**	0.10 :1	**2,446,644** / **19,274,290**	0.13 : 1
v	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	**24,515,730** / **21,672,764**	1.13	**22,302,184** / **19,274,290**	1.16
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes) / Interest Expense	**2,024,795** / **1,276**	1,586.83	**1,410,291** / **5,207**	270.87

			June 30, 2022		June 30, 2021	
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent	**1,903,464**	8.78%	**1,171,435**	6.08%
		Equity Attributable to Equity Holders of the Parent	**21,672,764**		**19,274,290**	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**1,903,464**	7.76%	**1,171,435**	5.25%
		Total Assets	**24,515,730**		**22,302,184**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**1,903,464**	27.46%	**1,171,435**	22.44%
		Total Revenues	**6,930,756**		**5,220,781**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**21,672,764**	17.66	**19,274,290**	15.70
		Outstanding Number of Shares	**1,227,570**		**1,227,570**	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	06/30/2022	06/30/2021
1. Volume	**7,353**	7,359
2. Revenue	**5,152,275**	4,106,904
3. Net income	**502,002**	537,214

Seven Seas Group

In Thousand Pesos

	06/30/2022	06/30/2021
1. Occupancy rate	**50.0%**	42.2%
2. Hotel revenue	**550,384**	408,167
3. Gross operating profit (GOP)	**323,296**	157,198
4. GOP ratio	**41.3%**	38.5%
5. Net income	**91,791**	29,593

Occupancy rate is based on actual room nights sold over available room nights on a 6 -month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

C O V E R S H E E T
for
SEC FORM 17-Q

SEC Registration Number

P	W	2								

C O M P A N Y N A M E

A . SORIANO CORPORATION AND SUB
SIDIARIES

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

7th Floor, Pacific Star Buildi
ng, Makati Avenue corner Gil P
uyat Avenue Extension, Makati
City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	NA

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@anscor.ph	8819-0251	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,067	April 20	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	nancie.villaflor@anscor.com.ph	8819-0251	N/A

CONTACT PERSON's ADDRESS

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 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 September 30, 2022

2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216

   A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

   hilippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

   7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office Postal Code

   8190251
8. Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, 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	2,500,000,000
Preferred	500,000,000

……
……

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common

SEC Form 17Q
November 14, 2022

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 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: November 14, 2022

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: November 14, 2022

SEC Form17-Q
November 14, 2022

TABLE OF CONTENTS
PART I – FINANCIAL INFORMATION

		PAGE NO.
Item 1.	**Financial Statements**	
	Consolidated Balance Sheets	1 - 2
	Consolidated Statements of Comprehensive Income	3 - 4
	Consolidated Statements of Changes in Equity	5
	Consolidated Statements of Cash Flows	6 - 7
	Parent Company Balance Sheets	8
	Parent Company Statements of Comprehensive Income	9
	Parent Company Statements of Changes in Equity	10
	Parent Company Statements of Cash Flows	11 - 12
	Notes to Consolidated Financial Statements	
	1. Segment Information	13 - 14
	2. Basic of Preparation and Changes in Accounting Policies and Disclosures	15 - 20
	3. Summary of Significant Accounting and Financial Reporting Policies	20 - 46
	4. Significant Accounting Judgments, Estimates and Assumptions	46 - 50
	5. Financial Risk Management Objective and Policies	51 - 54
	6. Financial Instruments	54 - 57
Item 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operation**	
	Notes to Consolidated Financial Statements	
	7. Financial Condition	57 - 59
	8. Result of Operation	59 - 60
	9. Cash flows	60
	10. Other Financial Information	60 - 61
	11. Subsidiaries and Affiliates	61 - 62
	12. Financial Indicators	63 - 65

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	September 30 2022	December 31 2021
ASSETS		
Current Assets		
Cash and cash equivalents	**3,291,327**	2,729,230
Fair value through profit and loss (FVPL) investments	**11,609,343**	11,677,814
Receivables	**2,331,637**	1,997,228
Inventories	**1,553,651**	1,625,125
Prepayments	**45,677**	44,808
Other current assets	**9,634**	19,536
Total Current Assets	**18,841,269**	18,093,741
Noncurrent Assets		
Fair value through other comprehensive income (FVOCI) investments	**43,165**	46,396
Notes receivables	**274,376**	297,608
Investments and advances	**361,035**	329,433
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,684,192**	2,544,387
Investment properties	**470,326**	480,125
Retirement plan asset	**144,283**	147,142
Deferred tax assets	**112,721**	111,523
Right of use assets	**13,155**	13,186
Other noncurrent assets	**378,295**	259,157
Total Noncurrent Assets	**5,783,824**	5,531,233
TOTAL ASSETS	**24,625,093**	23,624,974

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**-**	23,166
Accounts payable and accrued expenses	**1,199,879**	1,110,782
Dividends payable	**455,120**	519,529
Income tax payable	**93,690**	138,914
Current portion of lease liability	**9,811**	9,811
Current portion of long-term debt	**-**	75,714
Total Current Liabilities	**1,758,500**	1,877,916

(Forward)

	September 30 2022	December 31 2021
Noncurrent Liabilities		
Lease liability - net of current portion	**6,790**	6,790
Deferred income tax liabilities - net	**484,110**	521,284
Retirement benefits payable	**41,078**	48,147
Other noncurrent liabilities	**115,933**	113,731
Total Noncurrent Liabilities	**647,911**	689,952
Total Liabilities	**2,406,411**	2,567,868
Equity Attributable to Equity Holdings of the Parent		
Capital stock	**2,505,000**	2,505,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**300,188**	226,174
Unrealized valuation gains (loss) on FVOCI investments	**(3,739)**	273
Remeasurement on retirement benefits	**75,656**	75,656
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**12,360,712**	11,299,307
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	21,591,985	20,460,579
Noncontrolling interests	**626,697**	596,528
Total Equity	**22,218,682**	21,057,106
TOTAL LIABILITIES AND EQUITY	**24,625,093**	23,624,974

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2022	2021	**2022**	2021
REVENUES				
Sale of goods - net	**7,952,579**	6,258,740	**2,683,361**	2,151,836
Services	**715,360**	605,141	**186,714**	118,398
Dividend income	**245,521**	321,744	**30,100**	196,730
Interest income	**41,608**	30,097	**17,281**	11,856
	8,955,068	7,215,722	**2,917,456**	2,478,820
INVESTMENT GAINS (LOSSES)				
Gain on sale of long term investments	**2,208,757**	-	**-**	-
Gain on sale of FVOCI investments	**764**	3,549	**1,276**	1,452
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,948,782)**	1,091,605	**(607,869)**	614,707
	260,739	1,095,154	**(606,593)**	616,159
Equity in net earnings of associates	**26,469**	7,467	**657**	2,582
	9,242,276	8,318,343	**2,311,520**	3,097,561
Cost of goods sold	**(6,558,206)**	(4,959,939)	**(2,287,989)**	(1,796,908)
Services rendered	**(299,979)**	(210,103)	**(96,610)**	(61,883)
Operating expenses	**(1,013,736)**	(757,880)	**(304,579)**	(241,978)
Foreign exchange gain	**518,235**	131,633	**262,911**	107,321
Interest expense	**(1,227)**	(7,122)	**49**	(1,916)
Other income (charges) - net	**34,960**	(474)	**13,501**	7,177
	(7,319,953)	(5,803,885)	**(2,412,717)**	(1,988,187)
INCOME (LOSS) BEFORE INCOME TAX	**1,922,323**	2,514,458	**(101,197)**	1,109,374
PROVISION FOR INCOME TAX				
Current	**252,801**	253,091	**67,536**	54,333
Deferred	**(35,837)**	37,093	**67,633**	18,829
	216,964	290,184	**135,169**	73,162
NET INCOME (LOSS)	**1,705,359**	2,224,274	**(236,366)**	1,036,212

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2022	2021	**2022**	2021
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation loss on FVOCI investments	**(4,585)**	(6,193)	**(123)**	(6,664)
Realized gain on sale of FVOCI investments, net of impairment losses	**(764)**	(3,549)	**(1,276)**	(1,452)
Income tax effect	**1,337**	2,435	**350**	1,849
Cumulative translation adjustment	**74,014**	124,986	**148,547**	102,883
OTHER COMPREHENSIVE INCOME (LOSS)	**70,002**	117,679	**147,498**	96,616
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,775,361**	2,341,953	**(88,868)**	1,132,828
Net Income (Loss) Attributable to:				
Equity holders of the parent	**1,675,190**	2,225,547	**(228,275)**	1,054,111
Minority interest	**30,169**	(1,273)	**(8,091)**	(17,899)
	1,705,359	2,224,274	**(236,366)**	1,036,212
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**1,745,192**	2,343,226	**(80,777)**	1,150,727
Minority interest	**30,169**	(1,273)	**(8,091)**	(17,899)
	1,775,361	2,341,953	**(88,868)**	1,132,828
Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**1.36**	**1.81**	**(0.19)**	0.86
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**1.42**	**1.91**	**(0.07)**	0.94

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent										
	Capital Stock						Retained Earnings				
	Common	Preferred	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2020	2,500,000	-	1,859,383	2,522	23,720	99,261	7,150,000	9,715,904	(2,655,215)	564,815	19,260,391
Subscription of preferred shares	-	5,000	-	-	-	-	-	-	-	-	5,000
Comprehensive income (loss)	-	-	-	(7,307)	-	124,986	-	2,225,547	-	(1,273)	2,341,953
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(1,800)	(1,800)
Balance at 09/30/2021	2,500,000	5,000	1,859,383	(4,785)	23,720	224,247	7,150,000	11,327,666	(2,655,215)	561,742	20,991,759
Balance at 12/31/2021	2,500,000	5,000	1,859,383	273	75,656	226,174	7,150,000	11,299,307	(2,655,215)	596,528	21,057,106
Comprehensive (loss) income	-	-	-	(4,012)	-	74,014	-	1,675,190	-	30,169	1,775,361
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Balance at 09/30/2022	**2,500,000**	**5,000**	**1,859,383**	**(3,739)**	**75,656**	**300,188**	**7,150,000**	**12,360,712**	**(2,655,215)**	**626,697**	**22,218,682**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	**1,922,323**	2,514,458	**(101,197)**	1,109,374
Adjustment for:				
Loss (gain) on decrease (increase) in market values of FVPL investments	**1,948,782**	(1,091,605)	**607,869**	(614,707)
Depreciation and amortization	**230,900**	220,118	**80,408**	80,752
Interest expense	**1,227**	7,122	**(49)**	1,916
Gain on sale of long term investment	**(2,208,757)**	-	**-**	-
Dividend income	**(245,521)**	(321,744)	**(30,100)**	(196,730)
Unrealized foreign exchange loss (gain)	**(175,949)**	538	**(88,212)**	1,114
Interest income	**(41,608)**	(30,097)	**(17,281)**	(11,856)
Equity in net earnings of associates	**(26,469)**	(7,467)	**(657)**	(2,582)
Gain on sale of FVOCI investments	**(764)**	(3,549)	**(1,276)**	(1,452)
Gain on sale of property and equipment	**(222)**	(129)	**(95)**	(63)
Operating income before working capital changes	**1,403,942**	1,287,645	**449,410**	365,766
Decrease (increase) in:				
FVPL investments	**(1,563,594)**	(298,008)	**(894,519)**	(102,191)
Receivables	**(311,177)**	(234,093)	**(364,575)**	(182,152)
Inventories	**71,474**	(267,710)	**435,029**	156,339
Increase (decrease) in:				
Accounts payable and accrued expenses	**89,097**	237,366	**152,363**	75,676
Retirement plan assets	**(4,211)**	602	**(3,334)**	(1,778)
Net cash generated from (used in) operations	**(314,469)**	725,802	**(225,626)**	311,660
Dividend received	**245,521**	321,744	**30,100**	196,730
Interest received	**41,608**	30,218	**17,281**	11,978
Interest paid	**(1,227)**	(7,122)	**49**	(1,916)
Income taxes paid	**(298,025)**	(294,670)	**(85,687)**	(54,270)
Net cash flows from (used in) operating activities	**(326,592)**	775,972	**(263,883)**	464,182

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
Long-term investment	**1,974,596**	-	**-**	-
FVOCI investments	**31,730**	70,054	**1,363**	37,047
Property and equipment	**2,115**	129	**1,988**	63
Addition to:				
FVOCI investments	**(27,163)**	(193,943)	**(176)**	(29,302)
Investment properties	**(1,211)**	-	**(1,211)**	-
Property and equipment	**(361,588)**	(223,963)	**(175,195)**	(101,229)
Decrease (increase) in:				
Prepayments and other assets	**(110,106)**	25,211	**(149,905)**	56,562
Other noncurrent liabilities	**2,204**	13,149	**880**	11,490
Advances to affiliates	**(5,133)**	1,238	**965**	3,373
Net cash flows from (used) in investing activities	**1,505,444**	(308,125)	**(321,291)**	(21,996)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Notes payable	**(23,166)**	-	**-**	-
Long-term debt	**(75,714)**	(113,571)	**-**	(37,857)
Cash dividends	**(678,195)**	(574,050)	**-**	-
Increase (decrease) in:				
Lease liabilities	**32**	-	**-**	(20)
Minority interest	**-**	(1,800)	**-**	(1,610)
Net cash flows used in financing activities	**(777,043)**	(689,421)	**-**	(39,487)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**160,288**	4,005	**75,110**	3,143
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**562,097**	(217,570)	**(510,064)**	405,841
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,729,230**	3,091,959	**3,801,391**	2,468,548
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,291,327**	2,874,390	**3,291,327**	2,874,390

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	September 30 2022	December 31 2021
ASSETS		
Cash and Cash Equivalents	**1,440,529**	557,227
Fair Value through Profit and Loss (FVPL) Investments	**8,991,720**	10,209,886
Fair value through other comprehensive income (FVOCI) investments	**43,165**	46,396
Receivables - net	**458,810**	491,269
Investments and Advances- net	**6,698,543**	7,556,096
Investment Properties	**227,190**	238,200
Property and Equipment - net	**11,644**	7,261
Retirement Plan Asset	**144,283**	144,283
Other Assets	**2,582**	1,923
TOTAL ASSETS	**18,018,466**	19,252,541
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**124,160**	165,048
Dividends Payable	**455,120**	519,529
Deferred Income Tax Liabilities - net	**175,445**	206,622
Total Liabilities	**754,723**	891,199
Equity		
Capital Stock - 1 Par Value	**2,505,000**	2,505,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains on FVOCI investments	**(3,739)**	273
Remeasurement on Retirement Benefits	**93,172**	93,172
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**5,929,510**	7,023,097
Total Equity	**17,263,743**	18,361,342
TOTAL LIABILITIES AND EQUITY	**18,018,466**	19,252,541

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2022	2021	**2022**	2021
REVENUES				
Dividend income	**1,220,301**	918,744	**24,806**	196,730
Management fees	**73,533**	83,551	**19,571**	21,895
Interest income	**34,725**	25,953	**15,094**	9,898
	1,328,559	1,028,248	**59,471**	228,523
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**(1,972,626)**	1,654,618	**(616,323)**	742,902
Gain on sale of FVOCI investments	**764**	3,549	**1,276**	1,452
	(1,971,862)	1,658,167	**(615,047)**	744,354
	(643,303)	2,686,415	**(555,576)**	972,877
Operating expenses	**(198,344)**	(105,617)	**(33,187)**	(36,682)
Foreign exchange gain	**506,969**	126,781	**256,394**	104,037
Valuation allowance - net of reversal	**440,408**	-	**-**	-
Interest expense	**(8)**	(9)	**(8)**	-
Others net	**21,272**	14,344	**4,820**	8,422
	770,297	35,499	**228,019**	75,777
INCOME (LOSS) BEFORE INCOME TAX	**126,994**	2,721,914	**(327,557)**	1,048,654
PROVISION FOR INCOME TAX				
Current	**421**	1,489	**311**	508
Deferred	**(29,840)**	43,090	**69,632**	20,827
	(29,419)	44,579	**69,943**	21,335
NET INCOME (LOSS)	**156,413**	2,677,335	**(397,500)**	1,027,319
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation loss on FVOCI investments	**(4,585)**	(6,193)	**(123)**	(6,664)
Realized gain on sale of FVOCI investments	**(764)**	(3,549)	**(1,276)**	(1,452)
Income Tax Effect	**1,337**	2,435	**350**	1,849
OTHER COMPREHENSIVE INCOME (LOSS)	**(4,012)**	(7,307)	**(1,049)**	(6,267)
TOTAL COMPREHENSIVE INCOME (LOSS)	**152,401**	2,670,028	**(398,549)**	1,021,052
Earnings Per Share:				
Net income (loss)	**0.06**	**1.07**	**(0.16)**	0.41
Total comprehensive income (loss)	**0.06**	**1.07**	**(0.16)**	0.41

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock		Additional Paid-in	Unrealized Valuation Gains (loss) on FVOCI	Remeasurement on Retirement Benefits	Retained Earnings		
	Common	Preferred	Capital	Investments	Gain	Appropriated	Unappropriated	Total
Balance at 12/31/2020	2,500,000	-	1,589,800	2,522	48,011	7,150,000	5,538,392	16,828,725
Subscription of preferred shares	-	5,000	-	-	-	-	-	5,000
Comprehensive income	-	-	-	(7,307)	-	-	2,677,335	2,670,028
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 09/30/2021	2,500,000	5,000	1,589,800	(4,785)	48,011	7,150,000	6,965,727	18,253,753
Balance at 12/31/2021	2,500,000	5,000	1,589,800	273	93,172	7,150,000	7,023,097	18,361,342
Comprehensive income	-	-	-	(4,012)	-	-	156,413	152,401
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 09/30/2022	**2,500,000**	**5,000**	**1,589,800**	**(3,739)**	**93,172**	**7,150,000**	**5,929,510**	**17,263,743**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended September 30		Quarters Ended September 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax	**126,994**	2,721,914	**(327,557)**	1,048,654
Adjustment for:				
Loss (gain) on decrease (increase) in market values of FVPL investments	**1,972,626**	(1,654,618)	**616,323**	(742,902)
Depreciation and amortization	**13,622**	14,241	**3,594**	5,095
Gain on sale of property and equipment	**70**	-	**70**	-
Interest expense	**8**	9	**8**	-
Dividend income	**(1,220,301)**	(918,744)	**(24,806)**	(196,730)
Unrealized foreign exchange gain	**(484,125)**	(124,448)	**(241,508)**	(101,770)
Reversal of allowance - net	**(440,408)**	-	**-**	-
Interest income	**(34,725)**	(25,953)	**(15,094)**	(9,898)
Gain on sale of FVOCI investments	**(764)**	(3,549)	**(1,276)**	(1,452)
Operating gain (loss) before working capital changes	**(67,003)**	8,852	**9,754**	997
Decrease (increase) in:				
Receivables	**32,459**	13,339	**(3,298)**	(24,955)
FVPL investments	**(437,743)**	243,307	**(480,534)**	89,673
Increase (decrease) in accounts payable and accrued expenses	**(40,888)**	74,586	**(7,356)**	3,669
Net cash generated (used in) operations	**(513,175)**	340,084	**(481,434)**	69,384
Dividend received	**585,301**	571,744	**149,806**	196,730
Interest received	**34,725**	26,075	**15,094**	10,020
Interest paid	**(8)**	(9)	**(8)**	-
Income tax paid	**(421)**	(1,489)	**(311)**	(508)
Net cash flows from (used in) operating activities	**106,422**	936,405	**(316,853)**	275,626

(Forward)

	For the Periods Ended September 30		Quarters Ended September 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**31,730**	70,054	**1,363**	37,047
Property and equipment	**1,823**	-	**1,823**	-
Additions to:				
FVOCI investments	**(27,163)**	(193,943)	**(176)**	(29,302)
Long-term investments	**(93,450)**	-	**-**	-
Property and equipment	**(8,887)**	(4,015)	**289**	(2,892)
Increase in:				
Advances to affiliates	**1,390,196**	(65,495)	**(134,945)**	(16,262)
Other assets	**(659)**	(577)	**(145)**	(122)
Net cash flows from (used in) investing activities	**1,293,590**	(193,976)	**(131,791)**	(11,531)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of cash dividends	**(678,195)**	(574,050)	**-**	-
Net cash flows used in financing activities	**(678,195)**	(574,050)	**-**	-
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**161,485**	4,003	**79,580**	3,145
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**883,302**	172,382	**(369,064)**	267,240
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**557,227**	529,192	**1,809,593**	434,334
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,440,529**	701,574	**1,440,529**	701,574

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
09/30/2022							
REVENUE	7,790,249	742,116	2,864,286	(643,303)	10,753,348	(1,511,072)	**9,242,276**
TOTAL COMPREHENSIVE INCOME (LOSS)	690,075	78,598	2,641,855	152,401	3,562,929	(1,787,568)	**1,775,361**
TOTAL ASSETS	5,827,716	1,763,167	15,447,221	18,018,466	41,056,570	(16,431,477)	**24,625,093**
INVESTMENTS PORTFOLIO *	19,762	206,251	30,966,824	15,960,618	47,153,455	(34,669,586)	**12,483,869**
PROPERTY & EQUIPMENT	805,774	687,368	197,989	11,644	1,702,775	981,417	**2,684,192**
TOTAL LIABILITIES	691,095	521,102	1,970,386	754,723	3,937,306	(1,530,895)	**2,406,411**
DEPRECIATION AND AMORTIZATION	69,722	83,464	44,104	13,622	210,912	19,988	**230,900**

	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
	Before Eliminations						
09/30/2021							
REVENUE	6,258,740	506,752	657,857	2,686,416	10,109,765	(1,791,422)	**8,318,343**
TOTAL COMPREHENSIVE INCOME (LOSS)	733,848	(6,354)	518,458	2,670,028	3,915,980	(1,574,027)	**2,341,953**
TOTAL ASSETS	5,425,756	1,732,307	13,539,816	18,973,980	39,671,859	(16,170,572)	**23,501,287**
INVESTMENTS PORTFOLIO *	17,662	121,876	26,036,207	17,671,178	43,846,923	(31,268,271)	**12,578,652**
PROPERTY & EQUIPMENT	629,771	728,812	121,133	7,912	1,487,628	1,008,068	**2,495,696**
TOTAL LIABILITIES	908,787	505,286	3,024,077	720,227	5,158,377	(2,648,848)	**2,509,529**
DEPRECIATION AND AMORTIZATION	66,806	84,227	34,856	14,241	200,130	19,988	**220,118**

**** Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include real estate holding, aviation and management services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at FVPL) and FVOCI investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Thousand Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before
  - September 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16*, Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Group adopted the amendments beginning January 1, 2021.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3*, Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements* to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8*, Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
  The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Summary of Significant Accounting and Financial Reporting Policies

<u>Basis of Consolidation</u>

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at September 30, 2022 and December 31, 2021:

		Percentage of Ownership	
	Nature of Business	**2022**	2021
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Holding	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Inactive	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
Summerside Corp.	Holding	**100**	40
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62

Except for AI and its subsidiaries, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Current Versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2022**	2021
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
Fremont Holdings, Inc. (FHI)	Real Estate Holding	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp (AIMP)	Asset Management	**20**	20
AG&P International Holdings, Pte Ltd (AGP-SG)*	Modular Steel Engineering / LNG Construction	**-**	21

** Its associate is engaged in modular steel fabrication and LNG.*

The principal business location of AIMP, VHI and FHI is the Philippines. AGP-BVI, AGP-SG, BM and Prople Limited are based in the BVI, Singapore, USA and Hong Kong, respectively.

<u>Business Combinations and Goodwill</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Disposal Group and Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVOCI equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVOCI financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Initial recognition and measurement of financial instruments
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of September 30, 2022 and December 31, 2021, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at September 30, 2022 and December 31, 2021, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at September 30, 2022 and December 31, 2021.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated profit or loss when the asset is derecognized, modified or impaired.

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. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as “Gain (loss) on sale of FVOCI investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at September 30, 2022 and December 31, 2021, the Group’s FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at September 30, 2022 and December 31, 2021, included in this category are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial 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 or removed from the consolidated balance sheet where:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes

the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments
Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment
Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes 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 operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

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

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in

use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities
Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has a non-contributory defined benefit retirement plan.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

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

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise 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 income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

<u>Earnings Per Share</u>

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of September 30, 2022 and December 31, 2021.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, 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 definition 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 consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at September 30, 2022 and December 31, 2021, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Assessment of control over the entities for consolidation
The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted FVPL equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

Impairment of FVOCI debt investments
For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group 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; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk

   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI,

SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk
The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management
The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended September 30, 2022.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities
The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at September 30, 2022:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱5,530,897**	**₱5,530,897**	**₱–**	**₱–**
Unquoted equity shares	**2,941,077**	**–**	**1,919,368**	**1,021,709**
Funds and equities	**2,334,828**	**–**	**2,334,827**	**–**
Proprietary shares	**478,157**	**–**	**478,157**	**–**
Bonds and convertible note	**318,970**	**318,970**	**–**	**–**
Others	**5,414**	**5,414**	**–**	**–**
	11,609,343	**5,855,281**	**4,732,353**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**43,165**	**43,165**	**–**	**–**
	₱11,652,508	**₱5,898,446**	**₱4,732,353**	**₱1,021,709**

As of December 31, 2021

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱7,405,487	₱7,405,487	₱–	₱–
Unquoted equity shares	1,827,307	–	805,598	1,021,709
Funds and equities	1,790,856	–	1,790,856	–
Proprietary shares	399,877	–	399,877	–
Bonds and convertible note	246,425	246,425	–	–
Others	7,862	7,862	–	–
	11,677,814	7,659,774	2,996,331	1,021,709
FVOCI investments	46,396	46,396	–	–
	₱11,724,210	₱7,706,170	₱2,996,331	₱1,021,709

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2022 and 2021

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is 121.0 million 3% annual increase at the end of 2nd year	0% to 5%	0% fair value of ₱780 5% fair value of ₱1,069
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,034 30% fair value of ₱805
		Cost of equity of 13.2%	12.2% to 14.0%	12%: fair value of ₱981 14% fair value of ₱879

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2021	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2021	1,021.7
Unrealized gain in profit or loss	–
As at 30 September 2022	**₱1,021.7**

In 2018, Y-mAbs was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the period ended September 30, 2022 and December 31, 2021, there were no transfers other than mentioned above.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of September 30, 2022 versus December 31, 2021.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash generated from investing activities mainly the net proceeds from sale of investment in AG&P, partially offset by cash used in operating activities and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P1.9 billion partially offset by net additions of P1.6 million mainly investment in PE Funds and foreign exchange gain of P316.7 million.

Receivables

The increase in receivables was mainly due to improved revenues of the wire manufacturing business.

Inventories

The decrease is traced to finished goods sold by the wire manufacturing subsidiary and the spare parts and supplies utilized for nine months by the aviation and resort subsidiaries.

Prepayments and other current assets

Decrease in this account can be attributed mainly to use up of the prepaid expenses related to manufacturing and resort operations.

Fair value through other comprehensive income (FVOCI) investments

Net decrease in this account amounted to P3.2 million. The decrease can be attributed to net disposal of investments of P3.8 million and the decline in market value of the FVOCI investments of P5.3 million partially offset by foreign exchange gain of P5.9 million.

Notes Receivables
The decrease was attributable to the collection of advances partially offset by accrued interest related to the advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances
The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P26.5 million and advances to associates of P5.1 million.

Property and Equipment - net
The increase can be traced to net acquisition of property and equipment of P359.7 million offset by depreciation amounting to P219.9 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties
Decrease was due to depreciation amounting to P11.0 million partially offset by additions of P1.2 million.

Other noncurrent assets
Change in the account balance can be attributed to the increase in deposit to supplier by the manufacturing subsidiary offset by the decrease in fund of the resort subsidiary for the villa operation which was used for maintenance and capex requirements.

Accounts Payable and Accrued Expenses
The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries as a result of increased volume of their businesses.

Dividends Payable
On February 23, 2022, the Parent Company approved the declaration of cash dividends of P0.50 per share to shareholders, which was paid on April 5, 2022. Balance of P455.1 million as of September 30, 2022, represents accumulated cash dividend of stockholders with problematic addresses.

Income Tax Payable
Movement in the account was attributable to income tax paid by the resort, aviation and wire manufacturing subsidiaries, partially offset by provision for income tax during the period by the Group.

Deferred Income Tax Liabilities
Decrease in the account was mainly due to the deferred tax effect of unrealized decline in market value of FVPL investments.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. CTA balance increased by P74.0 million, mainly due to appreciation of US dollar vis a vis Philippine peso.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to September 30, 2022.

Others
There were no commitments for major capital expenditures in 2022.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political, market uncertainties and COVID-19 that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended September 30	
	2022	2021
Revenues (excluding investment gains or losses)	**1,328,559**	1,028,248
Investment Gains (Losses)	**(1,971,882)**	1,658,167
Total Comprehensive Income (Loss)	**152,401**	2,670,028
Earnings Per Share		
Net Income (Loss)	**0.06**	1.07
Total Comprehensive Income (Loss)	**0.06**	1.07
Market Price Per Share (PSE)	**8.95**	6.96

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues

This year's consolidated gross revenues of P9.2 billion was higher from last year's revenue of P8.3 billion due to gain on sale of investment in AGP of P2.2 billion and higher revenues of the resorts and the wire manufacturing operations.

Cost of Goods Sold

Increase was attributable to higher cost of goods sold of the wire manufacturing subsidiary.

Cost of Services Rendered

Increase in cost of services rendered was mainly due to higher cost of services by the resort and aviation subsidiary.

Operating Expenses

The Group reported an increase in consolidated operating expenses for nine months of 2022 due to higher overhead of the parent company (from bonus paid based on higher net income in 2021) and rise in operating expenses of the resort and wire manufacturing subsidiaries due to higher volume of business.

Foreign Exchange Gain

Increase can be traced to foreign exchange gain on dollar-denominated investments due to appreciation of the US dollar vs. Philippine peso.

Provision for income tax

The current tax provision of the resort, aviation and wire manufacturing subsidiaries was offset by the benefit from deferred income tax mainly of the parent company attributable to unrealized loss from decline in market value of FVPL investments.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

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

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,272,429,761 shares of Anscor. No additional shares were purchased during nine months of 2022.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- 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.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended September 30	
	2022	2021
Volume sold (MT)	**11,052**	10,805
Revenue	**7,790,249**	6,258,740
Net Income	**690,075**	733,848

PDP Energy's revenue improved in 2022 as against 2021's revenues.

PDP recorded a net income of P690.1 million for nine months of 2022, slightly lower than the P733.8 million profit recorded last year due to higher copper price.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 45% for nine months of 2022, higher than the 2021 average occupancy rate of 34%. Average room rate was P65,063 from last year's average room rate of P55,879. Total hotel revenues amounted to P742.1 million, an increase from last year's revenues of P506.7 million, mostly coming from local guests.

Seven Seas reported a consolidated net income of P78.6 million in 2022, compared to last year's consolidated net loss of P6.4 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			September 30, 2022		September 30, 2021	
i	Current Ratio	Total Current Assets	**18,841,269**	10.71 : 1	**17,965,457**	9.94 : 1
		Total Current Liabilities	**1,758,500**		**1,807,939**	
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets	**17,232,307**	9.80 : 1	**16,591,936**	9.18 : 1
		Total Current Liabilities	**1,758,500**		**1,807,939**	
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization	**1,906,090**	79.21%	**2,445,665**	97.46%
		Total Liabilities	**2,406,411**		**2,509,528**	
iv	Debt-to-Equity Ratio	Total Liabilities	**2,406,411**	0.11 :1	**2,509,528**	0.12 : 1
		Equity Attributable to Equity Holders of the Parent	**21,591,985**		**20,430,017**	
v	Asset-to-Equity Ratio	Total Assets	**24,625,093**	1.14	**23,501,287**	1.15
		Equity Attributable to Equity Holders of the Parent	**21,591,985**		**20,430,017**	
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	**1,923,550**	1,567.69	**2,521,580**	354.06
		Interest Expense	**1,227**		**7,122**	
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent	**1,675,190**	7.76%	**2,225,547**	10.89%
		Equity Attributable to Equity Holders of the Parent	**21,591,985**		**20,430,017**	

			September 30, 2022		September 30, 2021	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**1,675,190**	6.80%	**2,225,547**	9.47%
		Total Assets	**24,625,093**		**23,501,287**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**1,675,190**	18.13%	**2,225,547**	26.75%
		Total Revenues	**9,242,276**		**8,318,342**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**21,591,985**	17.59	**20,430,017**	16.64
		Outstanding Number of Shares	**1,227,570**		**1,227,570**	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	09/30/2022	09/30/2021
1. Volume	**11,052**	10,805
2. Revenue	**7,790,249**	6,258,740
3. Net income	**690,075**	733,848

Seven Seas Group

In Thousand Pesos

	09/30/2022	09/30/2021
1. Occupancy rate	**45%**	34%
2. Hotel revenue	**742,116**	506,739
3. Gross operating profit (GOP)	**273,706**	159,777
4. GOP ratio	**36.9%**	31.5%
5. Net income	**78,598**	(6,354)

Occupancy rate is based on actual room nights sold over available room nights on a 9 -month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2022:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Ltd.	100%	Holding Company	British Virgin Island
IQ Healthcare Professional Connection, LLC	93%	Inactive	USA
Prople Limited	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Summerside Corporation	100%	Holding Company	Philippines
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Pamalican Utilities, Inc.	62%	Utility Company	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Fremont Holdings, Inc.	26%	Real Estate Holding	Philippines
ATRAM Investment Management Partners Corp.	20%	Asset Management	Philippines
KSA Realty Corporation	14%	Realty	Philippines

Anscor International, Inc.

Financial Statements

For the Years Ended December 31, 2022 and 2021

Prepared By:

SALOME BUHION

Approved By:

NARCISA VILLAFOR

ANSCOR INTERNATIONAL INC.
BALANCE SHEETS

	December 31	
	2022	2021
ASSETS		
Cash and Cash Equivalents	**$ 484,864**	$ 3,561,045
Fair Value Through Profit or Loss (FVPL) Investments (Note 5)	**34,953,582**	26,661,982
Receivables (Note 6)	**842,336**	431,335
TOTAL ASSETS	**$ 36,280,782**	**$ 30,654,362**
LIABILITIES AND CAPITAL DEFICIENCY		
Liabilities		
Accounts Payable and Accrued Expenses	**$ 2,649,895**	$ 2,106,712
Due to Stockholder (Note 7)	**28,796,690**	56,069,748
Total Liabilities	**31,446,585**	58,176,460
Equity		
Capital Stock	**1**	1
Retained Earnings	**4,834,196**	(27,522,099)
Total Equity	**4,834,197**	(27,522,098)
TOTAL LIABILITIES AND EQUITY	**$ 36,280,782**	**$ 30,654,362**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUES		
Gain on sale of noncurrent asset held for sale (Note 6)	**$ 38,500,149**	$ 0
Dividend income	**275,756**	-
Interest income	**1,409**	888
Loss on decrease in market value of FVPL investments (Note 5)	**(5,776,665)**	(17,049,938)
	33,000,649	(17,049,050)
Operating expenses	**(644,354)**	(388,054)
NET INCOME (LOSS)	**32,356,295**	(17,437,104)
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 32,356,295**	**($ 17,437,104)**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Deficit	Total
BALANCE AT JANUARY 1, 2021	$ 1	($ 10,084,995)	($ 10,084,994)
Total comprehensive loss for the year	-	(17,437,104)	(17,437,104)
BALANCE AT DECEMBER 31, 2021	1	(27,522,099)	(27,522,098)
Total comprehensive income for the year	-	32,356,295	32,356,295
BALANCE AT DECEMBER 31, 2022	**$ 1**	**$ 4,834,196**	**$ 4,834,197**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income (loss)	**$ 32,356,295**	($ 17,437,104)
Adjustments for:		
Loss on decreaase in market value of FVPL investments	**5,776,665**	17,049,938
Gain on sale of noncurrent asset held for sale	**(38,500,149)**	-
Dividend income	**(275,756)**	-
Interest income	**(1,409)**	(888)
Operating loss before working capital changes	**(644,354)**	(388,054)
Increase in:		
FVPL investments	**(14,068,265)**	(8,977,704)
Receivables	**(411,001)**	(143,787)
Increase in accounts payable and accrued expenses	**543,183**	407,142
Net cash used in operations	**(14,580,437)**	(9,102,403)
Dividend received	**275,756**	-
Interest received	**1,409**	888
Net cash flows used in operating activities	**(14,303,272)**	(9,101,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from sale of long term investment	**38,500,149**	-
Net cash from investing activities	**38,500,149**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to stockholder	**(27,273,058)**	4,344,358
Net cash flows from (used in) financing activities	**(27,273,058)**	4,344,358
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,076,181)**	(4,757,157)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,561,045**	8,318,202
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 484,864**	$ 3,561,045

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL, INC.
(A Subsidiary of A. Soriano Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Anscor International was incorporated on April 2, 2004 in the British Virgin Islands (BVI) under the International Business Company Act. Cap. 291, primarily to buy, sell, underwrite, invest in, exchange or otherwise acquire, and to hold, manage, develop, deal with turn to account any bonds, debentures, shares, stocks, options, commodities, futures, forward contracts, notes or securities of governments, states, municipalities, public authorities or public or private limited or unlimited companies in any part of the world and to lend money either unsecured or against the security of any of the aforementioned property.

The registered office of the Company is at IFS Chambers, Road Town, Tortola, British Virgin Islands.

The Company is not required to file audited financial statements in BVI.

2. Basis of Preparation

Basis of Preparation
The Company financial statements have been prepared on a historical cost basis, except for securities available-for-sale (AFS) investments that have been measured at fair value. The accompanying financial statements have been prepared using the historical cost basis and are presented in US$, which is the Company's functional and presentation currency, and rounded to the nearest dollar, except otherwise stated.

3. Summary of Significant Accounting Policies

Investments in Subsidiaries and Associates

Investments in Subsidiaries
Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

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

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in Associates
Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in subsidiaries and associates are carried at cost, less impairment in value, in the financial statements. Dividends received are reflected as income in the statements of income.

The Company's subsidiaries and associates with the respective percentages of ownership as of December 31, 2022 and 2021 follow:

		Country of	**% Equity Interest**	
Name of Subsidiary/Associates	**Principal Activities**	**Incorporation**	**2022**	2021
IQ Healthcare Investments Limited (IQHIL))	Healthcare Services	USA	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Healthcare Services	USA	**93**	93
Prople Limited (Prople)	Business Processing Outsourcing	Hongkong	**32**	32
AGP International Holdings Pte Ltd. (AGP – SG)	Holding	Singapore	**-**	21
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	USA	**-**	21

<u>Fair Value Measurement</u>
The Company measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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 reassessing 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.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial recognition and measurement of financial instruments
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL

As at December 31, 2022 and 2021, the Company has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading, financial assets and financial liabilities designated upon initial recognition at fair value through profit or loss, or financial assets and liabilities mandatorily required to be measured at fair value. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a Company of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at December 31, 2022 and 2021, the Company has designated as FVPL all equity investments, amounting to $35.0 million and $26.7 million, respectively. No financial liability at FVPL is outstanding as at December 31, 2022 and 2021.

(b) Financial assets at amortized cost (debt instruments)
The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the profit or loss when the asset is derecognized, modified or impaired.

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. The amortization is included as interest income in the profit or loss. The losses arising from impairment of such financial assets are recognized as "Valuation allowances" account under "Other income (charges) - net" in the profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Company holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Company classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at December 31, 2022 and 2021, the Company has no FVOCI investments.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at December 31, 2022 and 2021, included in this category are the Company's accounts payable and accrued expenses.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized or removed from the balance sheet where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the profit or loss.

Impairment of Financial Assets
For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value from 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 the profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the profit or loss only 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.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the balance sheet. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

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

Other Income
Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in the profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Company pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Impairment of Nonfinancial Assets
At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Capital Stock
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects of retrospective restatement recognized in accordance with the PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Provisions and Contingencies
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and 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. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the Company financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be US Dollar ($). It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, 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 definition 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 balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at December 31, 2022 and 2021, the Company made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Estimates and Assumptions

The key assumptions concerning the future and key sources of estimation and uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables

For the advances to related parties, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Company evaluates specific accounts where the Company has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Company's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. There is no allowance for doubtful accounts as of December 31, 2022 and 2021.

Valuation of unquoted FVPL equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Company's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Company.

Unquoted FVPL equity investments amounted to $31.8 million and $16.6 million as December 31, 2022 and 2021, respectively.

Impairment of FVOCI debt investments
For FVOCI debt investments, the Company assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the credit risk on that financial instrument has increased significantly since initial recognition.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

The carrying amounts of the investments amounted to nil as at December 31, 2022 and 2021, respectively.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Fair Value Through Profit & Loss Investments (FVPL)

	2022	2021
Quoted equity shares		
Y-mAbs Therapeutics, Inc.	**$ 2,868,796**	$ 10,015,640
Unquoted equity shares		
Sierra Madre Philippines I L.P.	**8,931,260**	6,406,315
Asia Partners I	**6,529,639**	4,435,246
Asia Partners II	**2,023,309**	-
AP I Tycho Co-Invested Ltd	**2,059,748**	856,274
Navegar II L.P.	**5,135,870**	3,599,954
Navegar I L.P.	**896,296**	498,553
Blue Voyant	**2,999,999**	-
Third Prime (Kafene B)	**1,514,122**	-
Third Prime Alpha III-A	**590,156**	-
Wholesome Spirits Inc.	**750,000**	500,000
Medifi	**350,000**	350,000
	31,780,399	16,646,342
Fund and Equities	**304,387**	-
	$ 34,953,582	$ 26,661,982

The FVPL quoted and unquoted equity shares include the following:

a. In December 2015, IQHPC invested $1.0 million in Y-mAbs Therapeutics, Inc. (Y-mAbs), a clinical stage biotechnology company specializing in developing novel antibody therapeutics to treat cancer.

   On November 10, 2016, IQHPC made additional investments to Y-mAbs amounting to $0.75 million. In November 2016, IQHPC transferred all its investment of 399,544 shares of common stock in Y-mAbs to the Company.

   On January 6, 2017 and September 25, 2017, the Company made additional investment to Y-mAbs amounting to $0.3 million and $1.0 million, respectively.

   On September 22, 2018, Y-mAbs was listed in NASDAQ. Prior to the listing, the Company acquired additional investments to Y-mAbs amounting to $2.3 million.

   In 2022 and 2021, the Company recognized a loss on fair value adjustment in its investment in Y-mAbs amounting to $6.6 million and $20.2 million, respectively.

b. In 2017, the Company entered into an equity investment agreement with Sierra Madre Philippines I LP (Sierra Madre), a newly formed private equity fund staffed by experienced local operators and private equity professionals. The fund will focus on providing growth capital to small and mid-sized Philippine companies. AI committed to invest $9.0 million in Sierra Madre.

In 2022 and 2021, the Company made additional investments to Sierra Madre amounting to $$3.2 million and $1.2 million, respectively. In 2022, the Company received return distribution notice amounting to $0.6 million (nil in 2021).

In 2022 and 2021, the Company recognized gain (loss) on fair value adjustment of ($0.7 million) and $2.4 million, respectively.

As of December 31, 2022 and 2021, the Company's remaining capital commitment to be called for Sierra Madre amounted to $0.6 million and $4.4 million, respectively.

c. Asia Partners I LP, Asia Partners II LP and Asia Partners SCI (collectively Asia Partners)

   In 2021, AI committed to invest $6.0 million in Asia Partners I LP, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia. In addition, AI committed to invest $1.0 million in Asia Partners SCI and $10.0 million in Asia Partners II, LP.

   In 2022 and 2021, AI made investment to Asia Partners amounting to $4.0 million and $5.2 million, respectively.

   In 2022 and 2021, AI recognized gains on fair market value adjustment in its investment in Asia Partners amounting to $1.3 million and $0.1 million, respectively.

   As of December 31, 2022 and 2021, the Company's remaining capital commitment to be called for Asia Partners amounted to $9.0 million and $9.0 million, respectively.

d. In 2019, AI committed to invest US$10.0 million in Navegar II LP. AI invested $1.7 million and $1.5 million in 2022 and 2021, respectively.

   In 2022 and 2021, AI recognized gains (loss) on fair market value adjustment in its investment in Navegar II amounting to ($0.2 million) and $0.6 million, respectively.

   As of December 31, 2022 and 2021, the Company's remaining capital commitment to be called for Navegar II amounted to $5.6 million and $7.3 million, respectively.

e. In March 2013, AI invested $0.6 million in Navegar I LP (Navegar), a limited partnership established to acquire substantial minority position through privately negotiated investments in equity and equity-related securities of Philippine companies that are seeking growth capital and/or expansion capital.

   In July 2017, AI invested additional $0.1 million.

   In October 2018, the disposal of Navegar's investments resulted to the return of capital and gain amounting to $0.3 million and $0.8 million, respectively.

   AI, recognized a gain on fair market value adjustment in its investment in Navegar I amounting to $0.4 million and $0.04 million in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the Company's remaining capital commitment to be called for Navegar I amounted to $0.04 million and $0.05 million, respectively.

f. In 2022, AI invested $3.0 million in Blue Voyant, a cybersecurity company that enables cybersecurity defense and protection through technology and tailored services. No recognized gains or losses on fair value adjustment during year.

g. Third Prime Alpha III-A and Third Prime (Kafene B) (collectively Third Prime Series)

   In 2022, AI invested $0.6 million in Third Prime Alpha III-A, a venture firm focused primarily on the FinTech, PropTech and Crypto sectors. In addition, AI invested US$1.5 million in Third Prime (Kafene B).

   In 2022, the Company recognized fair market value loss adjustment in its investment in Third Prime Alpha III-A and Third Prime (Kafene B) amounting to $9.8 thousand million and $1.9 thousand, respectively.

   As at December 31, 2022, the AI remaining capital commitment to be called for Third Prime Alpha III-A amounted to $1.5 million.

h. In May 2017, the Company invested $1.0 million in equity shares at Madaket Inc., the owner of Madaket Healthcare. Madaket developed Electronic Data Interchange Enrollment, a service platform that automates healthcare provider data management processes in the United States.

   As of December 31, 2022 and 2021, AI's total investment in Madaket amounted to nil.

i. Element Data, a Seattle, Washington-based Artificial Intelligence Company which uses Decision Intelligence platform incorporates a deep learning knowledge-graph with an active sense-and response architecture, powering a decision intelligence engine that understands complex interdependencies between data and people.

   Total investment carrying value in Element Data amounted to nil as at December 31, 2022 and 2021.

   On December 31, 2022, the said investment was sold with a consideration of US$1.

6. Investments and Advances

The significant transactions involving the company's investments in subsidiaries and associates for 2022 and 2021 follow:

<u>AGP Group Holdings Pte. Ltd. (AG&P) (formerly AGP International Holdings Ltd., AGPI)</u>
In December 2011, the Company entered into a subscription agreement with AGPI for $5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note.

The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the “conversion price”); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a BVI business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P). AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries.

On June 28, 2013, the Company converted the $5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, the Company signed a definitive agreement with AGPI amounting to $40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased the Company’s holdings to 27% giving the Company significant influence over AGPI.

In 2018, AGPI merged with AGP-BVI, its subsidiary, with the latter being the surviving entity. AI retained its 27% ownership in AGP-BVI and its preference shares were converted to common shares upon the merger.

On July 1, 2019, AGP-BVI entered into a share swap agreement with AGP-SG to make the latter the sole owner of the former.

On July 22, 2019, AGP-SG obtained additional equity investment from new investors which effectively decreased the Company’s interest in AGP-SG from 27% to 21%. The Company assessed that it still has significant influence over the AGP-SG.

The total cost of the investment in AGPI amounted to $45.0 million. The carrying value of the investment amounted to nil as at December 31, 2022 and 2021.

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer. Management believes that all the criteria for recognition of noncurrent asset held-for-sale (NCAHFS) in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Company discontinued the use of the equity method for its investment in AGP-SG and classified such investments as NCAHFS. Based on the available financial information, for the period ended before the classification as NCAHFS, AGP-SG incurred net losses and as at date of classifications as NCAHFS, the carrying value of the investment in AGP-SG remain nil. On February 17, 2022, the said investment in associate held for sale was sold for a total consideration of $38.5 million, all was reflected as gain on sale of NCAHFS.

<u>BehaviorMatrix, LLC (BM)</u>
In October 2011, the Company entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at $3 per unit, which constitute 10% of the total Series A preferred units outstanding. In the first quarter of 2012, the Company's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's company. Predictive is a US-based early-staged technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the art mathematics, that allow it to measure and quantify emotions associated with digital content.

In July 2015 and March 2014, the Company made additional investment in Predictive amounting to $0.5 million and $1.0 million, respectively.

In March 2016, the Company invested an additional $0.437 million through a convertible note. In October 2016, Predictive merged with BM, its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and the Company invested an additional $0.814 million for a 20.5% shareholding in BM. The increased ownership allows the company to exercise significant influence over BM.

The total cost of the investment in BM amounted to $6.8 million. The carrying value of the investment amounted to nil as at December 31, 2022 and 2021.

On December 31, 2022, the said investment was sold with a consideration of $1.

<u>Prople Limited (Prople)</u>
In November 2013, the Company invested in $4.0 million convertible notes to Prople Limited. In August 2015, the Company purchased Tranche C notes of Prople amounting to $0.5 million. These notes are convertible at the option of the holder into common shares of Prople. The interest is 5% for the first 3 years and if not converted on the 3rd anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five year US Dollar Republic of the Philippines (ROP) plus 400 basis points or 7%, whichever is higher for the next two years.

In February 2016, the Company converted the notes to equity, giving the Company a 32% equity stake and significant influence over Prople.

The total cost of the investment in Prople amounted to $5.3 million. The carrying value of the investment amounted to nil as at December 31, 2022 and 2021.

7. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

In the ordinary course of business, the Company obtains cash advances from its shareholder, Anscor, to finance its working capital requirements and investments in various companies.

	Amount/Volume		Outstanding Balance			
	2022	2021	**2022**	2021	Terms	Condition
Anscor	**$27,273,058**	$4,344,358	**$28,796,690**	$ 56,069,748	Non-interest bearing	Unsecured

8. Financial Instruments and Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash, receivables, investments in unquoted equity securities, investments in mutual and hedge funds. The Company's other financial instruments include accounts payable, which arose directly from operations.

The Company's investment objectives consist mainly of:
a) maintaining a bond portfolio that earns adequate cash yields and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. These risks are monitored by the Company.

The Company evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Company is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of an individual, counterparty or issuer being able to or unwilling to honor its contractual obligations. The Company is exposed to credit risk arising from the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Company does not have a counterparty that accounts for more than 10% of the company revenues.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Company transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Company ensures investments have ample liquidity to finance operations and capital requirements.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due.

Market risk
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Company. The Company is exposed primarily to the financial risks of changes in interest rates, foreign currency risk, and equity price risks.

Investments exposed to market risk are equity instruments, and mutual fund/hedge fund investments.

There has been no change to the Company's manner of managing and measuring the risk.

Capital management
The primary objective of the Company's capital management is to ensure an adequate return to its shareholder and to maximize its value to its shareholders. In pursuance of this goal, the Company establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Company establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2022 and 2021.

A. SORIANO CORPORATION

2022 SUSTAINABILITY REPORT

Contents

About the Company 1

Chairman's Message 5

Governance 8

Economic:
Balanced and Inclusive Growth 19

Environment:
Environmental Stewardship 24

Social:
Stakeholder Relationships 35

Corporate Social Responsibility 53

Global Reporting Initiative (GRI)
Content Index 56

ABOUT THIS REPORT

2-1, 2-2, 2-3

This 2022 Sustainability Report (SR) covers A. Soriano Corporation's (Anscor or the Company) financial and non-financial performance and includes in scope two of its subsidiaries, Phelps Dodge Philippines Energy Products Corporation (PDP) and Seven Seas Resorts and Leisure, Inc. (SSRLI or Amanpulo or the Resort), and its corporate social responsibility arm, The Andres Soriano Foundation (ASF), collectively the Anscor Group.

Anscor prepared this Sustainability Report with reference to the Global Reporting Initiative (GRI) Standards: Core option. The reporting period covers January 1, 2022 to December 31, 2022, and follows the annual reporting cycle of the Company.

GENERAL DISCLOSURES 2021

GRI 2

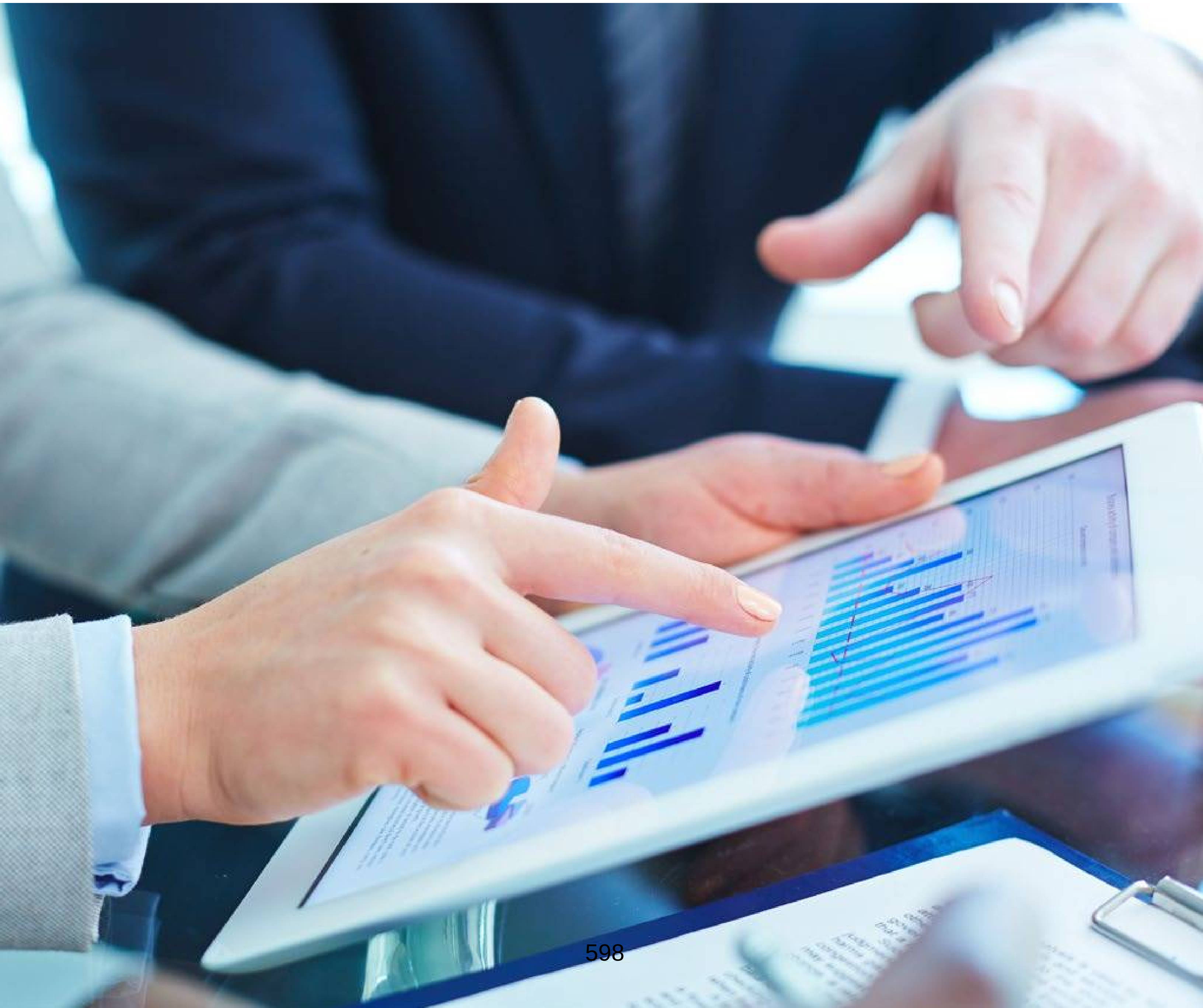
The Organization and its Reporting Practices

A. SORIANO CORPORATION

About the Company

2-1

Anscor is a corporation duly organized and existing under the laws of the Philippines. It is a publicly listed company, with its shares of stock traded in the Philippine Stock Exchange. The Company was incorporated on February 13, 1930 with principal office at the 7th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City.



Entities included in the organization's sustainability reporting

2-2

The companies included in the SR are Anscor, PDP, SSRLI, and, ASF. Not all the companies listed in the audited consolidated financial statements of Anscor are included in the SR. The list is found on pages 30-31 of the 2022 Annual Report of the Company in this link: *https://www.anscor.com.ph/financials*.

All the companies covered in the SR are controlled and majority owned by Anscor. ASF is controlled by its Board of Trustees chaired by Andres Soriano III, the Chairman and CEO of Anscor.

phelps dodge Philippines energy products corporation

PDP is the leading domestic integrated manufacturer of quality wires and cables. Its product line is composed principally of copper-based wires and cables, and aluminum wires, cables and accessories. It is a wholly owned subsidiary of Anscor duly registered with the Securities and Exchange Commission (SEC). PDP's manufacturing plant is located at Luisita Industrial Park, Bo. San Miguel, Tarlac City while its head office is on the second floor, BCS Prime Building, 2297 Chino Roces Avenue Extension, Makati City.

While PDP has no branches in any parts of the country, it has sales personnel covering Northern Luzon, Cagayan-Isabela, Central Luzon, Mimaropazon, Bicol, Western Visayas, Central and Eastern Visayas, Northern Mindanao, Southern Mindanao and GMA to cater to customer needs. For more information about the company and its products, please click the link: *https://www.phelpsdodge.com.ph/*

AMANPULO

SSRLI owns the world-renowned Amanpulo Resort. The Company's holdings comprise 62% ownership of SSRLI. Managed by Aman, Amanpulo is located on a 92-hectare island called Pamalican in Palawan. For more information about Amanpulo, please click the link: *https://www.aman.com/resorts/amanpulo*

asf the andres soriano foundation

ASF is registered with the SEC as a private non-stock, non-profit and non-government organization. Its main office is at A. Soriano Aviation Hangar, Andrews Avenue, 1300 Pasay City, Metro Manila, Philippines and it has three (3) field offices located at Barangay Manamoc and Barangay Cabigsing in Cuyo and Barangay Bancal, Agutaya all in Palawan.

As the Company's corporate social responsibility arm, ASF creates access to various growth opportunities and resources to help assisted local communities to be self-reliant and develop sustainably. For more information on ASF's programs and services, please click the link: *https://www.asorianofoundation.org*

CHAIRMAN'S MESSAGE

Sustainability today is considered an integrated strategy that ties in all the business functions of a company.

This is the fourth year that the Anscor Group is reporting on our corporate sustainability initiatives, priorities and commitments, as we recover from the coronavirus pandemic and with the economy stabilizing.

Our sustainability framework remains as our holistic roadmap that drives value, integrating four pillars: transparency and governance, balanced and inclusive growth, responsive social relationships, and environmental stewardship.

The framework will continue to guide and enable us to track and report to you, our stakeholders, the impact of business decisions on return on investments, corporate growth, jobs and livelihoods, health and well-being, and environmental conditions.

As institutions worldwide face increased scrutiny on transparency and authentic impact, we will continue to track progress in our sustainability thrusts to measure our contributions in helping achieve 14 out of 17 Sustainable Development Goals (SDGs) of the United Nations.

The Anscor Group will remain committed to having sound business fundamentals and with sustainability ingrained in its processes and undertakings. We will continue to optimize our stakeholder engagement with consultations through our various communication channels to gather valuable insights on what is material and relevant for our businesses. As a responsible corporate citizen, it will remain true to its core values and business ethics. Its stewardship of the environments where it operates will continue to be prioritized.

We thank all our stakeholders for continuing to believe and trust in the Anscor Group as we emerge from challenging times of the COVID-19 pandemic lockdowns and face new challenges in a post-pandemic economy.

ANDRES SORIANO III
Chairman & CEO

Reporting period, frequency and contact point and restatements of information

2-3, 2-4

The Company is required to prepare and submit an SR annually. This 2022 SR covers the period January 1, 2022 to December 31, 2022. The audited financial statements and SR of the Company have the same covered period and are filed together every April 15 as part of the Company's Annual Report (SEC Form 17-A).

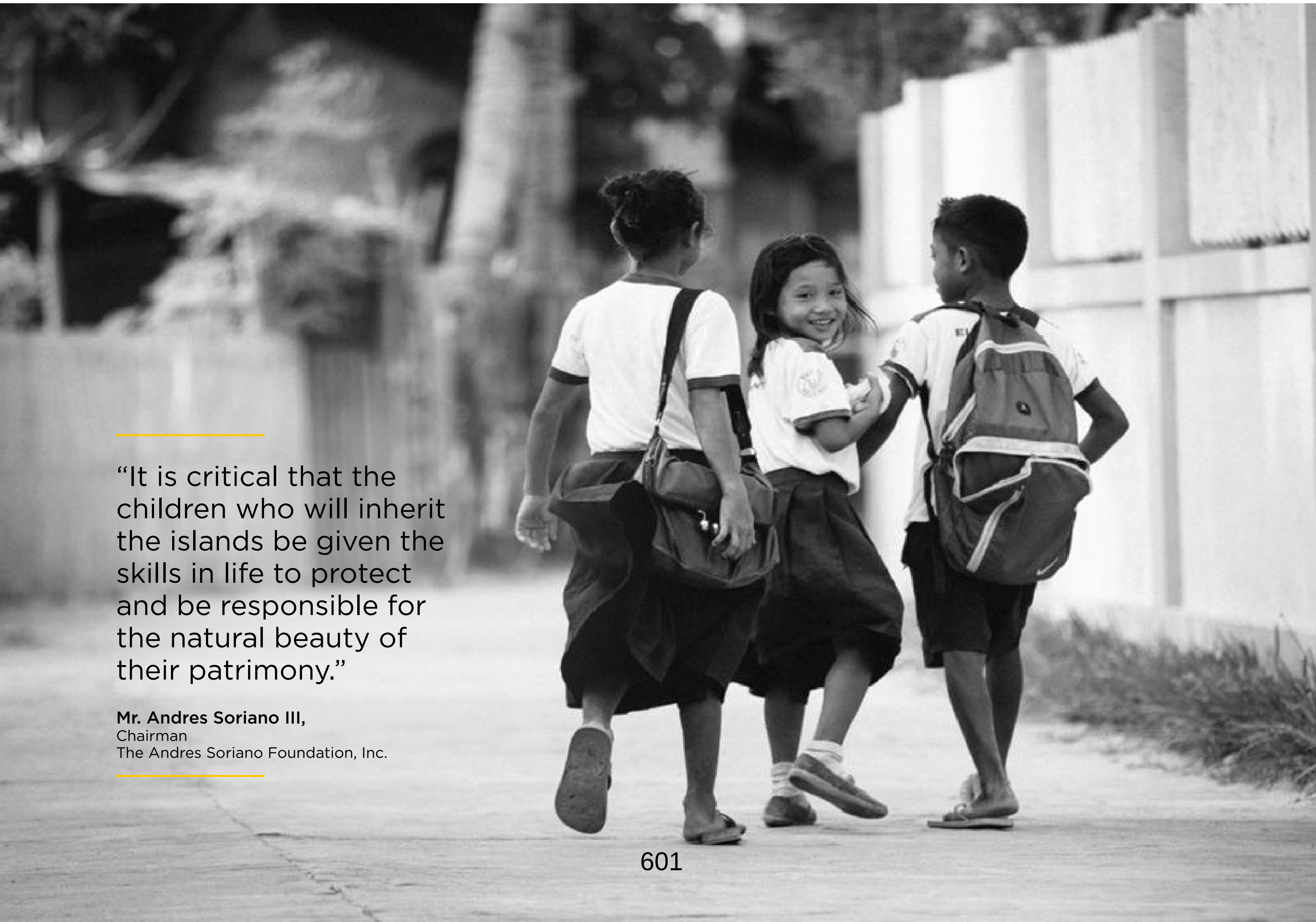
For any questions regarding the SR, please email Mr. Joshua Castro at *joshua.castro@anscor.com*. ph or Ms. Lemia Simbulan at *lelsimbulan_oed@asorianofoundation.org.*

There are no restatements of information for previous reporting periods.

External assurance

2-5

The Company does not have a policy of requiring external assurance for its SR. The SR is reviewed and approved by the President and COO, and the Chairman and CEO of Anscor prior to its submission to the SEC.



"It is critical that the children who will inherit the islands be given the skills in life to protect and be responsible for the natural beauty of their patrimony."

Mr. Andres Soriano III,
Chairman
The Andres Soriano Foundation, Inc.

ACTIVITIES & WORKERS

Activities, value chain and other business relationships

2-6

ANSCOR

Anscor is a holding company. It holds investments in various companies and investment funds. It does not produce nor manufacture any products.

PDP

PDP manufactures wires and cables. Its value chain process for new products starts with identifying whether there is a need for a particular product in the market. Once the need is established, PDP either manufactures the product or sources the same from abroad. Upon production of a prototype, the product's quality is assessed by subjecting it to a series of tests and when PDP's standards are met, the product is then introduced to the market through PDP's network of distributors, suppliers and customers.

PDP's products are promoted by its Sales Department. Once a product is ordered, it is delivered immediately to the customer if available at the warehouse. Otherwise, the Plant is advised to manufacture the product.

PDP caters to two market segments: B2B (business to business) and B2C (business to consumer). For B2B segment, existing products are delivered directly to the end-users while for B2C segment, the products are delivered to a network of distributors and dealers, sub-dealers and/or wholesalers and then to hardware stores and finally, to the end-users.

During the period, PDP sold 14,700MT worth of wires. The market segments where the company has product presence includes Retail, High-rise, BPO, Commercial, Industrial, Power, Communication and Government Infrastructure. PDP served 500 geographically dispersed customers throughout the country comprised mostly of distributors, dealers, contractors, and real estate developers. Customers are classified as key accounts, key development accounts, new account and regular accounts.

For the covered period, PDP recorded 621 suppliers with transactions that were usually on a per Purchase Order basis. Of this number, 98 were foreign suppliers while majority or 523 were local suppliers. The total payments to suppliers during the period amounted to ₱10.46 billion.

PDP maintains relationships with various electrician associations and electrical designers and is a member of industry-wide organizations like Phil. Electric Wire Manufacturers' Association, among others.

There were no notable changes in PDP's operations, value chains and other business relationships.

SSRLI

Amanpulo engages foreign and domestic suppliers for the goods and services required by the resort such as fuel and oil, food and beverage, linens, toilet and bath and cleaning detergents, and medical supplies, among others.

ASF

ASF belongs to the Civil Society sector and its value chain on the upstream includes its highest governing body comprising its board of trustees, the management composed of various unit heads and, its program partners and donors while the downstream includes its operation/ technical staff and the local community stakeholders such us program beneficiaries, the barangay and local government partners.

Its business operations involve the implementation of the Foundation's social development programs and services in assisted communities. These programs and services include health services, education assistance, environment protection and enterprise development/ livelihood generation.

During the period, there were no notable changes in its operations, value chains and other business relationships.

Employees

2-7

a. Total number of employees (head count / Full Time Equivalent [FTE]), by gender and by region:

Company	BY GENDER				TOTAL		BY REGION				TOTAL	
	Female	Male	Other*	Not Disclosed	2022	2021	NCR	Luzon	Visayas	Mindanao	2022	2021
Anscor	16	13	-	-	29	30	29	-	-	-	29	30
PDP	56	230	-	-	286	281	55	221	4	6	286	281
SSRLI	97	253	-	-	350	335	74	258	18	-	350	335
ASF	11	8	-	-	19	19	4	15	-	-	19	19

** Gender as specified by the employees themselves.*

b. Total number of employees by employment type, gender and region:

Company	By Employment Type	BY GENDER				TOTAL		BY REGION				TOTAL	
		Female	Male	Other*	Not Disclosed	2022	2021	NCR	Luzon	Visayas	Mindanao	2022	2021
ANSCOR	Number of employees (head count / FTE)	16	13			29	30	29				29	30
	Number of permanent employees (head count / FTE)	16	13			29	30	29				29	30
	Number of full-time employees (head count / FTE)	16	13			29	30	29				29	30
PDP	Number of employees (head count / FTE)	56	230			286	281	55	221	4	6	286	281
	Number of permanent employees (head count / FTE)	56	230			286	281	55	221	4	6	286	281
	Number of full-time employees (head count / FTE)	56	230			286	281	55	221	4	6	286	281

Company	By Employment Type	BY GENDER				TOTAL		BY REGION				TOTAL	
		Female	Male	Other*	Not Disclosed	2022	2021	NCR	Luzon	Visayas	Mindanao	2022	2021
SSRLI	Number of employees (head count / FTE)	97	253	-	-	350	335	74	258	18	-	350	335
	Number of permanent employees (head count / FTE)	97	253	-	-	350	335	74	258	18	-	350	335
	Number of temporary employees (head count / FTE)	19	101	-	-	120	0	48	72	-	-	120	-
	Number of full-time employees (head count / FTE)	97	253	-	-	350	335	74	258	18	-	350	335
ASF	Number of employees (head count / FTE)	11	8	-	-	19	19	4	15	-	-	19	19
	Number of permanent employees (head count / FTE)	8	4	-	-	12	12	4	8	-	-	12	12
	Number of temporary/ project-based employees (head count / FTE)	3	4	-	-	7	7	-	7	-	-	7	7
	Number of non-guaranteed hours employees (head count / FTE)	-	-	-	-	0	0	-	-	-	-	0	0
	Number of full-time employees (head count / FTE)	9	7	-	-	16	17	4	12	-	-	16	16
	Number of part-time employees (head count / FTE)	2	1	-	-	3	2	-	3	-	-	3	3

The number of employees reported is based on head count and FTE which means that the employee reports for work for 8 hours a day and for 5 days per week except for SSRLI which is for 6 days per week. The information provided is consolidated at the end of the year, which coincides, with the reporting period of this SR.

Workers who are not employees

2-8

Anscor does not have workers who are not employees and whose work are controlled by Anscor. However, Anscor engages third party agencies to provide the Company with janitorial/ messengerial and security services. There are four (4) janitorial workers and four security guards assigned to the office premises of Anscor.

The agencies provide for the tools and control and supervise the workers assigned to render janitorial/ messengerial and security services for the Company. The workers merely report to the office premises of Anscor.

Similarly, PDP has other individuals working at its manufacturing plant and head office who are employees of third party contractors. However, their work is not controlled by the organization but by their immediate employers. For 2022, the number of employees of third party contractors are: 4D/labor cooperative with 209 workers; Janitors with 23 workers and; 20 Security Personnel.

Further, Amanpulo uses third party agencies for workers such as security personnel, landscaping services and pest control management but does not control the work of these workers.

On the other hand, ASF has no workers who are not employees and whose work are controlled by the organization.

GOVERNANCE

Governance structure and composition

2-9

The highest governing body of Anscor is the Board of Directors (the Board).

The Board is composed of seven (7) directors who are elected annually during the Annual Stockholders Meeting in accordance with the Revised Corporation Code and the Company's By-laws.

Board of Directors


1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1 ANDRES SORIANO III
Chairman of the Board & Chief Executive Officer
Age 71 Director since 1982

2 EDUARDO J. SORIANO
Vice-Chairman, Non-executive Director
Age 68 Director since 1980

3 ERNEST K. CUYEGKENG
President & Chief Operating Officer
Age 76 Director since 2009

4 JOHNSON ROBERT G. GO, JR.
Independent Director
Age 58 Independent Director since 2022

5 OSCAR J. HILADO
Independent Director
Age 85 Independent Director since 1998

6 WILLIAM H. OTTIGER
Executive Vice President & Corporate Development Officer
Age 55 Director since 2022

7 ALFONSO S. YUCHENGCO III
Independent Director
Age 63 Independent Director since 2019

Executive Committee

Andres Soriano III	Chairman
Eduardo J. Soriano	Vice-Chairman
Oscar J. Hilado	Member
Ernest K. Cuyegkeng	Member
William H. Ottiger	Member

Audit Committee

Oscar J. Hilado	Chairman
Eduardo J. Soriano	Member
William H. Ottiger	Member
Johnson Robert G. Go, Jr	Member
Alfonso S. Yuchengco III	Member

Compensation Committee

Oscar J. Hilado	Chairman
Andres Soriano III	Member
Alfonso S. Yuchengco III	Member

Nomination Committee

Eduardo J. Soriano	Chairman
Oscar J. Hilado	Member
Alfonso S. Yuchengco III	Member

Nomination and selection of the highest governance body

2-10

Any shareholder may nominate Directors for election to the Board. Nominations may be sent to the Chairman or the Corporate Secretary no later than March 1 of every year or such other date as the Board of Directors may fix.

The Directors are elected during the annual meeting of shareholders. Every stockholder is entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The candidates who receive the highest number of affirmative votes will be elected.

Chair of the highest governance body

2-11

In accordance with the Company's By-laws, the Chairman of the Board is also the Chief Executive Officer of the Company. The functions of the Chairman and CEO are as follows:

a. To preside at the meetings of the Board of Directors and of the Stockholders;
b. To carry out the resolutions of the Board of Directors;
c. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors;
d. To have general supervision and administration of the affairs of the Corporation;
e. To represent the Corporation at all functions and proceedings and, unless otherwise directed by the Board, to attend and/or vote, (in person or by proxy) at any meeting of shareholders of corporations in which the Corporation may hold stock and at any such meeting, to exercise any and all the rights and powers incident to the ownership of such stock which the owner thereof might possess or exercise if present.
f. To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which required the approval of the Board of Directors, except as otherwise directed by the Board of Directors;
g. To make reports to the Directors and Stockholders;
h. To sign certificates of stock; and
i. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

To prevent and/or mitigate conflicts of interests, the Company has a Policy on Material Related Party Transactions. As a matter of practice, all related party transactions involving Directors, if any, are subject to approval by the Board of Directors.

Role of the highest governance body and delegation in managing impacts and sustainability reporting

2-12, 2-13, 2-14

The elevation of a particular matter, concern or issue to the Board would depend on the severity or materiality of the matter, including its cost, if quantifiable. These criteria would also apply to the Company's impacts on the economy, environment and people. The Company does not have a formal procedure on elevating matters to the Board but is evaluated on a case-by-case basis.

There is no formal delegation of responsibility for managing impacts from the Board to other Senior Executives or other employees. However, if a material impact should occur, Management or the Senior Executive is expected to report the same to the Board and recommend solutions for approval of the Board.

The Board is not responsible for reviewing and approving the reported information and material topics in the Company's SR. This is largely due to the schedule for Board meetings and the deadline for submission of the SR. However, the Company's Executive Directors who are likewise members of the Board, including the Chairman of the Board review and approve the Company's SR.

Conflicts of interest

2-15

In order to ensure that conflicts of interest are prevented or mitigated, the Company has an existing Material Related Party Transaction Policy adopted in accordance with Memorandum Circular 10-2019 issued by the SEC. The Policy requires that all individual materials RPTs (equivalent to at least 10% of the Company's assets) shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In practice, all related party transactions involving Directors, if any, are submitted to the Board for approval.

As a publicly listed company, Anscor is required to disclose in its Information Statement (IS), the cross-board memberships of its directors, its controlling shareholders and related party transactions.
Please click the link for the 2022 IS of the Company *https://www.anscor.com.ph/disclosures/sec-filings/.*

Communication of critical concerns

2-16

Critical concerns are communicated to the Board of Directors. Management (Senior Executives who are likewise members of the Board) determine which concerns are valid and critical meriting elevation to the Board.

For the reporting period covered, no critical concerns were communicated to the Board. Management did not also receive critical concerns raised through grievance mechanisms and other processes.

Collective knowledge of the highest governance body

2-17

The Company provides annual corporate governance seminars for its Board. The topics presented during the seminar varies yearly. In previous years, sustainable development has been a topic. For the reporting period, topics selected are (1) Corporate Governance in Nutshell – What Effective Boards Focus on Before Everything Else, and (2) Digital Trade-Offs – Promise and Peril in the 21st Century.

Evaluation of the performance of the highest governance body

2-18

For 2023, the Company has engaged a third party firm to conduct an evaluation of the Boards' performance. The mechanics are still being worked out with the third party firm.

Refer to GRI content index for reasons of omission on below disclosures:

Disclosure 2-19 Remuneration policies
Disclosure 2-20 Process to determine remuneration
Disclosure 2-21 Annual total compensation ratio

STRATEGY, POLICIES AND PRACTICES

Statement on sustainable development strategy

2-22

In the Company's first SR (2019), the Chairman and CEO declared Anscor's commitment through sustainable business strategy to contribute to the attainment of 14 out of 17 SDGs of the United Nations. He also said "sustainability has fueled the Company's operations and guided Management in making sound decisions of balanced and viable investments that are respectful of people and planet".

He added that "the succeeding SRs of the Company will track its four sustainability pillars – areas in Corporate Governance (Transparency and Good Governance), Economic Performance (Balanced and Inclusive Growth), Social (Responsive Stakeholder Relations) and Environmental (Environmental Stewardship) in order to bring to life Anscor's corporate values of trust, fairness, integrity, transparency, and responsibility to society".

Anscor through ASF espouses its social development philanthropy to "Couple financial stability with extraordinary public service aligned to the national welfare and development."

PDP

PDP's President, Mr. Ernest Cuyegkeng, in an interview with Wiredsafe Magazine remarked that -

"Safety, health and care for the environment has always been part of PDP's culture and way of doing things. Its commitment to safety has always been one of its core values; our long-standing goal is to eliminate and prevent injuries at the workplace and influence our employees' behavior so that it becomes a way of life beyond the confines of work and extends to their families. At the height of the COVID pandemic, PDP made sure its employees, the factory and its offices were compliant to health standards to ensure a safe and healthy working environment.

Aside from our people, our processes and products are designed to care for the environment and ensure the safety and health of our customers. Testament to this is our ISO 14001:2015 certification, which has been in place since 2008 as well as our compliance to the Restriction of Hazardous Substances (ROHS-2) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) standards of the European Union".

Policy commitments

2-23

ANSCOR

The Company has laid down its core values which are reflective of its commitment for a responsible business conduct in its Mission, Vision and Values statement. These values are Trust, Integrity, Fairness, Transparency and Responsibility to Society.

In line with its core values, the Company has issued the following general policies to promote responsible business policies:

1. ***Whistle Blowing Policy***
   For Directors, Senior Management and Employees, it is the Company's Policy to investigate complaints fairly and protect the identity of complainant.

2. ***Conflict of Interest Policy***
   For Directors: A Director should ensure that his personal interest does not conflict with the interests of the Company. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.

   For Senior Management and Employees: The Company has a longstanding policy to require the highest standards of ethics and morality for the Company and its employees. An employee has a duty of loyalty to the Company and shall not have conflicting interests in any competitor of the Company or in any organization with which the Company does business. Such interest creates an unfavorable impression and raises an implication of impropriety.

3. ***Insider Trading Policy***
   All directors, officers and employees should ensure that he or she comply with all the laws, and rules and regulations relating to insider information.

4. ***Related Party Transactions Policy***
   Only inter-company receivables and payables are permissible. Related party transactions with substantial stockholders, officers and their families, and directors and their families may be allowed subject to the Board's approval.

5. ***Policy and Data Relating to Health, Safety and Welfare of Employees Including Company Sponsored Training***
   The Company gives paramount importance to its employees' safety, health and welfare. As such, the Company maintains a safe working environment and reasonable working hours to all its employees. Above average health and medical benefits are provided. Recreational activities to promote camaraderie and employees' welfare are also conducted. The Company's training and development programs for employees are conducted on as needed basis.

The policies are approved by the Chairman and CEO while some policies, e.g., Manual on Corporate Governance and Related Party Transactions Policy are approved by the Board of Directors.

These policy commitments apply to all of the organization's activities and business relationships equally. All the policies are publicly available and are posted in the Company's website: https://www.anscor.com.ph/corporate-governance/companys-policies/

ASF

ASF's policy commitments in the conduct of its business stipulates respect for human rights and dignity and are described in its manual of operations. ASF anchors its mission and operation on the following basic principles:

- Development is a holistic process directed towards all aspects of human life.
- True development occurs when people participate in the process of deciding and implementing desired goals or changes.

- Vulnerable communities and beneficiaries-stakeholders are assisted to assume full responsibility for development, to rely on their strengths and concentrate on increasing their own efficiency.
- Development is achieved through organized self-managing and self-directing communities.
- The change agent/facilitator of development is integral in the development process. The facilitator is a substantiation of the above-mentioned principles as well as the embodiment of values that uphold the right and dignity of persons.

A summative statement is publicly available through the Foundation's website. These policy statements have been duly approved by the highest governing body of the Foundation – its Board of Trustees as it applies to all of the organization's programs, projects and activities and its business relationships at all levels. These are communicated during annual review for employees and, community orientations especially when launching events and when new communities are identified for new projects.

Embedding policy commitments

2-24

All employees including the members of the Board of Directors are expected to observe these policies. Various operating department/units of the Company are expected to oversee the implementation of policies related to that department or unit.

For ASF, management is responsible of ensuring that these policy commitments are stipulated in project contracts and various program designs with donors and partners while at the field level, project staff tasked to implement development initiatives at the community level ensures integration of these policy commitments. An annual review session on policy commitments with the staff is done during program planning and evaluation workshops.

Processes to remediate negative impacts and mechanisms for seeking advice and raising concerns

2-25, 2-26

With respect to employee concerns/grievances, the Company has a Labor-Management Council (LMC) that meets quarterly or as may be necessary and is composed of four representatives from rank and file employees and two officers of the Company. Any employee issue can be raised before the LMC. The issues that are raised mostly relates to employee benefits application and parameters. Company activities intended to promote employee well-being are also discussed before the LMC.

The LMC does not have rigid structure on how it handles employee concerns. Any member of the LMC may propose how a matter can be taken up or resolved. Employees who are not members of the LMC may raise their concerns through an LMC member, who will then in turn discuss the matter before the LMC. The Company does not have formal structures on tracking effectiveness of LMC but any member of the LMC may freely express their thoughts and ideas including feedback from employees on any employee matter.

The Company has a Whistle Blowing Policy (please see page 13 on Policy Commitments). For the covered period, the Company did not receive any complaint regarding the Company or any of its employees.

PDP on the other hand, has a hotline policy where anyone within the Company can make a report on any issues connected with how business operates internally. This is a direct line to HR, the COO and the President either via email, phone call or any means of communications. Anonymous reporting is accepted provided enough information and evidence is provided.

ASF is committed to have an open dialogue with its institutional and community stakeholders to discuss grievances and possible remedies whenever a program it has implemented caused or contributed negative impacts to communities it has committed to serve. It is the practice of the Foundation to hold dialogues and regular meetings with partners and community stakeholders especially during project monitoring. It is during these meetings and dialogues that various concerns affecting the communities are discussed including but not limited to grievances.

At Management level, the Executive Director and Deputy Executive Director handle these grievances with partners, while at the program level, the Field Operations Manager handles the matter. When the grievance needs mediation by Management, the Executive Director handles the dialogues with concerned community stakeholders.

When the grievance however needs intervention by the Board, it is then elevated by Management to the Board for resolution. If the grievance is personal, a letter can be sent to the Foundation and this is handled with utmost confidentiality following the Data Privacy Policy of the Foundation. Actual field monitoring and continuing dialogue with affected stakeholders and soliciting community feedbacks are employed to ensure effectiveness of the processes.

Compliance with laws and regulations

2-27

There were no instances of non-compliance with and regulations and no fines were paid during the reporting period.

Membership associations

2-28

Anscor is a co-founding member of the Philippine Business for Social Progress (PBSP), a non-profit organization under civil society sector known among businesses at the national level with strong corporate citizenship advocacies.

PDP is a member of the following associations:
- Philippine Electric Wire Manufacturers' Association where PDP holds the position of Presidency.
- People's Management Association of the Philippines
- Employers' Confederation of the Philippines
- PBSP
- Semiconductor and Electronics Industries in the Philippines Foundation, Inc.
- Electric Vehicle Association of the Philippines

ASF is a member of the following national social development networks:
- Association of Foundations Philippines, Inc.
- League of Corporate Foundations, Inc.
- Philippine Council for NGO Certification, Inc.

ASF is registered and licensed to operate as a social welfare and development agency and its programs are accredited by the Department of Social Welfare and Development (DSWD). ASF is also an active member of DSWD-led Area-based Standards Network where ASF sits as Chair of Committee on Policy Review - Palawan Cluster and Chair of Committee on Membership in MIMAROPA Region.

STAKEHOLDER ENGAGEMENT

Approach to stakeholder engagement

2-29

Stakeholder	Key Topic and Concerns	Commitment	Engagement Channel
1. Stockholders/ Shareholders	Report annual accomplishments; income-generating investments; Approval of budget and various actions done by the Company annually;	Sustain/enhance value of shares	Annual Stockholders Meeting Monthly and quarterly meeting with Shareholders
2. Board of Directors/Trustees and Management	Policy-formulation, review and update; Set/approve the corporate goals; Direction setting; Capital/Fund Sourcing; Report on status of programs and projects and impact to beneficiaries	Continue supporting the work of the companies/ Foundation	Management meets weekly to discuss progress of strategies and other issues; regular in-person and online quarterly Board Meetings; Active use of online messaging channels;
3. Employees	Maintain industrial peace for continued sustainability and viability; salaries and wages/benefits Impact of programs and projects on the intended beneficiaries;	Continuing support to employees when it comes to tenure of employment, provision of benefits	Monthly general assembly meetings (in-person and online); Quarterly dialogue; Rest and recreation activities; Recognition of good performance and length of service; Annual program assessment and planning; Staff training and development activities
4. Suppliers	Improve quality of materials and supplies delivered; preferred treatment when it comes to provision of quality and quantity of supplies and timely deliveries.	On-time payment and equal treatment of suppliers	Face to face meetings; emails and online meetings
5. Third Party Contractors	Resolution of issues raised by their employees – employment and workload related concerns	Ensure smooth delivery of contracted services;	Quarterly meetings with the general managers of Third Party Contractors

Stakeholder	Key Topic and Concerns	Commitment	Engagement Channel
6. Customers	Quality products and services; Sustain loyalty and patronage to the brand; response to community needs attuned to the needs of time	High quality of service delivery; Excellent guest experience; pro-active intervention of expressed community needs	Communication channels are in the form of face to face and online meetings; community dialogue and/or assemblies; customer feedback system
7. Community Beneficiaries	Identification of community needs and problems; matching needs and problems with proposed programs and projects; active involvement/ participation	Ensure respect of human right and dignity; recognition of their capacities to decide for themselves	Meetings, participatory planning; dialogue feedback/focus group discussions; project monitoring
8. Donors	Harness interest to certain causes and provide funding to these causes	Compliance with terms and conditions of donated funds	Official communications; emails; annual operations and financial reports
9. Individual and Institutional Partners	Establish working relationships; Collaboration on similar initiatives; tap needed human resources for trainings and technical assistance	Fair treatment/loyalty	In-person and online meetings, telephone calls; emails
10. Government Agencies	Compliance with regulatory requirements of government agencies and LGUs affecting business operations	Full compliance with regulatory requirements by regulatory agencies and LGUs	Face to face and online meetings; emails
11. Local Communities	Inclusive economic development	Support MS enterprises of local communities Give priority for employment opportunities;	Coordination with key community leaders
12. Non-government Organizations	Collaboration and partnerships for similar projects and activities	Ensure that agreements are complied with	In person/online meetings, phone calls, workshops

Collective bargaining agreements

2-30

For Anscor, 37.9% of total employees are covered by a collective bargaining agreement (CBA). For employees that are not covered by a CBA, the Company uses the CBA as a base since it applies to rank and file employees. On the other hand, PDP, SSRLI and ASF have no CBAs.

For employees not covered by a CBA, PDP determines their working conditions and is mostly based from Occupational Safety and Health Standards and pertinent labor laws. It also regularly benchmarks with other locators, including companies with CBA, in the same area where it operates when it comes to compensation.

MATERIAL TOPICS 2021

GRI 3

Process to determine material topics

3-1

The Company's SR Management Team led by its SR Officer along with significant stakeholders and officers of companies included in this report held a sustainability reporting workshop. The workshop was primarily intended to review the preparation of the previous reports and the material topics identified and whether the material topics are still relevant under present conditions.

Following the guidance provided by GRI in the process of determining material topics, the SR Management Team proceeded on reviewing the individual organization's business context and relationships in order to identify and assess the most significant impacts that occurred during the period particularly on the economy, environment, and people, including its impacts on human rights that are associated with its products, services and geographic locations. Once the significant impacts were assessed, the team went on to prioritize and ranked these significant impacts for reporting and was then able to determine and agree on the various material topics.

The senior management of the Company and the subsidiaries were involved in the process of determining the material topics co-facilitated by two Company officers who underwent training on Global Reporting Initiative with the Institute of Corporate Directors, a GRI-accredited/certified training organization in the Philippines.

Material topics

3-2

Below is the list of topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights.

1. Economy
    - GRI 201 – Economic Performance
    - GRI 204 – Procurement Practices 2016
2. Environment
    - GRI 303 – Water and Effluents 2018
    - GRI 306 – Waste 2020
    - GRI 307 – Environmental Compliance
3. People
    - GRI 401 – Employment 2016
    - GRI 403 – Occupational Health and Safety 2018
    - GRI 304 – Training and Education 2016
    - GRI 413 – Local Communities 2016
    - GRI 418 – Customer Privacy

All material topics from the previous reporting period were covered in this 2022 Sustainability Report. A new topic on procurement practices was added to the list of material topics as it impacts the organization's relationship particularly with the local suppliers.

ECONOMIC
BALANCED & INCLUSIVE GROWTH

ECONOMIC PERFORMANCE

201

Management of Material Topic

3-3

Anscor is a publicly listed holding company with diverse investments. The Company has investments in equities traded in the Philippine Stock Exchange, private equity funds, foreign currency denominated bonds and offshore hedge funds. Its core operating investments include cable and wire manufacturing and, hospitality/ service industry. Likewise, it has a number of other investments in companies engaged in a wide range of activities in the Philippines such as aviation and real estate.

It's investment objectives consist mainly of: a) maintaining a bond portfolio that earns adequate cash yields and, b) maintaining a stable investment portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The Company is cognizant of the fact that the use of these financial instruments involve risks arising from credit, liquidity, interest rate, foreign currency and equity price. These risks may pose potential impact on its operation and various stakeholders particularly, stockholders, employees and in general, those in the value chain such as, the suppliers and customers.

To protect the interest of its business and stakeholders from potential impacts, these investment risks are monitored by the Company's Investment Committee that meets every quarter to discuss the status of investments. The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. When any of these identified risks behave unlikely, a board-approved risk management system is in place to prevent and mitigate potential negative impacts.

The Company has not been involved in any negative impacts as a result of its operation or caused by its business relationships. Actual and potential positive impacts arise when global and regional economies are bullish leading to a better income on investments to which, the Company's stakeholders benefit from. The Chairman reports the performance of the Company to its stakeholders annually at the stockholders' meeting.

Direct economic value generated and distributed

201-1

The easing of the COVID-19 restrictions and full re-opening of the economy by the last quarter of 2022 contributed to higher direct economic value generated (revenues) from ₱11.3 billion in 2021 to ₱13.6 billion in 2022. Major contributors are PDP and SSRLI. PDP generated revenues amounting to ₱10.7 billion, 23% higher than last year and registered a record net profit of ₱956.5 million. In 2022, Amanpulo bounced back strongly with revenues posted at ₱1.1 billion vis-a-vis 2021's revenues of ₱0.8 billion.

Because of more volume sold and services rendered in 2022, operating costs increased from ₱7.9 billion to ₱10.1 billion in 2022. Higher employee wages and benefits can be attributed to incentive bonus accorded to the Group's officers and employees. Further, with the improved revenues and profitability, dividends given to stockholders correspondingly increased. The decrease in Taxes given to Government pertained to deferred tax liability from decline in market value of investments in foreign equities and funds, a reversal of which will increase taxes payable in the succeeding years. Donations to ASF for its disaster relief operations increased in 2022 .

PDP is projected to experience continued growth with its investments to boost productivity and introduction of innovative products while Amanpulo with its marketing initiatives will attract more foreign guests to boost its occupancy rate. The combined performances of the Anscor's holdings will continue to enhance shareholder value and sustainability is imbedded in our operations and processes.

Direct Economic Value Generated and Distributed*
(In Million Pesos)

	2022	2021	2020
Direct Economic Value Generated	13,624.7	11,354.1	6,883.7
Direct Economic Value Distributed	12,301.0	9,825.8	7,597.4
Operating Costs	10,147.0	7,949.7	5,809.0
Employee Wages & Benefits	584.1	458.0	452.1
Dividends given to Stockholders and Interest Payments given to Loan Providers	1,232.2	930.9	962.0
Tax given to Government	323.0	474.3	364.2
Investment to Community	14.7	12.9	10.0
Direct Economic Value Retained	1,323.7	1,528.3	(713.7)

**The data presented are derived from the Audited Consolidated Financial Statements of A. Soriano Corporation and its Subsidiaries for the year ended December 31, 2022, in accordance with relevant Philippine Financial Reporting Standards, and include - A. Soriano Air Corporation, AFC Agribusiness Corporation, Anscor Consolidated Corporation, Anscor Holdings, Inc., Anscor International, Inc., Island Aviation, Inc., Minuet Realty Corporation, Pamalican Resort, Inc., PD Energy International Corporation, Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corporation and Seven Seas Resorts and Leisure, Inc.*

Financial implications and other risks and opportunities due to climate change

201-2

One of the Company's core businesses is classified under hospitality industry, i.e., operating a premier world-class island resort. Undeniably, the physical risks of climate change in the operation of the resort have now become more obvious. In the past, the resort's location is not usually within or along the path of typhoons/tropical storms but this is not the case anymore. Further, unpredictable sea weather conditions and longer northeast monsoon seasons affect the resort's various sea sport activities. Sea level rise is another occurrence that has actual impact where sand erosion along the beach is even more pronounced. Global warming or the rise in sea temperatures also impacts healthy coral reefs surrounding the island with the onslaught of coral bleaching.

All these physical risks have financial and environmental implications on the business when:

- sea sports activities for guests are put on hold or cancelled affecting potential additional revenues;
- building and rebuilding of concrete barriers protecting the beach from sand erosion requires budget increase in capital expenditure; and
- continuing research and development on corals species resistant to rising sea temperatures and coral propagation increase overhead allocation.

The Resort has adopted various methods to manage these risks such as: use of available high-tech applications to monitor closely weather conditions for at least a week to pre-determine its flight charters; create other activities to cater the needs of guests other than sea sports; put in-place an engineering and marine biology teams to study and implement mitigating measures against sand erosion and those impacting the island's live coral cover. The Resort has also started using solar-driven club cars effectively reducing fossil fuel consumption and is seriously studying the use of solar power to supply the energy requirement of the Resort.

Annually, the business allocates a considerable amount to implement mitigating measures to manage the identified risks.

Defined benefit plan obligations and other retirement plans

201-3

The Company fully funds the defined benefit pension plan covering substantially all of its officers and employees. No member (officers and employees) are required to contribute to the plan. Following the mandate of Republic Act No. 7641, benefits to be received under the pension plan shall not be less than the minimum mandated retirement benefit plan. The amount that the Company contributes to the plan is estimated by an actuary based on reasonable actuarial principles and assumptions necessary to maintain the plan in sound condition.

Contribution to the plan is determined using the projected unit credit method where current service cost is the present value of retirement benefits payable in the future in respect of the services for the current period. The past service cost is the present value of the units of benefits payable in the future with respect to services rendered prior to valuation date.

Management performs an annual Asset-Liability Matching Study ensuring better investment return together with contributions to pay sufficiently for the pension benefits as they fall due while at the same time, mitigating various risks the plan is exposed to. As of end December 2022, the fair value of the Retirement Fund assets amounted to ₱839.9 million against the defined benefit obligation of ₱505.6 million.

Financial assistance received from Government

201-4

The Company has not received any assistance from the government either in cash or in-kind in 2022.

PROCUREMENT PRACTICES 2016

204

Management of Material Topic

3-3

Materials, supplies and services for PDP are sourced either from local or foreign suppliers that meet the company's standards set for its products. As most of the raw materials such as copper rods and polyvinyl chloride needed for its production are of high quality, these are procured outside of the country in compliance with the mandatory requirement by the government on imports. Other supplies and services necessary for its operation are sourced locally.

SSRLI

Amanpulo recognizes the need for initiatives that promote sustainable procurement practices especially those that contribute to community development both socially and environmentally that would likewise benefit both internal and external stakeholders.

With this in mind, Amanpulo management spearheaded by its Purchasing Department continuously assess and ensures that possible potential negative impacts shall be mitigated from the sourcing of supplies and materials up to the services provided and rendered to the resort. The Resort believes in making responsible choices and encourages all its partner micro-entrepreneurs, businesses and service providers to practice the same for a more sustainable future.

During the period, no procurement practice that contributes or is linked to water pollution, child labor, unfair labor practices and other negative impact to the society and the environment has been monitored by nor reported to Amanpulo.

SSRLI continue to assess ways to improve procurement process in terms of resource sustainability prioritizing locally-sourced products by micro enterprises especially when the quality and price is competitive with those from businesses outside the location of the actual business operation. It has been working closely with suppliers at the actual location of operation which results to attracting additional investment to the local economy while maintaining positive community relations.

Proportion of spending on local suppliers

204-1

SSRLI/Amanpulo

Location	Proportion of spending in percent
In-country (Philippines)	91%
Locally-sourced (Nearby communities)	6%
Importation	2%

ENVIRONMENT
ENVIRONMENTAL STEWARDSHIP

WATER & EFFLUENTS 2018

303

Management of Material Topic

3-3

SSRLI

As a hospitality establishment, the need for water in sustaining its business operation is high. Because of this need, it has acknowledged that potential negative impacts are likely to occur when these impacts are not managed well. Being situated on an island, the Resort sourced all its water requirements from the sea. It converts seawater into fresh water for the entire consumption of the Resort with the use of desalination process through reverse osmosis. The by-product of this process from the desalination plant is brine water at an estimated of 28 mega liters per month and is discharged back directly to the sea, with no identified water stress.

In order to mitigate potential impacts of water use in general that would not pose hazard to the coastal water and nearby communities, the Resort ensures that all wastewater and effluents from its operations are properly managed. All gray water is treated in a wastewater treatment facility. With sustainability and environmental stewardship at the heart of Amanpulo, a long-term solution of having a wastewater treatment facility with multi-level treatment process (comminution, aeration, settling, chlorination and aerobic digestion) has been installed. This effectively allows the resort to have zero discharge of any grey water out into the sea. All treated wastewater is reused in gardens, road watering to prevent dust and fire hydrants.

Its protection and conservation efforts is aligned with the island's ecosystem requirements by commissioning an Environmental Impact Assessment and preparing a long-term Environmental Management Plan (EMP).

Amanpulo has an Environmental Compliance Team with the General Manager as the Chief Environmental Executive working with two Pollution Control Officers (PCOs) accredited by the Department of Environment and Natural Resources (DENR) - Environmental Management Bureau (EMB). The PCOs oversee the operation of all facilities that are concerned with the water requirement of the Resort ensuring that annual water sampling (potable and wastewater) and self-monitoring is being conducted in a timely manner indicating its commitment to maintaining the ecological balance of the island and thus, having sustainable island resort operation. Further, DENR-EMB annually inspects the resort's facilities and validates all reports submitted. The Resort complies strictly with Toxic Substances and Hazardous Wastes Control Act of 1990 (RA No. 6969) and the Philippine Clean Water Act of 2004 (RA No. 9275).

Amanpulo follows procedures in setting its annual goal and objectives for its overall operation, including its water utilization targets. The Engineering Department spearheads the target setting during annual planning in consultation with strategic departments that use water the most. The Engineering Department and other units have learned the value of strategically setting its targets, goals, and objectives, monitor daily undertakings and evaluates achievement of these goals and objectives annually for the overall operational improvement. Stakeholders' suggestions, findings and observations concerning water management are always taken into account in planning, evaluation, and setting them as guidelines for improvement.

Interactions with water as a shared resource

303-1

Amanpulo sources its water requirement through reverse osmosis seawater desalination. Water consumption is being utilized for the whole island resort operation that includes all casitas, villas, restaurants, swimming pools, back-of-house and offices operation.

To reduce further impacts that may affect the environment and the Resort's operations, reminders are sent out frequently, orientation for newly hired employees is also undertaken, leaks are repaired and guidelines to conserve water are provided to all stakeholders. Withdrawal, discharge and consumption are measured and recorded using calibrated standard water meter and continuously monitored by the resort's PCOs for record maintenance and monitoring.

Management of water discharge related impacts

303-2

Monitoring and recording of the quality of effluent discharge is regularly done by the PCOs. This includes sending wastewater samples to certified laboratories to measure the physical, chemical and biological characteristics of wastewater.

Water withdrawal

303-3

Water withdrawal in All Areas
303-3-a

Water withdrawal by source	ALL AREAS In Mega liters
Surface water (total)	0
Groundwater (total)	0
Seawater (total)	520 ML
Produced water (total)	0
Third Party Produced water (total)	0
Total third-party water withdrawal by withdrawal source	0
Surface water	0
Groundwater	0
Seawater	0
Produced water	0
Total water withdrawal in ALL AREAS	
Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	520 ML

Water withdrawal in areas with water stress is zero.

Total Water Withdrawal from Each of the Sources in Mega liters by The Following Categories
303-3-c

Water Withdrawal from Each of the Sources in Mega liters by the Following Categories	ALL AREAS (In ML) Disclosure 303-3-a	AREAS WITH WATER STRESS (In ML) Disclosure 303-3-b
Water withdrawal by source		
Surface water (total)	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)		
Other water (>1,000 mg/L Total Dissolved Solids)		
Groundwater (total)	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)		
Other water (>1,000 mg/L Total Dissolved Solids)		
Seawater (total)	520	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)		
Other water (>1,000 mg/L Total Dissolved Solids)		
Produced water (total)	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)		
Other water (>1,000 mg/L Total Dissolved Solids)		

303-3-d

The Resort has four units of Reverse Osmosis Facility with the following capacities: RO unit No.1 = 200 cubic meter/day, RO unit No. 2 = 300 cubic meter/day, RO unit No. 3 = 200 cubic meter/day, RO unit No.4 = 750 cubic meter/day. To date, the Resort's fresh water supply has been upgraded to a total capacity of 1,450 cubic meters per day. The preceding data have been compiled based on the actual capacity of Desalination Tank and Reverse Osmosis Facilities.

Water discharge

303-4

Table 4. Total water discharge to All Areas
303-4-a

Water discharge by the following types of destination	Requirement (Reference)	ALL AREAS In Mega [liters]
Surface water (total)		0
Groundwater (total)		0
Seawater (total)		312 ML
Total third-party water discharge		
Specify Organizations if applicable		
Organization A		0
Organization B		0
Total water discharge in ALL AREAS		28

Water discharge to areas with water stress is zero.

Table 5. Total water discharge to All Areas by Categories
303-4-b

Water discharge to all areas by categories	ALL AREAS In Mega [liters]
Surface water (total)	0
Freshwater (≤1,000 mg/L Total Dissolved Solids);	
Other water (>1,000 mg/L Total Dissolved Solids).	
Groundwater (total)	0
Freshwater (≤1,000 mg/L Total Dissolved Solids);	
Other water (>1,000 mg/L Total Dissolved Solids).	
Seawater (total)	312
Freshwater (≤1,000 mg/L Total Dissolved Solids);	
Other water (>1,000 mg/L Total Dissolved Solids).	
Total third-party water discharge	0
Freshwater (≤1,000 mg/L Total Dissolved Solids);	
Other water (>1,000 mg/L Total Dissolved Solids).	
Total water discharge in ALL AREAS	28

Water consumption

303-5

Table 8. Total water consumption by All Areas
303-5-a

Total water consumption by source	ALL AREAS In Mega [liters]
Surface water (total)	0
Groundwater (total)	0
Seawater (total)	204
Produced water (total)	0
Third Party Produced water (total)	0
Total third-party water withdrawal by withdrawal source	
Surface water	0
Groundwater	0
Seawater	0
Produced water	0
Total water consumption in ALL AREAS	204
(Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	

Water consumption in areas with water stress is zero.

Table 10. Water consumption
303-5-c

Water consumption	ALL AREAS	AREAS WITH WATER STRESS
Total water consumption (303-5-a) and, (303-5-b)	204 mega liters	0

There was no change in water storage and the Resort has no facilities located in areas with water stress whether for water withdrawal and/or water consumption.

Supply chain *(organization's water suppliers)* information

303-3, 303-5 (Clause 2.5.2)

The Resort supplies its own water requirement through its desalination plant.

WASTE 2020

306

Management of Material Topic

3-3

PDP

PDP is committed to environmental protection and stewardship. Thus, PDP's waste disposal and management system while compliant with laws is driven more by its values. Being involved in a wire and cable manufacturing business, PDP regularly produces potentially hazardous waste materials as part of this production process that can pose harm to the environment affecting the working conditions and health of its workers at the plant site, nearby locators and most importantly, the local communities where PDP operates its production.

A properly managed waste disposal system will lessen the impact of hazardous waste to the environment and the employees working in the Plant. The organization has not been involved in any negative impact because it has put in place a waste management system to ensure hazardous waste produced by its production process is handled in accordance with existing environmental laws.

Ensuring mitigation of potential negative impacts, PDP endeavors to install an environmental management system that has passed the standards of ISO, in particular ISO 14001:2015.

The organization always adopt a "whole of organization" approach in every aspect of its operations demonstrating that everyone is involved from top management down to the rank and file. Committees are established, with representations from various departments, to ensure the safety commitment of PDP is adhered to at all times. This include hazard and risk identification and proposed solutions to mitigate identified risks.

The effectiveness of the PDP's actions is tracked first by establishing key performance indicators per objective. These are then monitored quarterly and discussed during the quarterly internal audit assessments done by the Company. The goal of managing hazardous and non-hazardous waste has always been 100%.

SSRLI

Amanpulo is cognizant of the fact that waste management plays a crucial role in its over-all goal of maintaining the value and superiority of its products and services. Had it not been for conscious and sustained efforts in managing its wastes, potential negative impacts of wastes generated may have arisen because of its operation. These potential impacts may have caused contamination of the surrounding coastal waters, proliferation of unsegregated plastic waste and many others that would have affected its occupancy rate pulling down its the business operation. Equally important are the nearby local island communities whose livelihood incomes depend on the bounty of the sea.

Amanpulo has not been involved with any negative impacts through its activities or because of its business relationships.

Having waste management strategies and action plans in place, the Resort is able to prevent or mitigate potential negative impacts. These action plans include ensuring that all fuel tank related-facilities have standard bund wall preventing spillage incident. Likewise, the sewerage treatment and desalination plants are equipped and properly maintained to process wastewater and seawater to potable water, respectively. A material recovery facility is utilized to segregate non-hazardous (solid) waste and identify those for recycling/upcycling and disposal. On the other hand, hazardous waste generated from kitchen operation, power plants, batteries, light fittings and clinic wastes are safely stored on-site at the hazardous waste storage building and are disposed of regularly, hauled and treated by a DENR-accredited transport, treatment and disposal facility in compliance with the rules and regulations issued by the local government units and the DENR. In 2022, there has been no hazardous waste spillage incident from the point of origin to third party treatment facility.

Tracking and monitoring the effectiveness of the actions taken, the Resorts through its appointed PCOs assess the waste management practices and level of compliance with rules and regulations, ensuring that waste management process are followed:

- Quarterly potable water and wastewater sampling analysis thru a DENR accredited water testing laboratory
- Submission of the quarterly Self-Monitoring Report to DENR-EMB
- Ensure that the Material Recovery Facility segregates and sorts-out various wastes according to classification
- Monitor the optimal performance of the wastewater treatment plant and/or sewage treatment plant

Further, the Resort is consciously steering the operations towards a plastic free environment. Guests rooms' bathroom amenities use refillable containers instead of single use packaging, food & beverage items minimally utilize single-use plastic; on-site production of filtered and bottled purified/alkaline drinking water supplied to restaurants and guests' rooms; upon arrival at the resort, guests are asked about their preferred cleaning schedules along with an orientation on its linen upcycling program. In addition, the Resort currently uses LED in addition to photo-voltaic cell lightings regulating lightings in public and open spaces, where the light is triggered on and off automatically by the availability of natural light.

The DENR-EMB also conducts annual on-site inspection and sit-down dialogue with Management spearheaded by its PCOs to validate all the reports submitted to the agency.

Waste generation and significant waste-related Impacts

306-1

PDP

PDP generated 1,063MT of waste from its manufacturing operations, 120MT of which was classified as hazardous and 943MT as non-hazardous. Hazardous waste such as used industrial oil and sludge, oil-contaminated materials, non-halogenated organic solvents and mercury and mercury compounds are stored in a sealed storage area until it is transported by an accredited third party contractor to an accredited disposal site where these wastes undergoes a complex treatment process before finally disposed of. On the other hand, non-hazardous waste is further classified into recyclable or for reuse, compost and residual wastes. Classification is done at a material recovery facility inside the manufacturing plant. During the period, recycled/reused waste was at 912MT while the residual waste was 36MT. The latter was disposed in an accredited landfill site by contracted third party service provider.

During the period, no significant waste-related impacts were reported nor recorded by PDP.

SSRLI

All island waste is segregated in the Materials Recovery Facility of Amanpulo. Identified hazardous waste from used oil, batteries to clinic wastes are all disposed/treated out of the island through a third-party DENR-accredited waste treatment facility. SSRLI has no significant waste-related impacts.

Management of significant waste-related Impacts

306-2

PDP and SSRLI

All plant and island wastes are managed through waste classification and segregation on-site in an established Materials Recovery Facility. Both organizations hired third party contractors accredited by DENR to dispose wastes offsite or in an accredited waste treatment facility.

Waste generated

306-3

Table 1. Waste by composition, in metric tons (MT)

PDP

	Waste generated	Waste diverted from disposal	Waste directed to disposal
Waste composition			
Hazardous	120MT		120MT
Non-hazardous	943MT		
Recycled/Reuse		912MT	
Compost			
Residual			31MT
Total waste	**1,063MT**	**912MT**	**151MT**

SSRLI

	Waste generated	Waste diverted from disposal	Waste directed to disposal
Waste composition			
Hazardous	8.2	0	8.2
Non-hazardous	164.2		
Recycled/Reuse		70.8	
Compost		57.6	
Residual			35.8
Total waste	**172.4 MT**	**128.4 MT**	**44 MT**

Waste diverted from disposal

306-4

Table 2. Waste diverted from disposal by recovery operation, in metric tons (MT)

PDP

	ONSITE	OFFSITE	TOTAL
Hazardous waste			
Preparation for reuse			
Recycling			
Other recovery operations			
Total			
Non-hazardous waste			
Preparation for reuse			
Recycling	912		912
Other recovery operations			
Total	**912**		**912**
Waste prevented			912MT

SSRLI

	ONSITE	OFFSITE	TOTAL
Hazardous waste			
Preparation for reuse	0	0	0
Recycling	0	0	0
Other recovery operations	0	0	0
Total	**0**	**0**	**0**
Non-hazardous waste			
Preparation for reuse	0	0	0
Recycling	70.8	0	70.8
Residual	0	0	
Other recovery operations (Composting)	57.6	0	57.6
Total	**128.4**	**0**	**128.4**
Waste prevented	128.4		128.4

Waste directed to disposal

306-5

Table 3. Waste directed by disposal operation, in metric tons (MT)

PDP

	ONSITE	OFFSITE	TOTAL
Hazardous waste			
Incineration (with energy recovery)			
Incineration (without energy recovery)			
Landfilling			
Other recovery operations		120	
Total		**120**	**120MT**
Non-hazardous waste			
Incineration (with energy recovery)			
Incineration (without energy recovery)			
Landfilling		31	
Other recovery operations			
Total		**31**	**31MT**

SSRLI

	ONSITE	OFFSITE	TOTAL
Hazardous waste			
Incineration (with energy recovery)			
Incineration (without energy recovery)			
Landfilling			
Other disposal operations		8.2	8.2
Total		**8.2**	**8.2**
Non-hazardous waste			
Incineration (with energy recovery)			
Incineration (without energy recovery)			
Landfilling		35.8	35.8
Other recovery operations (Compost)			
Total		**35.8**	**35.8**

ENVIRONMENTAL COMPLIANCE

307

Management of Material Topic

3-3

PDP

PDP has duly complied with provisions of Ecological Solid Waste Management Act of 2000 (RA No. 9003) and RA No. 6969. In compliance with these environmental laws, it has its own facilities at par with other businesses in similar sector where wastes are classified and segregated. With systems in place, potential negative impacts to the environment would be easily mitigated and addressed. Having a positive brand image, PDP enjoys the trust of its customers in most market segments.

SSRLI

Guests who are willing to spend for an excellent and unique vacation experience are looking for service brands that can offer satisfaction of their needs and expectations. Thus, activities are closely scrutinized including whether the resort's offerings of unique experiences include protection of the island's pristine terrestrial and marine ecosystem.

Company-wide clean up drive of Amanpulo

Amanpulo has always made a conscious effort that goes beyond compliance of the following environment laws: Wildlife Resources and Their Habitat (RA No. 9147), RA No. 9003, RA No. 6969, Philippine Clean Air Act of 1999 (RA No. 8749), Presidential Decree 1586 on Philippine Environmental Impact Statement System, and RA No. 9275. Compliance with the mandatory requirements allows the Resort to prepare its mitigating measures should potential negative impacts arise because of its operations. Thus, Amanpulo continue to enjoy patronage from both domestic and foreign guests.

Non-compliance with environmental laws and regulations

307-1

PDP and SSRLI have not been involved in any environmental disputes whether locally or internationally, nor have they been fined or imposed with any administrative and/or judicial sanctions.

SOCIAL
STAKEHOLDER RELATIONSHIPS

EMPLOYMENT 2016

401

Management of Material Topic

3-3

The Anscor Group and each of the companies in this SR have a Human Resource (HR) Department that oversees implementation of policies concerning employees. Embedded in this set of policies is giving paramount importance to employees' safety, health and welfare that address mitigation of potential negative impacts foremost, to employees and their human rights and business continuity. As such, the Anscor Group maintains a safe working environment and reasonable working hours for all its employees.

Management keeps track of compensation of all employees. Salary increases are performance-based. Rank and file employees have annual salary increases to keep up with inflation. The Anscor Group believes that hiring employees provides long-term livelihood with salaries and benefits that are above industry standards which will generate positive impact not just to the employees but also to the businesses' operations.

401-1

a. Total number of new employee hires at the end of December 2022.

		ANSCOR	TOTAL		PDP	TOTAL		SSRLI	TOTAL		ASF	TOTAL	
			2022	2021		2022	2021		2022	2021		2022	2021
By Age Group	18 years old and below	-	-		-	-		0			-	-	
	19-30 years old	-	-		22		22	36	36	10	1	1	
	31-40 years old	1	1	-	5		3	28	28	10	-	-	1
	41-50 years old	-			-		1	12	12	12	-	-	
	51 years old and above	-			-			3	3	2	-	-	
	Total	**1**	**1**		**27**	**27**	**26**	**79**	**79**	**34**	**1**	**1**	**1**
By Gender	Female	-		-	18		4	24	24	6	1		1
	Male	1		-	9		22	55	55	28	-	-	
	Total		**1**		**27**	**27**	**26**	**79**	**79**	**34**	**1**	**1**	**1**
By Region	NCR	1			12		5	34	34	24	-	-	
	Luzon	-	-		11		18	45	45	10	1	1	1
	Visayas	-	-		1		2				-		
	Mindanao	-	-		3		1				-	-	
	Total	**1**	**1**		**27**	**27**	**26**	**79**	**79**	**34**	**1**	**1**	**1**

Rate of New Employee Hires for Anscor is 0.034%; PDP's 9.4%; SSRLI's 4.3% and; ASF is .05%. Reasons for new hires were due to available/vacant positions, replacements of retired and resigned employees.

b. Total number of employee turnover during the reporting period

		ANSCOR	TOTAL		PDP	TOTAL		SSRLI	TOTAL		ASF	TOTAL	
			2022	2021		2022	2021		2022	2021		2022	2021
By Age Group	18 years old and below	-			-		-	0			-		-
	19-30 years old	-		-	15	15	3	23	23	10	1	1	
	31-40 years old	1	1		3	3	2	26	26	32	-		1
	41-50 years old	-		-	2	2	12	16	16	17	-		
	51 years old and above	-		-	1	1		7	7	10	1	1	
	Total	**1**	**1**	**0**	**21**	**21**	**17**	**72**	**72**	**69**	**2**	**2**	**1**
By Gender	Female	-		-	6	6	9	15	15	13	-		1
	Male	1			15	15	8	57	57	56	2		
	Total	**1**	**1**	**0**	**21**	**21**	**17**	**72**	**72**	**69**	**2**	**2**	**1**
By Region	NCR	1	1		11		7	46	46	34	-		-
	Luzon	-		-	7		5	26	26	35	2	2	
	Visayas	-		-	2		1				-		1
	Mindanao	-		-	1		2				-		-
	Total	**1**	**1**	**0**	**21**	**21**	**15**	**72**	**72**	**69**	**2**	**2**	**1**

Rate of employee turn-over for Anscor is 0.034%, 7.3% for PDP, 4.86% for SSRLI and 9.5% for ASF. The reason for turn-over was mostly due to completion of contract, retirement, and other job opportunities such as the new employment is closer to the individual's home or higher pay consideration.

Benefits provided to full-time employees that are not provided to temporary or part-time employees

401-2

Benefits which are standard for full-time employees across four (4) companies are the following: Government-mandated benefits such as: Social Security, Home Development Mutual Funds, Philippine Health Insurance, 13th Month Pay and Vacation/ Sick/Parental Leave. Beyond what is mandated, other benefits include salary loan with no interest, uniform allowance, retirement (pension), and annual performance bonus. Further, above average medical benefits such as HMO, are provided. Recreational activities to promote camaraderie and employees' welfare are also conducted.

Parental leave

401-3

For the covered period, no Anscor employee was entitled to or has availed of parental leave while ASF has three male employees that were entitled to parental leave but none availed parental leave.

OCCUPATIONAL HEALTH & SAFETY 2018

403

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

Management of Material Topic

3-3

PDP

PDP protect its workers with the institutionalization of its Occupational Health and Safety (OHS) system.

With PDP's manufacturing business which involves the operation of huge plant machineries, a mismanaged OHS system's impact to various stakeholders of PDP cannot be understated. It may result in high incidence of recordable incidents, incessant first aids, work stoppage, etc. Likewise, it will impact the PDP's standing in the community it operates in - as most of the workers are also living in nearby communities where PDP's plant is located. Its brand image will be tarnished since PDP projects an image of safety and product quality. Regulatory agencies particularly, DOLE would definitely find violations if assessed through the OHS law. Further, the family of the individual/s who might experience the effect of the accident of their family member – the anxiety, cost and even potential loss of income for the family. It may also be costly for PDP in terms of medical and compliance expense. Most importantly, the impact on the employee who is at the receiving end of the incident.

These impacts are potential in nature since PDP has always strive to provide a safe and healthy working environment to its employees. One that is not only compliant but exceeds the standard of OHS. While accidents could happen from time-to-time, the Company will never be involved in any of it considering that it endeavors to provide measures to anticipate any untoward incident to its employees. The Company is guided by the ISO 45001:2018 standard in its safety guidelines, and has annually renewed the certification under this standard.

Specific provisions of the employee's code of conduct contains penalties for safety violations within PDP's premises. Plant workers are constantly reminded of the PDP's core value on safety with huge posters that are plastered strategically at Plant Site and which read:

SAFETY

We take safety seriously; it is our way of life in Phelps Dodge.

Our Procedures, processes, and working environment are all designed for Safety.

We also encourage Safety to the family members of our employees.

We believe in Safety beyond our Company.

Having the OHS system in place has generated for PDP countless positive impacts for the employees and workers and the business itself. As examples, continuity of operation is assured and therefore workers are assured of continued employment. PDP will incur lower medical expense and medical compensation and it will sustain the reputation of the brand and image of the PDP, among others.

SSRLI

Amanpulo acknowledges that OHS hazards are always present in any work setting and may affect employees and clients making this concern a top priority. The Resort's OHS practices are revisited continuously in order to ensure the over-all well-being of direct stakeholders while at the same time, meeting and complying with government requirements, in particular, adhering to Republic Act No. 11058 (Strengthening Compliance to Occupational Health and Safety Standards).

Since Amanpulo is located in a geographically-isolated island and can only be reached through a one-hour plane flight from Manila, medical assistance in cases of major health emergencies maybe wanting and may negatively impact on the safety of its employees and guests. As such, the Resort has been continuously assessing its systems relating to fire, life and safety through trainings, drills, internal audits, preventive and corrective actions.

The Resort has assigned a Safety Officer Level 4 as required by RA No. 11058 and the DOLE ensuring that OHS practices and procedures are maintained and calibrated as need arises. Along this line, various activities are being undertaken by Amanpulo to improve its OHS initiatives to include Fire Safety Awareness and Fire Drill from the Bureau of Fire Protection MIMAROPA; Basic Life Support with Cardiopulmonary Resuscitation Training from Philippine Red Cross; Water Safety and Rescue Training and Water Emergency Drill from Philippine Red Cross; Lifeguarding Training from Philippine Red Cross; Amanpulo Food Safety and Management System; New Hire Training conducted by the Hygiene and Sanitation Manager; Amanpulo Food Safety and Management System Refresher Training conducted by the Hygiene and Sanitation Manager; Emergency Landing and Unidentified Landing Drills. The effectiveness of the responses in drills may be observed through reaction time, harmony of actions, coordination and incident command system. To assess and affirm the efforts implemented by Amanpulo, annual visits are conducted in the island by various government regulatory entities such as LGU, BFP, DOLE, DENR, PCG and other government agencies.

Amanpulo consider its employees an important resource that needs to be protected. It is mindful and complies/implements mandatory occupational benefits set by the government and even provides beyond what is required. These include but are not limited to Social Security System (SSS); PhilHealth Health Insurance; Home Development Mutual Fund; Working Hours and Holiday Pay; 13th Month Pay; Service Incentive Leave; Sick Leave; Maternity and Paternity Leaves; Employee Accommodations; Safe Drinking Water; Meals (Breakfast, Lunch and Dinner) at the cafeteria; Access to island medical clinic.

For 2023, Amanpulo is aiming to conduct an 8-hour OHS Training by DOLE for its employees to further strengthen the safety and health practices inside the resort. It proactively engages its various stakeholders especially its employees and guests and consider their opinions in improving the resort's occupational health and safety standards.

OHS management system

403-1

PDP

PDP has an existing OHS management system in compliance with the OHS Law (RA No. 11058) which is part of PDP's corporate value of safety and in compliance with the requirement of its ISO 45001: 2018 certification. Its head office in Makati has formed a safety committee composed of representatives from different departments to implement the OSH activities of the organization. An HR staff has also been trained to be an OSH practitioner.

At the plant site, a Safety Committee has been formed to oversee the implementation of the safety and health programs of the organization. Manpower supplement to provide constant monitoring of the program's implementation are as follows: Safety Officer (add-on role for the manager of Plant Engineering), Safety Specialist in a full-time role and, OSH Consultant Practitioner who is a full-time employee.

SSRLI/Amanpulo

Amanpulo has been implementing various standard practices based on the awareness of the risks involved in the performance of various tasks and functions critical in the operation of the resort and therefore the need to protect its employees and guests and secondarily, in compliance with the legal requirement.

Employees and workers who are covered by OHS management system are primarily those whose work involved engineering, electrical and carpentry; housekeeping, preparing and serving food to guests and those in sports and recreation particularly, sea sports.

Workers who are not employees but whose works are under the control of the organization are partly covered by the system. The contracted third party labor suppliers have their own systems that cover their workers.

Hazard identification, risk assessment, and incident investigation

403-2

PDP

Various processes are undertaken by the organization ensuring the quality of its the OHS management system. These processes include:

- Work-related hazards are identified using IMS Form EAHIRA (Environmental Aspect/ Hazard Identification and Impact/ Risk Assessment Table) and follows the IMS Procedure Document No. ISP-GEN-013 Hazard Identification, Risk Assessment and Determining Control;
- A specific evaluation form has been formulated to help assessors in identifying hazards; these forms are centered around per production line identifying processes involved in production and the hazard for each step of the process. From this information, risks are assessed based on likelihood of occurrence and severity of possible outcome. After which, various controls and countermeasures are identified and the risk level is determined.

Further, PDP has a standing potential risk procedure for employees to report work-related hazards. A form can be accomplished by employees should there be an event or condition that poses a risk of an injury. Part of the report form is a short description of the potential risk, an evaluation procedure to evaluate the risk using an exposure and consequence matrix as follows:

CONSEQUENCE \ EXPOSURE	1	2	3	4
4	54.6	109.2	163.8	218.4
3	20.1	40.2	60.3	80.3
2	7.4	14.8	22.2	29.6
1	2.7	5.4	8.2	10.9

Based on the matrix above, the hazard can be assessed if tolerable, high or extreme. Immediate and corrective actions are also indicated in the report.

In addition, PDP follows IMS Procedure DOCUMENT No. ISP-GEN-012 when investigating accidents/incidents:

- The Operator/employee and Contractor are responsible to report any incident/accident that may occur
- Concerned Department Manager/Supervisor/ Operations Manager/Safety Officer with other Safety Leaders will conduct investigation using Accidents, Incidents, Occupational Illnesses Investigation Report
- The concerned Department Managers/Team Leaders will prepare and submit within 24 hours after the occurrence to the Plant Manager for review. The Plant Manager may ask for a special meeting for further review and discussion of the Incident to the Safety Leaders, concerned person, witnesses, other persons involved to come up with corrective/preventive action when needed, if possible with the injured person.
- The team must identify the category of accidents/ incidents if it is near misses/first aid/occupational illnesses/recordable.
- When an accident/incident is recordable, the HFACS (Human Factor and Analysis Classification System) team must prepare root cause analysis using HFACS no later than 15 days after the occurrence and must be sent to the Operations Manager.

- Deploy Incident to all PDP employees through email/DDS
- The Safety Officer will request corrective/ preventive action from concerned area leader of Manager. (ISP-IMR-002: Corrective/Preventive Action Report)
- The incident will be discussed in the monthly Safety Committee Meeting/Monthly Safety Managerial Meeting – if possible, with the injured person

SSRLI

Safety and health are top priorities of the Amanpulo and it acknowledges that OHS hazards are always present which can affect its employees and guests.

Amanpulo continuously revisit all its OHS practices to meet and comply with RA No. 11058.

The appointed Safety Officer Level 4 ensures and oversees that the implementation of OHS is maintained if not improved on a regular basis.

Occupational health services

403-3

PDP

OHS is managed by a committee composed of employee representatives and Management. Also, PDP has a designated Safety Officer, Safety Specialist and OHS practitioner who are full-time employees of the Company. Established procedures are well cascaded to all employees and is faithfully practiced by everyone. This management-employee driven committee guarantees ownership of the process thus ensuring that procedures and guidelines are adhered to.

All employee's health-related information is covered by the PDP's data privacy policy.

A glimpse of PDP Plant in Tarlac showing a clean and an orderly arrangement of machines and equipment inside the manufacturing plant ensuring occupational health and safety of all employees and workers.

SSRLI

The Resort has a medical clinic that provides basic health services to its employees and workers and such services are available any time and, usually, every day (24×7). The facility is manned by competent medical professionals headed by a medical doctor and two registered nurses.

Employees and workers are provided with orientation on the various health and safety services they can availed of from the medical clinic in a manner and language that these employees and workers could understand. Further, they are afforded with break time during working hours that would allow them in seeing the doctor when needed.

Where there is a need for medical intervention at a tertiary medical institution, the medical doctor requests immediate approval from the Management for an air transport for the employee/worker, or arrange ambulance pick-up and referral is made to a hospital of choice by the employee or at the discretion of the company.

Amanpulo provides its employees with health cards with fully paid annual premiums through a third party health maintenance organization. Further, part of the Resort's occupational health services standard is the provision of an on-site annual physical examination to its employees and workers conducted by a third party professional medical service provider.

Respect of workers' right to privacy is embedded in the occupational health services of the Resort. It ensures strict confidentiality and protection of identity of an individual from data breach of medical information and unauthorized intrusion of privacy pertaining to health matters. The Resort's HR Department along with its Medical Clinic are tasked with ensuring record safety and confidentiality in compliance with the Data Privacy Act of 2012 (RA No. 10173).

Worker participation, consultation, and communication on OHS

403-4

PDP

Workers of third party contractors commissioned by the Company usually work within plant premises. However, their work and workplace (except in the Safety aspect) is not controlled by the organization. They have a separate safety officer and safety regulations, which conforms with PDP's regulations.

SSRLI

While the Resort has no formal joint management-worker health and safety committee at present, employees are regularly represented by their department heads/supervisors in meetings, consultations and communication on OHS. As a standard procedure, department heads cascade this information and seek employees' and workers' comments and recommendations on matters important to them.

Daily meeting and walk around by Plant Leaders to ensure cleanliness and directly respond to production floor concerns.

Worker training on OHS

403-5

PDP

Training in OHS is a government-mandated activity, which the Company conducts annually. Aside from refresher courses on safety and lean operations, training is being done to continually remind everyone regarding the Company's policies and procedures. Trainings are usually conducted within the Company premises and administered by the Company's Safety Specialist and OHS practitioner. A pre-assessment exam is usually given to assess employees' level of understanding and training needs. Please see page 48 for the list of trainings conducted by PDP.

SSRLI

Please see page 39 for the list of workers' training for 2022.

Promotion of worker health

403-6

PDP

PDP provides medical service thru its doctor-consultant and company nurse. Aside from the clinic, it maintains a host of dental and hospital networks that the employee can go to for any health-related concern.

SSRLI

Employees' and/or workers' access to non-occupational medical and healthcare services is made by the company through annual financial contribution for the health cards' annual premium through a third party medical service provider.

Further, the scope of access to non-occupational medical and healthcare services include the following:

- Access to various health information is continuously available with the installation of a health information board strategically located at the staff cafeteria. This info board contains information, education and advocacy health materials on the following: promotion of healthy lifestyles practices to reduce risk from diabetes, hypertension, and smoking.
- A quarterly health promotion lectures on simple but essential ways to wellness and good nutrition are discussed.
- Further, it has set-up a gym for use by its employees and workers and an annual sports festival promoting various physical exercises.
- Individual counselling is continuously being done to employees and workers that showed or have experienced stress due to work or family concerns and, individual health reminders on effects of smoking and cessation strategy.

The Resort also provides access to quality and affordable medicines at its medical clinic. Aside from this, local employees' and workers' families and relatives are able to access medical consultations and medicines from the clinic and air transport when health emergencies occur.

Prevention and mitigation of OHS impacts directly linked by business relationships

403-7

PDP

In addition to the procedures above, PDP exerts its influence to employees to ensure safe practices inside and outside company premises. Accidents occurring outside company premises are also reported and monitored.

SSRLI

As a continuing response to the pandemic in 2022, although cases were expected to dwindle, Amanpulo has continuously implemented its health and safety systems and procedures in accepting guests at the resort in order to ensure that its employees and workers are protected along with guests who are already in the resort.

For suppliers whether from Manila or from the local communities, safety procedures where put in place for receiving materials and supplies delivered to the resort. Employees and workers from the supply chain are required to have vaccination card and/or negative certification of antigen test before they are allowed to enter the premises or dock at the resort pier where supplies are delivered. All supplies and materials undergo disinfection procedures before these are finally brought to the storage facilities of the resort.

Workers covered by an OHS management system

403-8

PDP

Only direct-hired employees of PDP are covered by the OHS system. Workers of third party contractors are not controlled by PDP and has their own OHS system, which is generally patterned after PDP's.

SSRLI

All employees are covered by an OHS management system. Workers who are not employees of the Resort but whose work and/or workplace is controlled by the Resort are not covered by the system. The contracted third-party labor supplier/s takes responsibility of its own workers. Nonetheless, the workers can easily access the services of the medical clinic should the need arises.

Work-related injuries

403-9

PDP

All employees and Workers who are not employees

Work-related injuries	Employees	Others (4D, EGSI, PNG)	
Number and rate of fatalities as a result of work-related injury;	NONE	NONE	May incident - Regular Employee did not follow the LOTOTO procedure June incident - The contractor personnel was not focused and was in a hurry to mount the truck October incident - Regular employee went inside the cage to move bow and cradle downward. Disciplinary actions were imposed and the incidents were relayed to other workers as reminder on our safety policies
Number and rate of high-consequence work-related injuries (excluding fatalities);	Two incidents - Regular Employees, laceration on left index finger last May 21, 2022 and bruises/wound on right arm last October 24, 2022	One incident, contractual employee, laceration about 5cm on upper right forehead last June 15, 2022	
Number and rate of recordable work-related injuries;	NONE	NONE	
Main types of work-related injury;	First aid incident	First aid incident	
Number of hours worked.	626,664		

SSRLI

All employees

	Fatality	Incidence of high consequence work-related injury	Rate of high consequence work-related injury*
	Year 2022		
Work-related injuries			
Company Employees	0	0	2.78
Work-related Ill Health			
Company Employees	0	0	0

The data above is calculated based on 300,000-manhours worked with average manpower of 300 and 835,200 man hours. No commuting injuries was recorded as 98% of its employees and workers are provided with accommodation inside the resort.

There was no fatality recorded for 2022.

For all workers who are not employees but whose work and/or workplace is controlled by the organization

	Fatality	Incidence of high consequence work-related injury	Rate of high consequence work-related injury*
	Year 2022		
Work-related injuries			
Workers who are not employees	0	0	2.32
Work-related Ill Health			
Workers who are not employees	0	0	0

The data above is calculated based on 300,000-manhours worked with average manpower of 250 and 696,000 man hours. No commuting injuries was recorded as 98% of its employees and workers are provided with accommodation inside the resort.

There was no fatality recorded for 2022.

Work-related ill health

403-10

All employees and for all workers who are not employees but whose work and/or workplace is controlled by the organization

PDP

Work-related ill health	Employees	Others (4D, EGSI, PNG)
The number of fatalities as a result of work-related ill health;	NONE	NONE
The number of cases of recordable work-related ill health;	NONE	NONE
The main types of work-related ill health	Work-related musculoskeletal disorder (muscle and joint pain)	Work-related musculoskeletal disorder (muscle and joint pain)

SSRLI

	Fatality	Incidence of high consequence work-related injury	Rate of high consequence work-related injury*
	Year 2022		
Work-related injuries			
a. All Company Employees	0	0	1.53
b. All workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	1.53
Work-related Ill Health			
a. All Company Employees	0	0	0
b. All workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	1.53

The data above is calculated based on 1,000,000 man-hours worked with average manpower of 550 and 1,531,200 man-hours. No commuting injuries was recorded as 98% of its employees and workers are provided with accommodation inside the resort.

There was no fatality recorded during the period. Also, no record of ill health aggravated by work has been observed nor documented such as skin and respiratory diseases, malignant cancers, diseases caused by physical agents (e.g., noise induced hearing loss, vibration-caused diseases), and mental illnesses (e.g., anxiety, post-traumatic stress disorder).

TRAINING & EDUCATION 2016

404

Management of Material Topic

3-3

PDP

Operating PDP's business requires competent and skilled people to manage the actual plant operations. In order to ensure that potential negative impacts are mitigated, programs and activities to improve and/or upgrade employee's knowledge, skills and proper attitude towards self and work are in place. This allows the HR Department to plan knowledge and skills acquisition that would provide employees necessary tools to meet strategic targets in a challenging work environment. PDP believes that the more skilled employees there are within the organization, the more it enhances the company's human capital that contributes to employee satisfaction, which correlates robustly with improved performance thereby achieving the company's goals.

SSRLI

Amanpulo's main goal is to provide services to meet the needs and expectations of its guests coming from a wide range of backgrounds and different cultures to achieve a pleasant customer experience. The hotel industry consists of different services requiring technical knowledge as well as interpersonal and soft skills.

Amanpulo is committed to invest in its employees' professional and personal development supporting their journey with the organization in order to avoid potential negative impacts. Creating a culture of trained and highly skilled employees, Amanpulo tapped eCornell, Typsy and LinkedIn Learning as partners in providing training and education to help achieved the goals and objectives of broadening employee's knowledge and skills and at the same time, helping them achieved their career path. Training and education play a vital role in achieving favorable outcome for the business and the advancement of its employees contributes to Amanpulo's continued success and recognition worldwide.

Average hours of training per year per employee

404-1

PDP

Employee Category	Number of Employees		Ave. Hours of Training	
	Male	Female	Male	Female
Senior Management	7	2	115	40
Middle Management	6	4	136	73
Technical	13	8	287	103
Administrative	3	8	68	110
Production	6			
Others, specify:			117	
Total No. of Employees	35	22		
	Total Number of Training Hours		723	326

The average hours of training that the organization's employees have undertaken during the reporting period is 18.40 hours. In terms of gender, a male employee averages 20.66 training hours while a female employee's average is 14.82 hours.

PDP

Average training hours by gender and employee category

By Gender	Average Training Hours
Female	14.82
Male	20.66
By Employee Category	
Senior	17.22
Middle Management	20.90
Technical	18.57
Administrative	16.18
Production	19.50

SSRLI

Employee Category	Number of Employees		Total Hours of Training	
	Male	Female	Male	Female
Senior Management	7	2	55	5
Middle Management	48	30	907	533
Technical	45	1	1,119	5.00
Administrative	8	8	115	41
Production	183	85	3,113	1,415
Others, specify:				
Total No. of Employees	291	126		
	Total Number of Training Hours		5,309	1,999
	Average Number of Training Hours		18.24	15.86

Programs for upgrading employee skills and transition assistance programs

404-2

PDP

Training programs given to employees are either in-house or externally sourced training. A training is external if it is done outside the facility of the organization and is conducted by a third party service provider. It is internal if the resource persons are training officers of the company.

Training is also classified as either technical or non-technical. Technical trainings are provided to employees to upgrade their skills and thus help them fulfill their job roles and objectives. Non-technical trainings deal more with behavioral changes, leadership and management skills.

Trainings provided to employees are identified through the training needs assessment exercise done every 3rd quarter of the current year. In this exercise, gaps are identified and interventions are identified to close the said gaps.

For 2022, the company provided trainings on: Delivering Customer Service, Leadership, BLS & First Aid Training, Train the Trainer, Mastering Management, Transition to Management, Strategic Operations Management, Level up Leadership, Critical Thinking Seminar, HIRAC & LCM, 2022 Year End Tax Updates and, Management Development Program.

Part of PDP's training program are refresher courses on safety and lean system. PDP conducted 6 sessions equivalent to 8 hours of training in 2022 on safety and lean systems.

PDP has no program to prepare employees nearing retirement.

SSRLI

The HR Department as culture bearers of learning and development continuously formulates effective approaches intended to promote career growth and provide opportunities for employees' promotion. Each employee undergoes an annual performance review in which the manager of a department evaluates employees' work performance, identifies strengths and weaknesses, and offers feedback and set goals for future performance and growth. With continued guidance and assessment of the HR Department together with the whole management team, annual training plans are prepared for their respective staff based on the result of performance assessment creating a learning environment that explore potentials and expands the knowledge and skills of employees.

The tools employed to train the employees are found effective and have helped in the achievement of set targets of the organization. These are measured through positive feedback of guests, repeat guests and recognitions received by Amanpulo during the year. The Resort has no program to prepare transitioning employees from an active employee going to retirement.

Percentage of employees receiving regular performance and career development reviews

404-3

PDP

Employee Category by level and function	Employees			
	Female		Male	
	Number	%	Number	%
Senior Management	1	0.35	4	1.39
Middle Management	1	0.35	8	2.79
Technical	19	6.62	41	14.29
Administrative	33	11.50	62	21.60
Production			118	41.11
Others, specify:				
Total No. of Employees	54	18.82%	233	81.18%

SSRLI

Employee Category by level and function	Employees			
	Female		Male	
	Number	%	Number	%
Senior Management	3	0.88	5	1.47
Middle Management	28	8.21	39	11.44
Technical	1	0.29	58	17.01
Administrative	8	2.35	22	6.45
Production	53	15.54	124	36.36
Others, specify:				
Total No. of Employees	93	27.27%	248	73.73%

LOCAL COMMUNITIES 2016

413

Management of Material Topic

3-3

SSRLI

The Resort believes that a strong partnership with local communities would lead to the enhancement of the various facets of local communities' life including economy through local livelihoods, welfare and environmental protection and more importantly creating a sustainable future benefiting current and future generations.

Because of the strong sense of corporate social responsibility of the organization's Board resonating to management and employees, there was no recorded actual negative impacts that is linked to the products and services brought about by the corporate presence and operations of the resort. Without the passion and bias for the local population, potential impacts such as unmet expectations primarily on employment and livelihood opportunities may have affected the relationship between Amanpulo and the local communities.

At the onset of resort operations, there was already a conscious effort on the part of the Board and is expressed in its policy that local communities be provided with access to opportunities for employment at the Resort, supply of local products generating livelihood which was later expanded to helping local communities have access to basic health and education supports for local schools and students. Community engagement is made through open communications and dialogues were the key elements used primarily of reaching consensus over concerns that affect either of the parties. These have strengthened the partnership between the local community and Amanpulo.

Amanpulo has built a positive and inclusive growth for surrounding communities as exemplified by:

- continuously creating employment opportunities for the locals at the resort;
- supplying the resort of locally-made products and seafood;
- providing access to senior high school students for their curriculum-required immersion at the resort in the field of carpentry/ engineering, culinary, food and beverage service and housekeeping;
- donating supplies, tools and equipment for the senior high school tech-voc laboratory facility for the use of students; and
- collaborating with ASF by supporting the latter's efforts in basic health such as medical missions and environment protection.

Operations with local community engagement, impact assessments, and development programs

413-1

One aspect of Amanpulo 's operations that requires constant engagement with the local community is the procurement/supply of local products for its use. Another is the enhancement of the guests' experiences on local culture, by engaging with the local high school to allow its senior high schools students to prepare local snacks, presents local dances and hold guided tours around the community.

Based on the annual report and findings of regulatory agency, the Resort has fully complied with environmental requirements necessary in its operations.

Operations with significant actual and potential negative impacts on local communities

413-2

Amanpulo's operation is limited to an exclusive and geographically defined area (an island) with no local population residing (permanent or transient) in it except for its in-house employees and guests. As such, the likelihood of having an environmental impact on the neighboring local communities is quite distant and unlikely. Operations with potential negative impacts on local communities would have been when there is improper waste disposal and is dumped to the sea and, if water is sourced on the ground. Since Amanpulo is very particular on how it manages its water use and waste, these would not have any negative impact in the island where the operation takes place and more so, to the neighboring local island communities.

Bringing joy to Manamoc children thru toy-giving program of Amanpulo

Ensuring sustained supplies of high value crops and vegetables, Amanpulo has set-up its own organic vegetable garden.

CUSTOMER PRIVACY 2016

418

Management of Material Topic

3-3

ANSCOR

Anscor has around 11,000 shareholders. Ensuring the privacy of the personal data of its shareholders is an important commitment of the Company. As a publicly listed company, it is required to engage a stock transfer agent that will handle matters relating to the maintenance of the stock transfer book of the Company. Under existing rules of the National Privacy Commission (NPC), the Company can be considered as a Personal Information Controller with respect to the personal data of its stockholders since the Company instructs its stock transfer agent to process the personal data of the stockholders on behalf of the Company. On the other hand, the stock transfer agent is considered as a Personal Information Processor as its services has been outsourced to by the Company with instruction to process personal data of the stockholders.

The responsibilities of the stock transfer agent include the preparation, issuance or cancellation of stock certificates and maintaining the list of stockholders of the Company and this would necessarily include keeping the personal data of the stockholders. The involvement of the Company in a potential negative impact may arise by virtue of its business relationship with its stock transfer agent. A potential negative impact may occur if there is a breach of the records under the care of the stock transfer agent. To mitigate any potential risks and impacts, the Company has an existing Transfer Agency Agreement with its stock transfer agent and is committed to protecting the personal and sensitive information of stockholders with the outmost care and confidentiality.

In order to manage a potential negative impact, i.e., a data breach, the Company contractually obligates its stock transfer agent to at all times conduct its business in accordance with applicable laws, rules and regulations and maintain its accreditation and good standing as a stock transfer agent. It shall comply with the Data Privacy Act of 2012 by having its own written Data Protection Policy and strictly adheres to the rules and regulations of the NPC. In addition, the stock transfer agent in maintaining its electronic information shall utilize a highly protected and secure server with firewall and other security controls and conducts regular audit and testing of its system.

Further, the stock transfer agent has these guidelines to protect data information:

- provide comprehensive training to all its employees to inculcate the value of their responsibilities in handling data
- strong passwords are used and never shared
- personal and sensitive data may never be disclosed to unauthorized persons, either within the company or externally
- electronically stored data are secured
- data protection practices such as document shredding, installation of security locks, frequent backups, etc. are practiced.

For the covered period, no data breach occurred and reported by the stock transfer agent.

SSRLI

Managing a high-end resort involves collection of personal data of its local and foreign customers, many of whom are high profile personalities. Hence, Amanpulo acknowledges that customers' privacy is of utmost importance as sensitive data is processed daily, including names, addresses, billings and monetary preferences and other sensitive personal information. It is therefore of prime importance that the resort takes steps ensuring the safety of customers' personal data.

Mitigating possible data breach that may create negative impact on the image of the resort, Amanpulo has established procedures relating to Computer Users and Data Security (2022-ITD-0001) that intends to set acceptable guidelines for the use all IT related devices, operating systems, applications, removable electronic media, network accounts providing electronic mail, internet browsing and remote access that contains hotel data of the resort. Inappropriate use of equipment may expose the resort to various risks such as virus attacks, compromise network system and services, non-compliance of laws and regulations and legal issues.

Amanpulo's managing group (Aman Corporate) has existing procedures and policies as well relating to data security and data breaches including 2021-8-10 Security Incident and Data Breach Reporting Procedure, 2021-8-13 Overview Security Incident Reporting Procedure, 2021-9-14 Security Incident and Data Breach Reporting Procedure and 2021-10-27 Data Breach Management - Security Incident Reporting Procedure v.2. The Resort's IT department manager spearheads as the data privacy officer and ensures that all safety and security measures are implemented at its fullest.

Substantiated complaints concerning breaches of customer privacy and losses of customer data

418-1

The Company and its subsidiaries in this report have not received any non-compliance related-complaints on data breach or data theft in accordance with the Data Privacy Act of 2012.

CORPORATE SOCIAL RESPONSIBILITY
The Andres Soriano Foundation, Inc.

ASF has held firm in its support to island communities in Northeastern Palawan, bringing much-needed assistance to these far-flung and isolated areas even during the difficulties of the pandemic in prior years.

ASF's Small Islands Sustainable Development Program was able to assist in ensuring community-wide protection against COVID by providing vaccinations against the virus to the island barangays of Manamoc, Algeciras, and Concepcion. It also supported local governments' rollout of vaccines through information education campaigns and community dialogues.

ASF's other initiatives were also continued, including those on health and nutrition, water safety and security, environmental protection through proper solid waste management, livelihood promotion and management, and education. The Foundation was able to sustain its strong partnerships with donors and local stakeholders, ensuring that the welfare of local communities was secured while maintaining COVID-safe interventions. In order to accomplish this, the Foundation was able to mobilize over ₱22M from the Anscor group, partners, and donors.

SMALL ISLANDS SUSTAINABLE DEVELOPMENT PROGRAM

Health

The Nutrition Program of the Foundation has remained a lifeline for many families that still have to grapple with the remnants of the pandemic's economic effects. Families with malnourished children were able to continually rely on the provision by the Foundation of food and food items for their additional sustenance. Through both community-based interventions and collaborations with local schools, the Foundation was able to support the nutrition of young children, leading

Mothers and their babies are provided nutritional support throughout the First 1000 Days of Life

to a majority of beneficiaries achieving improved nutritional status by the end of the feeding coverage.

Through the Foundation's Supplementary Feeding program, out of more than 200 malnourished beneficiaries, 84% were brought back to normal weight, thus contributing to overall health of the community. This is a large jump from the 46% recovery noted in the previous year, and was attributed to improving living conditions with the opening up of the communities. Mothers and their babies received nutritional assistance through the continuous implementation of the First 1000 Days Nutrition Program. From previously just one island barangay, the program has expanded to include three island barangays with 69 beneficiaries from a previous number of only 53. Under this program, a strong emphasis is placed on the proper orientation and guidance of pregnant couples regarding prenatal care, proper nutrition, and optimal health practices in rearing a child. Close collaboration with local health authorities is fostered for joint implementation on health information drives, check-ups, provision of vitamins, immunizations, and supplemental food such as fortified milk and iodized salt.

Other health initiatives by the Foundation include the Food Always in the Home (FAITH) Gardening, which promotes backyard gardening for nutrition and food security, potable water system monitoring, and reproductive and family planning initiatives for community health.

Mindful of the important role of infection control and the promotion of proper habits in childhood years, the Foundation was also able to facilitate the construction of handwashing facilities in three island schools which coincided with the return of face-to-face classes of children. These facilities have been crucial in allowing children to stay safe while learning and going to school.

Education

ASF has continued its assistance for the enhancement of the Senior High School program of its supported island community in Manamoc. Through provision of maintenance for the laboratory facility and vegetable nursery, the Foundation has ensured that the Manamoc National High School maintains its high standard of education. In addition, ASF has been instrumental in facilitating the further professionalization and skills up building of the school's personnel.

Scholars of the ASF have already started being engaged in on-the-job training

Scholarships have also been provided to deserving youth in the assisted communities for both technical vocation and academic programs, with some scholars already undergoing on-the-job training in their chosen field.

Livelihood

The Foundation's Livelihood Program ensured that local-based weavers and small-scale entrepreneurs did not lose their source of income, despite the prevailing economic challenges brought about by the pandemic.

Weavers and livelihood groups have continued to be provided with opportunities for economic improvement through training and organizational capacity building. ASF facilitated the training of 14 additional new weavers in two separate island barangays, who can now benefit from having a stable source of livelihood. Regular follow-up and guidance

Handwashing facilities are being used by schoolchildren in supported communities.

With a hat-blocking machine, the quality of weavers' products is improved.

of the capacitated handicraft-groups has enabled them to produce higher numbers of products from the previous year, with note of improved quality due to appropriate quality checks and the use of newly adopted technology facilitated by the Foundation.

Environment

ASF's program on the Environment also gained momentum through its new initiative on solid waste management – the War on Plastics project. This newly launched project aims to reduce the total amount of produced garbage in the islands and build awareness on proper waste disposal and segregation. Through community education and technology for recycling and repurposing of plastic wastes, community engagement can be promoted and active involvement in the goal of achieving waste reduction and environmental protection can be ensured.

With the gradual opening up of communities, there has also been increasing pressure to ensure that environmental protection is not compromised. Through the support of community-driven coastal clean-up activities, mangrove-planting drives, monitoring of marine-protected areas, and collaboration with local authorities, the Foundation has been at the forefront of sustainable and eco-friendly development. In 2022, the Foundation maintained its assistance to six communities in conducting coastal cleanups, with 219 participants. Over 5,000 mangrove propagules were planted as part of coastal resource management.

Community members participate in environmental activities such as mangrove planting

CANCER CARE PROGRAM

The Foundation collaborated with five pharmaceutical companies to support the medical fellowship of seven trainees of medical oncology in the UP-PGH Cancer Institute (PGH). Through this sponsorship, the Foundation envisions a greater number of physicians who can serve cancer patients all around the country, especially in remote areas.

ASF has also been instrumental in providing indigent patients with Stage 2 breast cancer with the necessary medication to complete their treatment. In 2022, ASF's fund was able to support 73 breast cancer patients at the PGH, compared to last year's 53.

Additional assistance has been provided the PGH in the form of donations of funds and facility needs such as sanitary trash bins for all clinical rooms, as well as medical supplies such as masks, alcohol, and gloves.

DISASTER RELIEF ASSISTANCE

ASF supported the rehabilitation of the Andres Soriano Memorial Elementary School (ASMES) in Roxas, Palawan where the last landfall of Odette took place, leaving the school's classroom buildings in a dilapidated state. The roofing and ceiling structures of nine classrooms of the main building were blown off, damaging all the schoolbooks, computers and other classrooms' supplies and equipment. Through ASF's donation, the ASMES hopes to rehabilitate these rooms to better serve their students' education.

GRI CONTENT INDEX

STATEMENT OF USE

The A. Soriano Corporation (Anscor) and the entities included in this report have reported the information cited in this GRI content index for the period 01 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI 1 USED

GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational Details	Page 1 Inside Front Cover
	2-2 Entities included in the organization's sustainability reporting	Page 2
	2-3 Reporting period, frequency and contact point	Page 4 Inside Back Cover
	2-4 Restatements of Information	Page 4
	2-5 External Assurance	Page 4
	2-6 Activities, value chain and other business relationships	Page 5
	2-7 Employees	Page 6
	2-8 Workers who are not employees	Page 8
	2-9 Governance structure and composition	Page 8
	2-10 Nomination and selection of the highest governance body	Page 10
	2-11 Chair of the highest governance body	Page 10
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 11
	2-13 Delegation of responsibility for managing impacts	Page 11
	2-14 Role of the highest governance body in sustainability reporting	Page 11
	2-15 Conflicts of interest	Page 11
	2-16 Communication of critical concerns	Page 11
	2-17 Collective knowledge of the highest governance body	Page 11
	2-18 Evaluation of the performance of the highest governance body	Page 12
	2-19 Remuneration Policies	Page 12 Confidential Data
	2-20 Process to determine remuneration	Page 12 Confidential Data
	2-21 Annual total compensation ration	Page 12 Confidential Data
	2-22 Statement on sustainable development strategy	Page 12
	2-23 Policy commitments	Page 13
	2-24 Embedding policy commitments	Page 14
	2-25 Processes to remediate negative impacts	Page 14
	2-26 Mechanisms for seeking advice and raising concerns	Page 14
	2-27 Compliance with laws and regulations	Page 15
	2-28 Membership associations	Page 15
	2-29 Approach to stakeholder engagement	Page 16
	2-30 Collective bargaining agreements	Page 18

GRI STANDARD	DISCLOSURE	LOCATION
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 18
	3-2 List of material topics	Page 18
GRI 201: Economic Performance 2016		
GRI 3: Material Topics 2021	GRI 3-3 Management of Material Topics	Page 20
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 20
	201-2 Financial implications and other risks and opportunities due to climate change	Page 21
	201-3 Defined benefit plan obligations and other retirement plans	Page 22
	201-4 Financial assistance received from the government	Page 22
GRI 204: Procurement Practices 2016		
GRI 3: Material Topics 2021	GRI 3-3 Management of Material Topics	Page 22
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 23
GRI 303: Water ad Effluents 2018		
GRI 3: Material Topics 2021	GRI 3-3 Management of Material Topics	Page 25
GRI 303: Water ad Effluents 2018	303-1 Interaction with water as a shared resource	Page 26
	303-2 Management of water discharge-related impacts	Page 26
	303-3 Water withdrawal	Page 26
	303-4 Water discharge	Page 27
	303-5 Water consumption	Page 28
GRI 306: Waste 2020		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Page 29
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 31
	306-2 Management of significant waste-related impacts	Page 31
	306-3 Waste generated	Page 31
	306-4 Waste diverted from disposal	Page 32
	306-5 Waste directed to disposal	Page 33
GRI 307: Environmental Compliance		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Page 34
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Page 34
GRI 401: Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Page 36
GRI 401: Employment 2016	401-1 New employee hire and employee turnover	Pages 36 and 37
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 37
	401-3 Parental leave	Page 37

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Page 38
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 39
	403-2 Hazard assessment, risk assessment, and incident investigation	Page 40
	403-3 Occupational health services	Page 41
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 42
	403-5 Worker training on occupational health and safety	Page 42
	403-6 Promotion on worker health	Page 43
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	Page 43
	403-8 Workers covered by occupational health and safety management system	Page 43
	403-9 Work-related injuries	Page 44
	403-10 Work-related ill health	Page 45
GRI 404: Training and Education 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Page 46
	404-1 Average hours of training per year per employee	Page 46
GRI 404: Training and Education 2016	404-2 Program for upgrading employee skills and transition assistance programs	Page 47
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 48
GRI 413: Local communities 2016		
GRI 3: Material Topics 2021	GRI 3-3 Management of Material Topics	Page 49
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessment, and development programs	Page 50
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 50
GRI 418: Customer Privacy 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Page 51
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 52
Corporate Social Responsibility: The Andres Soriano Foundation, Inc.		Page 53

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2-3

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