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
ACFS	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)
11,020	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, 2023**

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 February 29, 2024 - ₱ 14,976,356,916

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 2023 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

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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 2023, the Company's consolidated total assets stood at P27.7 billion. For the year ended 31st December 2023, consolidated revenues of the Company amounted to P13.8 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2023:

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.	97%	Holding Company	Philippines
Minuet Realty Corporation	97%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	97%	Wire Manufacturing	Philippines
PD Energy International Corporation	97%	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.

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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	2023
Building wires	74%
Power Cables	10%
Autowires	4%
Others	12%

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. It 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 of capturing new customers and broadening its market reach in the retail sector. The company is actively exploring new opportunities and products to spur growth, and fulfill customer demands.

In its commitment to sustainability and green objectives, PDP will install solar roof panels in its plant in Tarlac. A strong adherence to safety for its employees and its customers, the health of its employees, the judicious use of its resources, and the active support of projects of the Andres Soriano Foundation are top priorities.

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 through Pamalican Resort, Inc., 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, 2023, 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	42%
Food and Beverage	-do-	26%
Others	-do-	32%

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.

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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.

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

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.

For the last three decades, Amanpulo has established itself as an undisputed destination for those seeking a peaceful, tropical paradise and unique experiences, inspired by natural beauty.

After three years supported by the domestic market, Amanpulo saw the return of foreign guests to the Resort, who represented 75% of visitors. This was enhanced by international sales missions and roadshows to develop the Middle East and Asian markets. Familiarization and media trips hosted in 2023 covered international markets including Singapore, Bali, Brazil, France, and Australia.

Additions to the Resort's recreational offerings included wall climbing, non-motorized water sports equipment, and advanced watercrafts for gliding across the water. The Manamoc sandbar reopened after a hiatus caused by the pandemic. The new Skywatcher Dobsonian telescope gave guests a more immersive look into the night sky for a more impressive stargazing experience. Coming soon will be a game room at the mini clubhouse. Island clean-up was a strong focus throughout the year.

Once again, Amanpulo received international awards such as the "World's Leading Dive Resort 2023," "Asia's Leading Private Island Resort 2023," "Philippines' Leading Luxury Hotel Villa 2023," and the "Philippines' Leading Resort 2023."

Travel + Leisure Southeast Asia Luxury Awards Asia Pacific named Amanpulo as the winner in the 2023 "Beach Island Upcountry Resorts," while Haute Grandeur Global Award recognized the Aman Spa as the "Best Island Spa in Asia."

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.

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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.

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.

With the financial support of ANSCOR and other shareholders, it forged a strategic partnership with Pru Life UK (Philippines) to harness synergies in product development and distribution. ATRAM Trust Corporation ("ATC") was appointed as a fund manager of Pru Life UK's insurance portfolio in August 2023. Moreover, ATC took over the trust operations and entire fiduciary portfolio of Pru Life UK Asset Management and Trust Corp in September 2023.

Other key highlights of the year for ATRAM were: the onboarding of ATRAM unit investment trust funds on the Maya platform, the establishment of a broker dealer firm, Seedbox Securities, Inc., wholly owned by ATRAM's affiliate, Seedbox Technologies, Inc.; and the launch of the first corporate debt vehicle in the market.

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 difficulties. TEC's occupancy and rental revenue weakened due to downsizing of leased premises adapting to work-from-home arrangements, and requests for rental concessions to reduce costs to cope with business challenges.

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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.

Y-mAbs received its first US Food and Drug Administration (USFDA) approval for “Danyelza” in November 2020; its second candidate, unfortunately, was declined approval in 2021.

In response, Y-mAbs refocused its resources on developing the Self-Assembly Disassembly (SADA) technology platform, which may bring longer-term value. In 2023, Danyelza achieved sales of US$80 million and the stock price increased by 40%, from US$4.88 to US$6.82 per share. With this recovery, Anscor modestly reduced its ownership stake.

Other Early Stage and Private Equity Investments

The Company has committed a total of US$38.0 million to the following private equity managers:

- Navegar and Sierra Madre, that both provide growth capital to Philippine companies across consumer-driven private sectors such as casual dining, logistics, e-commerce, business process outsourcing, information technology, education, and retail.
- Asia Partners, a Singapore-based private equity manager, focused on high growth, technology-enabled companies across Southeast Asia; and,
- Third Prime Alpha Fund, a US-based private equity focused on early stage, finance and property technology.

Anscor also invested in:

- AP Tycho I, which has an investment in SCI, a Singapore-based e-commerce company;
- Kafene, an early-stage, US-based financial technology company, alongside Third Prime; and,
- Blue Voyant, an early-stage, US-based cybersecurity firm.

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, 2023, 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.

The second half of 2023 was noteworthy for the arrival of two new Twin Otter aircraft to transport guests to Pamalican Island in safety and comfort.

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, 2023.

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 received the approval of the Department of Agrarian Reform for the extension to develop the property until 2029.

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.

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Other Information

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, 2023, has 30 and 727 employees, respectively. Breakdowns are as follows:

	Parent	**Subsidiaries**	**Group**
Management	15	187	202
Rank and file	15	510	525
TOTAL	**30**	**697**	**727**

- 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.

<u>Other Information</u>

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. On October 3, 2022, the Company filed a demand for payment under the loan and investment agreement to Red Core Group. As of February 29, 2024, the Company is yet to collect the amount due from Red Core Group.

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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, 2023, 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 29, 2024, 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 2023 to a vote of security holders through the solicitation of proxies or otherwise.

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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 – February 29, 2024

Previous Close –	₱	11.10
High		12.20
Low		12.08
Close		12.20

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

	2023		2022	
Quarter	**High**	**Low**	High	Low
First	11.00	8.84	10.44	7.70
Second	11.92	10.10	9.43	8.54
Third	11.18	10.76	9.10	8.00
Fourth	11.70	10.84	9.15	8.21

Source: Monthly PSE Report

Shareholdings Information

The total number of stockholders/accounts as of February 29, 2024 is 11,015 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 29, 2024 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	499,939,713	16.656
4. A-Z Asia Limited Philippines, Inc.	Common	161,546,329	5.385
5. PCD Nominee Corp. (Filipino)	Common	114,207,702	3.807
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. JG Digital Equity Ventures, 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. Emerick Jefferson Sy Go or Girlie Ng Go	Common	1,459,741	0.049
Total		2,883,847,203	96.132

* 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 2022, the Board of Directors declared the following cash dividends:

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

The cash dividends declared by the Board of Directors in 2023 was:

Classification	**Peso Rate Per Share**	**Declaration Date**	**Record Date**	**Payable Date**
Regular	P0.50	01-Mar-2023	16-Mar-2023	10-Apr-2023
Special	P0.50	15-Nov-2023	01-Dec-2023	12-Dec-2023

On February 28, 2024, the Board of Directors declared the following cash dividends:

Classification	**Peso Rate Per Share**	**Declaration Date**	**Record Date**	**Payable Date**
Regular	P0.50	28-Feb-2024	14-Mar-2024	25-Mar-2024

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, 2023, the Company has sufficient retained earnings available for dividend declaration.

Shares in the undistributed retained earnings of subsidiaries amounting to ₱6.6 billion and ₱6.1 billion as at December 31, 2023 and 2022, 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.

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

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

	2023	2022	2021	2020	2019
Net Income Attributable to Equity Holders of the Parent	**2,552.0**	2,800.6	2,504.1	165.6	1,843.6
Equity Attributable to Equity Holders of the Parent	**23,173.0**	21,961.7	20,460.6	18,695.6	19,943.1
Weighted Average Number of Shares Outstanding	**1,227.6**	1,227.6	1,227.6	1,242.0	1,208.0
Earnings Per Share*	**2.08**	2.28	2.04	0.13	1.53
Book Value Per Share**	**18.88**	17.89	16.67	15.23	15.95

	2023	2022	2021	2020	2019
Revenues and Net Investment Gains	**13,798.5**	13,624.7	11,354.1	6,883.7	10,695.4
Total Assets	**27,692.6**	25,138.2	23,625.0	21,602.3	23,112.4
Investment Portfolio	**15,345.4**	14,216.7	13,834.5	12,251.4	14,289.3

* *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		
	2023	2022	2021
REVENUES			
Sale of goods - net	**₱10,147,489**	₱10,727,755	₱8,751,667
Services	**1,709,329**	1,292,107	1,013,454
Dividend income	**368,356**	295,307	399,429
Interest income	**91,870**	67,462	53,534
	12,317,044	12,382,631	10,218,084
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments - net	**1,476,198**	(994,108)	1,124,061
Gain on sale of long-term investment	**-**	2,208,757	-
Gain (loss) on sale of FVOCI investments - net	**(3,497)**	764	532
	1,472,701	1,215,413	1,124,593
EQUITY IN NET EARNINGS	**8,743**	26,640	11,410
TOTAL	**13,798,488**	13,624,684	11,354,087
INCOME BEFORE INCOME TAX	**3,017,196**	3,098,197	2,917,745
PROVISION FOR INCOME TAX	**368,000**	242,155	380,152
NET INCOME	**2,649,196**	2,856,042	2,537,593
OTHER COMPREHENSIVE INCOME (LOSS)	**21,835**	(71,847)	176,601
TOTAL COMPREHENSIVE INCOME	**₱2,671,031**	₱2,784,195	₱2,714,194
Net Income Attributable to:			
Equity holders of the Parent	**₱2,552,018**	₱2,800,558	₱2,504,080
Noncontrolling interests	**97,178**	55,484	33,513
	2,649,196	2,856,042	₱2,537,593
Total Comprehensive Income Attributable to:			
Equity holders of the Parent	**₱2,573,853**	₱2,728,711	₱2,680,681
Noncontrolling interests	**97,178**	55,484	33,513
	₱2,671,031	₱2,784,1945	₱2,714,194

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	Years Ended December 31		
	2023	2022	2021
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	**₱2.08**	₱2.28	₱2.04
Basic/diluted, for total comprehensive income attributable to equity holders of the Parent	**₱2.10**	₱2.22	₱2.18

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

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

PDP Energy and PDIPI

In Million Pesos

	12/31/2023	12/31/2022	12/31/2021
1. Net sales	**10,147**	10,728	8,752
2. Gross profit	**1,606**	1,606	1,603
3. Net income	**963**	956	910

Seven Seas Group

In Million Pesos

	12/31/2023	12/31/2022	12/31/2021
1. Occupancy rate	**49.6%**	47.1%	40.0%
2. Hotel revenue	**1,385.4**	1,088.8	836.1
3. Gross operating profit (GOP)	**507.0**	448.2	327.8
4. GOP ratio	**36.6%**	41.2%	39.2%
5. Resort net income	**183.0**	127.5	64.1
3. Villa development/lease net income	**15.9**	16.0	13.1
4. Pamalican Utilities net income	**3.8**	-	-
5. Consolidated net income	**202.8**	143.5	77.2

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.

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<u>Financial Performance Year 2023</u>

Anscor registered a net income of P2.6 billion, lower than the profit last year of P2.8 billion, which included a one-time gain of P2.2 billion from the sale of the investment in AG&P. Stripping out the gain from the AG&P sale last year, the 2023 net income would have been P2.0 billion higher than 2022.

Phelps Dodge Philippines Energy Products Corporation contributed P1.04 billion to Anscor's profit, comprising equity earnings of P941.4 million and management fees of P99.4 million. The share in resort earnings increased to P126.3 million, from P89.4 million in 2022; and KSA Realty Corporation delivered P89.1 million of cash dividends.

Our financial holdings generated a P1.8 billion gain versus a P0.8 billion loss in 2022, which was a challenging year for financial assets, as global central banks, including the Bangko Sentral ng Pilipinas, embarked on a synchronized campaign of higher interest rates. Portfolio gains were driven by the strong performance of our domestic equity portfolio, despite the Philippine Stock Exchange index registering a 1.8% drop for the year. Furthermore, dividend income of P368.4 million, represented a 25% increase over last year's revenue. Foreign traded equities and other public securities added a P344.7 million gain.

Anscor paid a total cash dividend of P1.0 per share: P0.50 per share on April 10, 2023, and another P0.50 per share on December 12, 2023. The book value per share of the company increased 5.5%, from P17.9 to P18.9 after accounting for dividend payments.

<u>Investments – Group Operations</u>

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

In 2023, PDP experienced a 5% decline in sales volume, driven by a 10% reduction in sales to distributors and dealers. The sales to dealers in the Greater Manila Area (GMA) and Luzon were particularly affected, with a decline of 9% and 27%, respectively, due to weak demand at the retail level. This downturn was influenced by several factors, including an average inflation rate of 6%, which led to higher interest rates that subsequently increased the cost of financing at all levels.

These economic conditions dampened consumer interest in purchasing high-value items, such as housing and real estate, and delayed maintenance activities. Further complicating the sales landscape were project delays in Luzon and Mindanao. Sales to the communication sector fell short of projections, with several projects postponed to 2024.

Additionally, PDP did not secure a significant portion of its customer's low-voltage wire requirements. This negative impact was offset by higher-than-expected sales to GMA and Visayas project customers and to various power generation projects. Export sales exceeded expectations, as its sales tripled compared to the previous year, contributing to the overall sales revenues.

Despite the drop in sales volume, PDP's net income was stable at P963.5 million, due to higher margins from the continued sales of its innovative products such as Aluminum Building wire, Metal Clad cables, and Fire-Rated cables. An increase in export sales also contributed to the 2023 income.

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

In 2023, total revenues of Seven Seas Resorts and Leisure, Inc. increased 27% from the previous year to P1.4 billion, and occupancy increased to 49.6%. Consolidated net income was P202.7 million, higher than last year's profit of P143.5 million.

For the last three decades, Amanpulo has established itself as an undisputed destination for those seeking a peaceful, tropical paradise and unique experiences, inspired by natural beauty.

After three years supported by the domestic market, Amanpulo saw the return of foreign guests to the Resort, who represented 75% of visitors. This was enhanced by international sales missions and roadshows to develop the Middle East and Asian markets. Familiarization and media trips hosted in 2023 covered international markets including Singapore, Indonesia, Brazil, France, and Australia.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

ATRAM Group's client base grew from 1.3 million to 1.5 million and assets under management were P304.3 billion as of end December 2023, 99% higher than the previous year.

ATRAM Group's 2023 revenues hit P1.0 billion, growing 4.4% from P984.9 million in 2022.

KSA Realty Corporation (14.28% owned by Anscor)

TEC's average effective rent for office leases increased from P1,430 per sq.m. in 2022 to P1,450 per sq.m. in 2023. Rental income decreased by 5% and average occupancy during the year fell to 64%, slightly lower than last year's 66%. Net income reached P624.0 million.

Despite the lower rental revenue and net profit, KSA declared P624.0 million in dividends in 2023, of which P89.1 million was Anscor's share.

Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of December 31, 2023 versus December 31, 2022.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2023 and 2022.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash generated from operating activities, partially offset by cash used in investing and 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 higher market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P1.5 billion, partially offset by net disposal of P322.4 million.

Receivables
The decrease in receivables was mainly due to collection of trade receivables by the wire manufacturing and the resort subsidiaries.

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
Movement in the account is mainly due to increase in the creditable withholding taxes of parent company and the resort.

Fair Value Through Other Comprehensive Income Investments (FVOCI) – noncurrent
Net increase in this account amounted to P16.2 million due to net addition in investments of P10.8 million and increase in market value of the FVOCI investments of P5.1 million.

Notes Receivable
The increase was attributable to the P218.0 million advances by the Parent company to ATRAM Investment Management Partners Corporation (AIMP). The advances is a 3-year term convertible note with an annual interest of 8%.

Investments and Advances
The decrease was mainly due to the P27.5 million cash dividend received from AIMP offset by the share in the equity earnings of the associates amounting to P8.7 million.

Property, Plant and Equipment - net
The increase can be traced to net acquisition of property and equipment of P1.4 billion offset by depreciation amounting to P312.8 million, mainly attributable to purchase of two (2) new Twin Otter aircraft by the aviation subsidiary.

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

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

Deferred Tax Assets
Increase in the account mainly recognized deferred tax asset of past service cost.

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
Decrease the account balance pertained to reclassification by the aviation subsidiary of the deposit to aircraft supplier to property and equipment.

Other noncurrent assets
Change in the account balance can be attributed to the increase 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.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2023 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 12, 2023.

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.

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.

Long-term Debt
The long-term debt pertained to IAI's 10-year term loan amounting to P1.0 billion. The loan proceed was used to purchase two (2) new aircraft of the aviation subsidiary.

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

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

Other noncurrent liabilities
Movement in the account can be traced to the use of fund for maintenance and capex requirements of the back of house facilities.

Additional paid-in Capital
Recognition of the 3% non-controlling interest in PDPI amounting to P135 million charged against Additional Paid-in Capital.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. The net decrease in CTA balance is P11.8 million, due slight to depreciation of US dollar vis-à-vis Philippine peso.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Movement in the account is attributable to the removal realized loss from the decline in market values of FVOCI investments, mainly bonds, from January 1 to December 31, 2023.

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

Noncontrolling Interest (equity portion)
Increase was mainly due to the recognition of the 3% non-controlling interest in PDPI and share of minority shareholders in the net income of the resort and aviation subsidiaries for the year 2023.

Others
There were no commitments for major capital expenditures in 2023.

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Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties, nor any significant element of income or loss 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, 2023 as compared to consolidated results for the year ended December 31, 2022:

Revenues

This year's consolidated gross revenues of P13.8 billion slightly increased from last year's revenue of P13.6 billion. Revenue in 2022 included nonrecurring gain on sale of investment in AGP of P2.2 billion. Gain on increase in market value of FVPL investments and higher dividend and interest income were registered in 2023. Lower sales of PDP was offset by a significant increase in revenues of the resort subsidiary.

Cost of Goods Sold

Decrease in cost of goods sold was due to the lower sales volume of the wire manufacturing subsidiary.

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 nine months of 2023 due to higher overhead of the parent company (from bonus paid based on higher net income in 2022) and rise in operating expenses of the resort.

Interest Expense

The amount was higher in 2023 due to interest expense on the long-term loan of the aviation subsidiary.

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 Group was higher than last year mainly due to deferred income tax of the parent company related to unrealized gain on increase in market value of its FVPL investments. The previous year's credit balance of provision for income tax can be attributed to the Parent Company's unrealized loss from decline in market value of FVPL investments.

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Year Ended December 31, 2022 Compared with Year Ended December 31, 2021 (as reported in 2022 SEC 17-A)

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.

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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.

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 in 2023. The Company 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 financial statements of the Company.

- 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.

  The Company also referred to the guidance provided under Q&A No. 2022-02: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) in applying the amendments to PAS 1 and PS 2. The adoption resulted to removal of accounting policy information that are not considered material and thus had no material impact on the financial statements.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

<u>Standards Issued but not yet Effective</u>

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

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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 required to 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 required to be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts* – not expected to apply to the Company.
- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. This is not correctly expected to apply to the Company.

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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 2023 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.

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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
2023	**₱1,320,000**
2022	₱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

There are no consultancy, tax and other fees paid by the Company to SGV for the year 2023.

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.

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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	41 years
Eduardo J. Soriano	Director and Vice Chairman	1 year	42 years
Ernest K. Cuyegkeng	Director, President and Chief Operating Officer	1 year	15 years
Oscar J. Hilado	Director	1 year	25 years
Alfonso S. Yuchengco III	Director	1 year	5 years
Johnson Robert G. Go Jr.	Director	1 year	4 year
William H. Ottiger	Director	1 year	2 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

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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 72, 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 69, 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 77, 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).

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JOHNSON ROBERT G. GO, JR., age 59, 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 86, Filipino, an Independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (pHinMa), inc. (August 2005 to present); Chairman Emeritus & Chairman of the Executive Committee of Phinma Corporation (April 2022 to present); Vice Chairman of the Board of Phinma Property Holdings Corporation (April 2021 to present); Vice Chairman of Union Galvasteel Corporation (March 2017 to present); Director of Phil. Cement Corporation (September 2017 to present); Union Insulated Panel Corp. (June 2022 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. (1996 to present) and Pamalican Resort, Inc. (May 2011 to present), Beacon Property Ventures, Inc. (December 1994 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 56, Swiss, Director of the Company since 20 April 2022; Executive Vice President and Corporate Development Officer of the Company (2013 to present); Director of iPeople, Inc. (2023 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 64, 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).

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

LORNA PATAJO-KAPUNAN age 71, 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), I Academy (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-present). 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-present); Columnist, Business Mirror "Legally Speaking"; Program Host/Commentator "Laban Para Sa Karapatan" DWIZ, 882 AM; "Trio Tagapampayo" Face To Face, Channel 5; Top 100 Lawyers In The Philippines (2019 to 2021); 2021 Corporate Int'l Global Awardee; Past Councilor, Asian Patent Attorneys Association (APAA); Past President/Director Intellectual Property Association of The Philippines (IPAP); Chairperson Management Association of the Philippines (MAP) Arts and Culture Committee; Past Area Director, Area 5 Zonta International; Legal Adviser Rotary International District 3800; Governor/Counselor Philippine National Red Cross (PRC); Past President/Trustee – Women's Business Council (WBC); Vice Chairman Cultural Center of the Philippines (CCP); Board of Adviser – World Wildlife Fund (WWF).

LORENZO D. LASCO, age 61, 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 61, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer since January 2023; 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).

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JOSHUA L. CASTRO, age 49, 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), and University of the Philippines Diliman, Bachelor of Arts, Political Science (1995).

SALOME M. BUHION, age 51, Filipino, Assistant Vice President (April 2017 to present) and Accounting Manager (January 1998 to April 2017) of the Company; Trustee of the Andres Soriano Foundation; 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 59, 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 29, 2024, 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.

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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 (8) 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		
		2022 Actual	2023 Actual	2024 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng	President & Chief Operating Officer			
William H. Ottiger	Executive Vice President & Corporate Development Officer			
Lorenzo D. Lasco	Vice President			
Narcisa M. Villaflor	Vice President & Comptroller/Treasurer			
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		₱ 40,006,000	₱ 43,958,043	₱ 34,563,569
Bonus		45,200,000	72,100,000	45,500,000
Other Executive Officers**				
Salaries		20,853,681	17,928,826	19,493,753
Bonus		33,600,000	19,500,000	17,000,000
Benefits		1,916,916	2,606,325	2,993,986
Subtotal Executive Directors and Officers		141,576,597	156,093,194	119,551,308
Non-Executive Directors***				
Consultancy Fee		3,660,714	2,901,786	12,767,857
Bonus		19,264,286	18,064,286	33,857,143
Directors Fees		580,000	520,000	680,000
Subtotal Non-Executive Directors		23,505,000	21,486,071	47,305,000
Total		₱ 165,081,597	₱ 177,579,265	₱ 166,856,308

* *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 29, 2024, 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	499,939,713	16.665%
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	114,207,702	3.807%
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%

* Security Ownership percentages includes both common and preferred shares.
**Includes 7,694,835 shares lodged with PCD Nominee Corp. (Filipino).

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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 17.558%, which it holds on behalf of 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 29, 2024, 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	4,520,000	Direct	Filipino	0.151%
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		**671,313,481**			**22.377%**

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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 29, 2024 the foreign ownership level of total outstanding shares is 16.66%.

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.

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 P5.0 million in a single transaction or in aggregate transactions within the last 12 months are 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, the Group grants/ receives cash advances to/from its associates and affiliates. Related Party transactions are generally settled through cash.

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Compensation of the Group's key management personnel (in millions):

	2023	2022	2021
Short-term employee benefits	**P195.4**	P205.9	P106.8
Retirement benefits	**5.1**	4.4	4.4
Total	**P200.5**	P210.3	P111.2

On March 29, 2023, PDPI sold and issued shares to a key officer representing 3% of its outstanding shares of stock for P35.6 million. At date of sale, the Group recognized the NCI and the related adjustment as a charge against the Additional Paid-in Capital in the consolidated financial statements amounting to P135.0 million.

On November 4, 2019, the Company granted a five-year loan amounting to P363.5 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 P652.9 million and P506.2 million as at December 31, 2023 and 2022, respectively. On February 28, 2024, the loan term was extended for another nine years effective November 3, 2024.

The balance of the loan, which is presented as "Notes receivable" in the consolidated statements of financial position, amounted to P198.8 million and P245.9 million as at December 31, 2023 and 2022, respectively.

On August 10, 2023, the Company entered into an agreement with AIMP for P218.0 million convertible note ("Note"), with interest rate of 8% per annum. The principal is payable on the third year anniversary of the Note issuance, while the interest is payable monthly. The Notes are convertible on or after the occurrence of an event of default. As at December 31, 2023 there has been no event of default and The Company intends to hold the Note until maturity. Accordingly, the Note was included under "Notes receivable" and accounted for at amortized cost.

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.

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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 29 February 2024, there were no deviations from the Company's Manual on Corporate Governance.

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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	2023 Sustainability Report

(b) SEC Form 17-C

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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 February 28, 2024.

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

SUBSCRIBED AND SWORN to before me this 28th day of February 2024, 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	P75855278	09-13-2021	DFA Manila

Doc. No. 109;
Page No. 103;
Book No. II;
Series of 2024.

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. 10081167/Makati City/01-09-2024
IBP No. 301902/Rizal (RSM)/01-05-2024
Admitted to the bar in 2022

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

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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	2023 SUSTAINABILITY REPORT

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A. SORIANO CORPORATION
SEC FORM 17-C

The following is a summary of submissions of SEC Form 17-C filed during the year 2023:

March 1, 2023	SEC 17-C Approval of Amendments to By Laws
March 1, 2023	SEC 17-C Item 9 - Notice of 2023 Annual Stockholders Meeting and Declaration of Cash Dividend
April 19, 2023	SEC 17-C Item 4 - Resignation, Removal or Election of Registrant's Directors & Officers
November 15, 2023	SEC 17-C Item 9 - Declaration of Special 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, 2023, and 2022, 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 & Chief Executive Officer	President & Chief Operations Officer	Vice President - Comptroller/Treasurer

Signed this 28th day of February 2024

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

SUBSCRIBED AND SWORN to before me this 28th day of February 2024, 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	P859~~25~~11A	Sept. 4, 2018 to Sept. 3, 2028 / DFA NCR West

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Book No. 11
Series of 2024

HILARY FAYE A. MERCADO
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PTR No. 10081167/Makati City/01-09-2024
IBP No. 301902/Rizal (RSM)/01-05-2024
Admitted to the bar in 2022

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, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 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 the 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of Unquoted Equity Instruments

As at December 31, 2023, the Group has unquoted equity investments classified as financial assets through profit or loss, with carrying value of ₱2,921 million and accounts for 11% of the consolidated total assets. We considered the valuation of these unquoted equity investments as a key audit matter because of the materiality of the amount involved and the inherent subjectivity of the valuation as it involves the use of inputs that are not market observable. Management also applied judgment in selecting the valuation technique and the assumptions to be used.

The Group's disclosures about its equity investments are included in Notes 9 and 29 to the consolidated financial statements.

Audit Response

We involved our internal specialists in evaluating 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 investment 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 investee 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 evaluated the competence, capabilities and objectivity of the investment managers by considering their qualifications, experience and reporting responsibilities. We also 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 Group's disclosures about those assumptions to which the outcome of the valuation is most sensitive; specifically, those that have the most significant effect on the determination of the fair value of the unquoted equity investments.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our 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, 2023 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
BIR Accreditation No. 08-001998-098-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082016, January 6, 2024, Makati City

February 28, 2024

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	**₱3,027,406,563**	₱2,948,401,655
Fair value through profit or loss (FVPL) investments (Note 9)	**13,186,171,800**	12,046,804,002
Receivables (Note 10)	**2,167,277,147**	2,240,424,459
Inventories (Note 11)	**1,757,321,449**	1,695,039,141
Prepayments	**404,675,288**	190,812,484
Other current assets	**267,923,491**	218,264,039
Total Current Assets	**20,810,775,738**	19,339,745,780
Noncurrent Assets		
Fair value through other comprehensive income (FVOCI) investments (Note 12)	**57,636,746**	41,453,401
Notes receivable (Note 27)	**416,774,404**	245,854,878
Investments and advances (Note 13)	**337,543,710**	357,031,299
Goodwill (Note 7)	**1,302,276,264**	1,302,276,264
Property and equipment (Notes 14 and 19)	**3,784,758,702**	2,705,108,750
Investment properties (Note 15)	**463,590,308**	472,052,732
Retirement plan asset - net (Note 24)	**179,367,643**	122,351,083
Deferred income tax assets - net (Note 25)	**118,241,184**	114,115,228
Right-of-use assets (Note 30)	**52,522,610**	17,419,789
Deposits to suppliers (Note 30)	**40,631,154**	296,417,399
Other noncurrent assets (Note 16)	**128,484,202**	124,408,616
Total Noncurrent Assets	**6,881,826,927**	5,798,489,439
TOTAL ASSETS	**₱27,692,602,665**	₱25,138,235,219
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 18)	**₱1,385,273,515**	₱1,343,101,690
Current portion of lease liabilities (Note 30)	**18,763,285**	10,133,770
Dividends payable (Note 20)	**570,375,761**	501,959,779
Income tax payable	**77,027,664**	90,712,935
Total Current Liabilities	**2,051,440,225**	1,945,908,174

(Forward)

	December 31	
	2023	2022
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 30)	**₱35,296,241**	₱9,082,542
Long-term debt (Notes 14 and 19)	**1,000,000,000**	–
Deferred income tax liabilities - net (Note 25)	**493,566,194**	417,846,430
Retirement benefits payable - net (Note 24)	**22,609,622**	39,931,355
Other noncurrent liabilities (Note 16)	**101,722,393**	111,736,509
Total Noncurrent Liabilities	**1,653,194,450**	578,596,836
Total Liabilities	**3,704,634,675**	2,524,505,010
Equity Attributable to Equity Holders of the Parent (Note 20)		
Capital stock	**2,505,000,000**	2,505,000,000
Additional paid-in capital (Note 27)	**1,724,358,371**	1,859,383,287
Cumulative translation adjustment	**167,266,370**	179,017,188
Net unrealized valuation gains (loss) on FVOCI investments (Note 12)	**605,619**	(3,183,933)
Remeasurement gain on retirement benefits (Note 24)	**84,220,038**	54,423,304
Retained earnings (Note 20):		
Appropriated	**7,150,000,000**	7,150,000,000
Unappropriated	**14,196,742,307**	12,872,294,566
Cost of shares held by a subsidiary (1,272,429,761 shares in 2023 and 2022) (Note 20)	**(2,655,215,372)**	(2,655,215,372)
	23,172,977,333	21,961,719,040
Noncontrolling Interests (Notes 3 and 27)	**814,990,657**	652,011,169
Total Equity	**23,987,967,990**	22,613,730,209
TOTAL LIABILITIES AND EQUITY	**₱27,692,602,665**	₱25,138,235,219

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Sale of goods - net (Note 5)	**₱10,147,489,118**	₱10,727,755,227	₱8,751,666,475
Services (Notes 5 and 30)	**1,709,328,620**	1,292,106,914	1,013,453,849
Dividend income (Note 9)	**368,356,295**	295,306,868	399,429,444
Interest income (Note 23)	**91,870,114**	67,461,869	53,534,090
	12,317,044,147	12,382,630,878	10,218,083,858
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments - net (Notes 9 and 29)	**1,476,197,600**	(994,108,320)	1,124,061,312
Gain (loss) on sale of FVOCI investments - net (Note 12)	**(3,496,596)**	764,165	532,067
Gain on sale of noncurrent asset held for sale (Note 13)	**–**	2,208,757,397	–
	1,472,701,004	1,215,413,242	1,124,593,379
EQUITY IN NET EARNINGS ON INVESTMENTS IN ASSOCIATES (Note 13)	**8,742,755**	26,639,523	11,409,604
TOTAL	**13,798,487,906**	13,624,683,643	11,354,086,841
Cost of goods sold (Note 21)	**(8,470,102,746)**	(9,048,418,434)	(7,071,619,957)
Cost of services rendered (Note 21)	**(535,493,389)**	(404,526,169)	(347,923,582)
Operating expenses (Note 21)	**(1,737,010,603)**	(1,373,857,309)	(1,091,980,471)
Interest expense (Note 23)	**(62,479,987)**	(4,687,677)	(10,259,686)
Foreign exchange gain (loss) - net	**(26,915,621)**	282,751,590	139,150,079
Other income (charges) - net (Note 23)	**50,710,170**	22,251,511	(53,708,290)
INCOME BEFORE INCOME TAX	**3,017,195,730**	3,098,197,155	2,917,744,934
PROVISION FOR INCOME TAX (Note 25)	**368,000,045**	242,155,199	380,152,014
NET INCOME	**2,649,195,685**	2,856,041,956	2,537,592,920
OTHER COMPREHENSIVE LOSS			
Other comprehensive gain (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gain (loss) on FVOCI investments (Note 12)	**1,556,140**	(3,845,678)	(2,705,833)
Income tax effect	**(389,035)**	961,420	856,583
	1,167,105	(2,884,258)	(1,849,250)

(Forward)

	Years Ended December 31		
	2023	2022	2021
Realized gains on FVOCI investments recognized in profit or loss (Note 12)	**₱3,496,596**	(₱764,165)	(₱532,067)
Income tax effect	**(874,149)**	191,041	133,017
	2,622,447	(573,124)	(399,050)
	3,789,552	(3,457,382)	(2,248,300)
Cumulative translation adjustment	**(11,750,818)**	(47,156,996)	126,913,660
	(7,961,266)	(50,614,378)	124,665,360
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 24)	**39,728,979**	(27,918,980)	65,259,567
Income tax effect	**(9,932,245)**	6,686,112	(13,323,808)
	29,796,734	(21,232,868)	51,935,759
OTHER COMPREHENSIVE INCOME (LOSS)	**21,835,468**	(71,847,246)	176,601,119
TOTAL COMPREHENSIVE INCOME	**₱2,671,031,153**	₱2,784,194,710	₱2,714,194,039
Net Income Attributable to:			
Equity holders of the Parent	**₱2,552,017,982**	₱2,800,557,660	₱2,504,080,376
Noncontrolling interests	**97,177,703**	55,484,296	33,512,544
	₱2,649,195,685	₱2,856,041,956	₱2,537,592,920
Total Comprehensive Income Attributable to:			
Equity holders of the Parent	**₱2,573,853,450**	₱2,728,710,414	₱2,680,681,495
Noncontrolling interests	**97,177,703**	55,484,296	33,512,544
	₱2,671,031,153	₱2,784,194,710	₱2,714,194,039
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 26)	**₱2.08**	₱2.28	₱2.04
Basic/diluted, for total comprehensive income attributable to equity holders of the Parent (Note 26)	**₱2.10**	₱2.22	₱2.18

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent (Note 20)										
	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on FVOCI Investments (Note 12)	Remeasurement on Retirement Benefits (Note 24)	Retained Earnings Appropriated	Retained Earnings Unappropriated	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
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 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 income (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**
Net income	–	–	–	–	–	–	2,552,017,982	–	2,552,017,982	97,177,703	2,649,195,685
Other comprehensive loss	–	–	(11,750,818)	3,789,552	29,796,734	–	–	–	21,835,468	–	21,835,468
Total comprehensive income (loss) for the year	–	–	(11,750,818)	3,789,552	29,796,734	–	2,552,017,982	–	2,573,853,450	97,177,703	2,671,031,153
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱1,272.4 million (Note 20)	–	–	–	–	–	–	(1,227,570,241)	–	(1,227,570,241)	–	(1,227,570,241)
Movement in noncontrolling interests	–	(135,024,916)	–	–	–	–	–	–	(135,024,916)	65,801,785	(69,223,131)
BALANCES AT DECEMBER 31, 2023	**₱2,505,000,000**	**₱1,724,358,371**	**₱167,266,370**	**₱605,619**	**₱84,220,038**	**₱7,150,000,000**	**₱14,196,742,307**	**(₱2,655,215,372)**	**₱23,172,977,333**	**₱814,990,657**	**₱23,987,967,990**

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,017,195,730**	₱3,098,197,155	₱2,917,744,934
Adjustments for:			
Loss (gain) on sale/disposal of:			
FVOCI investments (Note 12)	**3,496,596**	(764,165)	(532,067)
Property and equipment	**(1,227,513)**	69,643	(129,464)
Noncurrent asset held for sale (Note 13)	**–**	(2,208,757,397)	–
Loss (gain) on decrease (increase) in market values of FVPL investments - net (Note 9)	**(1,476,197,600)**	994,108,320	(1,124,061,312)
Depreciation and amortization (Note 21)	**366,992,689**	324,387,794	302,595,454
Dividend income (Note 9)	**(368,356,295)**	(295,306,868)	(399,429,444)
Unrealized foreign exchange losses (gains) - net	**8,951,986**	(122,004,309)	(98,948,706)
Interest income (Note 23)	**(91,870,114)**	(67,461,869)	(53,534,090)
Equity in net losses (earnings) and impairment loss on investments in associates (Note 13)	**(8,742,755)**	(26,639,523)	(11,409,604)
Retirement benefit costs (Note 24)	**14,511,904**	14,690,747	23,169,533
Interest expense (Note 23)	**62,479,987**	4,687,677	10,259,686
Expected credit losses – net of recoveries	**1,331,205**		
Impairment losses, net of recoveries (Note 23)	**541,039**	825,054	54,543,952
Operating income before working capital changes	**1,529,106,859**	1,716,032,259	1,620,268,872
Decrease (increase) in:		–	–
FVPL investments	**322,422,122**	(1,212,179,031)	(431,799,766)
Receivables	**65,998,787**	(473,640,997)	(99,723,528)
Inventories	**(62,282,308)**	(69,913,940)	(572,539,264)
Prepayments and other current assets	**(245,620,834)**	(160,925,805)	(10,492,160)
Increase (decrease) in accounts payable and accrued expenses	**(39,203,545)**	400,843,702	(40,807,883)
Cash generated from operations	**1,570,421,081**	200,216,188	464,906,271
Income taxes paid	**(339,909,404)**	(388,546,682)	(382,738,499)
Dividends received	**395,815,542**	317,558,427	404,680,797
Interest received	**88,226,867**	91,022,401	56,714,726
Interest paid	**(1,844,780)**	(2,308,186)	(8,368,724)
Retirement benefit contribution (Note 24)	**(49,121,218)**	(26,034,885)	(22,187,256)
Net cash flows from operating activities	**1,663,588,088**	191,907,263	513,007,315

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
FVOCI investments (Note 12)	**₱59,408,143**	₱31,323,320	₱147,576,210
Property and equipment (Note 14)	**4,378,512**	2,862,322	129,464
Noncurrent asset held-for-sale (Note 13)	–	1,974,595,600	–
Additions to:			
FVOCI investments (Note 12)	**(73,738,727)**	(26,887,859)	(78,986,314)
Property and equipment (Notes 14 and 33)	**(1,172,746,968)**	(656,264,596)	(144,240,885)
Computer software	**(7,036,767)**	–	–
Investment properties (Note 15)	**(6,217,326)**	(6,607,517)	(3,914,394)
Notes receivable	**(218,000,000)**	–	–
Collection from (advances to) affiliates (Notes 13 and 27)	**771,097**	(958,492)	57,197,246
Decrease on investments at equity (Note 13)	–	234,161,796	–
Increase in other noncurrent assets	–	(167,166,153)	(71,364,670)
Net cash flows from (used in) investing activities	**(1,413,182,036)**	1,385,058,421	(93,603,343)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt (Note 19)	**1,000,000,000**	–	–
Payments of (Note 31):			
Dividends (Note 20)	**(1,103,154,257)**	(1,189,139,632)	(725,217,672)
Interest on long term-debt (Note 19)	**(42,917,505)**	–	–
Lease liabilities (Note 30)	**(15,886,869)**	(17,416,249)	(9,421,290)
Long-term debt (Note 19)	–	(75,714,286)	(151,428,571)
Notes payable (Note 17)	–	(23,166,200)	–
Advances from affiliates (Note 13)	**66,326,000**	25,719,337	99,760,513
Dividends paid to noncontrolling interest - net (Notes 20 and 27)	**(69,176,769)**	–	–
Net cash flows used in financing activities	**(164,809,400)**	(1,279,717,030)	(786,307,020)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**85,596,652**	297,248,654	(366,903,048)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(6,591,744)**	(78,077,395)	4,174,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,948,401,655**	2,729,230,396	3,091,959,345
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱3,027,406,563**	₱2,948,401,655	₱2,729,230,396

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 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issue by the Board of Directors (BOD) on February 28, 2024.

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 for the adoption of new standards effective in 2023. 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 PAS 1 and PFRS Practice Statement (PS) 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.

  The Group also referred to the guidance provided under Q&A No. 2022-02: *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* in applying the amendments to PAS 1 and PS 2. The adoption resulted to removal of accounting policy information that are not considered material and thus had no material impact on the consolidated financial statements.

- 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, 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

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 applicable pronouncements when they become effective.

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.
  - classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - 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 required to 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 required to be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts* – not expected to apply to the Group.
- Amendments to PAS 21, *Lack of exchangeability*
  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. This is not correctly expected to apply to the Group.

3. Basis of Consolidation and Summary of Material 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	**2023**	2022	2021
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	**97**	100	100
Minuet Realty Corporation (Minuet, Note 7)	Landholding	**97**	100	100
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 7 and 30)	Wire Manufacturing	**97**	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	**97**	100	100
Summerside Corp. (Summerside)	Investment Holding	**100**	100	100
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**	62	−

**On March 31, 2023, PDPI issued new shares representing 3% of its total equity interest (see Note 27). As at December 31, 2023, the Group has 97% beneficial ownership over PDPI*
***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):

	2023	2022
Statements of Financial Position:		
Current assets	**₱1,144.6**	₱1,114.3
Noncurrent assets	**914.8**	849.9
Current liabilities	**694.8**	544.4
Noncurrent liabilities	**104.5**	111.7
Equity	**1,260.1**	1,308.1
Equity attributable to NCI	**475.1**	493.1

	2023	2022
Statements of Comprehensive Income:		
Revenue	**₱1,453.8**	₱1,094.0
Income before tax	**222.1**	179.7
Net income	**202.7**	143.5
Other comprehensive income	**0.6**	1.2
Total comprehensive income	**203.3**	144.7
Total comprehensive income allocated to NCI during the year	**76.6**	54.6

	2023	2022
Statements of Cash Flows:		
Cash flows from operations	**₱412.3**	₱167.1
Cash flows used in investing activities	**(152.9)**	(63.4)
Cash flows used in financing activities	**(260.0)**	(161.4)

Subsidiaries are all entities over which the Group has control.

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 the Company’s equity.

Changes in the Group’s ownership interest in a subsidiary that do not result in the Group losing control of the subsidiary are accounted for as equity transactions.

When the proportion of the equity held by the NCI changes, the Group adjusts the carrying amount of the controlling and noncontrolling interests to reflect the changes in their relative interests in the subsidiary. The Group recognizes directly in equity (i.e., Additional Paid-in Capital) any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the Company.

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

The Group holds interest in entities over which it has significant influence and are accounted for as investments in associates using the equity method. 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.

After application of the equity method, the Group determines whether objective evidence that the investment in associate is impaired and recognizes an impairment loss if the recovarable amount exceeds the carrying value. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Any loss or reversal is recognized under "Equity in net earnings on investments in associates" in the consolidated statement of comprehensive income.

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. Accordingly, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.

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	**2023**	2022	2021
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

		Percentage of Ownership		
	Nature of Business	**2023**	2022	2021
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
BehaviorMatrix, LLC (BM, Note 13)*	Behavior Analytics Services	–	–	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.

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.

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 investments 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. For certain unquoted investments, the Group also makes use of the report of the fund managers in developing assumptions and estimating the fair value.

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 (e.g., appraisers and fund managers) are involved for valuation of significant assets, such as investment properties and certain unquoted securities. 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.

<u>Financial Instruments</u>

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 FVPL, 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 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. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, 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 FVOCI 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 FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

As at December 31, 2023 and 2022, 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 FVPL, 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 SPPI 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-net”. 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, 2023 and 2022, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features and managed/hedged (see Note 9). No financial liability at FVPL is outstanding as at December 31, 2023 and 2022.

(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 (SPPI) 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. Any 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 SPPI 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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

"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.

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.

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 entity. 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 was allowed to be applied against output VAT upon purchase/payment and was no longer 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.

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.

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 directly related expenditures.

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.

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 estimates the recoverable amount of the related asset. 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. 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. 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.

Additional Paid-in Capital

Additional paid-in capital is the amount paid in excess of the par value of the shares issued, including equity adjustments relating to changes in equity interest of the Noncontrolling interests.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects 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 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.

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.

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.

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.

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, 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 an independent qualified actuary.

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. 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.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing consolidated 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, 2023, 2022 and 2021.

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, and other comprehensive income (loss). 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 Philippine 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, 2023 and 2022, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Determining ability to comply with contractual obligations
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 2023, 2022 and 2021 as there was no significant increase in the credit risk. The carrying value of FVOCI debt investments amounted to ₱57.6 million and ₱41.5 million as at December 31, 2023 and 2022, respectively (see Note 12).

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, 2023 and 2022 amounted to ₱779.5 million and ₱778.2 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,585.9 million and ₱2,488.9 million as at December 31, 2023 and 2022, 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. The fair market values of the unquoted equity shares are based on valuation techniques applied as at December 31, 2023 and 2022 using income, market and cost approach (adjusted net asset value method). The inputs used to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values (see Notes 9 and 29).

Unquoted equity investments amounted to ₱2,921.4 million and ₱2,885.8 million as at December 31, 2023 and 2022, respectively (see Notes 9 and 29).

Estimation of allowance for inventory obsolescence 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 ₱101.6 million and ₱102.1 million as at December 31, 2023 and 2022, respectively. The carrying amount of the inventories amounted to ₱1,757.3 million and ₱1,695.0 million as at December 31, 2023 and 2022, 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, 2023 and 2022, the carrying value of depreciable property and equipment and investment properties amounted to ₱3,864.4 million and ₱2,799.4 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.

The carrying amounts of the investments in associates amounted to ₱335.7 million and ₱354.4 million as at December 31, 2023 and 2022, 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, 2023 and 2022, the carrying value of property and equipment and investment properties amounted to ₱4,248.3 million and ₱3,177.2 million, respectively (see Notes 14 and 15).

No impairment loss indicator has been identified and therefore no impairment loss was recognized on property and equipment for each of the three years in the period ended December 31, 2023 (see Note 14). For investment properties, management recognized impairment loss amounting to ₱24.8 million in 2021 (nil in 2023 and 2022; see Notes 15 and 23).

(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. Calculations indicated that there is no impairment on the Group's goodwill for each of the years ended.

As at December 31, 2023 and 2022, 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, 2023 and 2022, the Group recognized gross deferred income tax assets amounting to ₱126.9 million and ₱122.0 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, 2023 and 2022 amounted to ₱179.4 million and ₱122.4 million, respectively. Net retirement benefits payable as at December 31, 2023 and 2022 amounted to ₱22.6 million and ₱39.9 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.

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, 2023			
	Cable and Wire Manufacturing	**Resort Operations and Villa Development**	**Other Operations***	**Total**
Type of revenues:				
Sale of goods	**₱10,147,489,118**	**₱–**	**₱–**	**₱10,147,489,118**
Services	**–**	**1,450,243,745**	**259,084,875**	**1,709,328,620**
Total revenue from contracts with customers	**₱10,147,489,118**	**₱1,450,243,745**	**₱259,084,875**	**₱11,856,817,738**
Timing of revenue recognition:				
At a point in time	**₱10,147,489,118**	**₱839,259,988**	**₱259,084,875**	**₱11,245,833,981**
Over time	**–**	**610,983,757**	**–**	**610,983,757**
Total revenue from contracts with customers	**₱10,147,489,118**	**₱1,450,243,745**	**₱259,084,875**	**₱11,856,817,738**

**Other Operations include ASAC and AHI.*

	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.*

Contract liabilities
Contract liabilities amounted to ₱77.1 million and ₱101.1 million as at December 31, 2023 and 2022, respectively. These pertain to customer advances received for customer orders (see Note 18). In 2023, 2022 and 2021, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱35.2 million, ₱76.1 million and ₱54.3 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 2023, 2022 and 2021, 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, 2023, 2022 and 2021 (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, 2023							
Revenues, excluding interest income[2]	**₱2,252,557**	**₱1,450,244**	**₱10,147,489**	**₱1,615,988**	**₱15,466,278**	**(₱3,241,104)**	**₱12,225,174**
Interest income	**61,465**	**3,572**	**26,295**	**537**	**91,869**	**1**	**91,870**
Investment gains (losses)	**1,340,140**	**–**	**9,200**	**3,488,958**	**4,838,298**	**(3,365,597)**	**1,472,701**
Interest expense	**(1,918)**	**(7)**	**(1,105)**	**(59,450)**	**(3,030)**	**–**	**(62,480)**
Income tax expense (benefit from income tax)	**68,350**	**19,397**	**287,126**	**1,123**	**375,996**	**(7,996)**	**368,000**
Equity in net earnings	**–**	**–**	**–**	**8,743**	**8,743**	**–**	**8,743**
Net income	**3,314,329**	**197,431**	**963,476**	**4,625,001**	**9,100,237**	**(6,451,041)**	**2,649,196**
Total assets	**19,991,201**	**2,059,449**	**6,480,712**	**16,005,321**	**44,536,683**	**(16,844,080)**	**27,692,603**
Investments and advances	**7,306,028**	**1,496**	**–**	**280,535**	**7,588,059**	**(7,250,515)**	**337,544**
Property and equipment	**15,489**	**766,641**	**1,007,823**	**1,046,702**	**2,836,655**	**948,104**	**3,784,759**
Total liabilities	**1,025,762**	**799,326**	**435,176**	**3,166,309**	**5,426,573**	**(1,721,938)**	**3,704,635**
Depreciation and amortization	**18,172**	**111,388**	**112,238**	**66,297**	**308,095**	**54,758**	**362,853**
Cash flows from (used in):							
Operating activities	**1,285,398**	**412,279**	**763,858**	**44,186**	**2,505,721**	**(843,308)**	**1,662,413**
Investing activities	**(351,542)**	**(152,887)**	**(343,800)**	**(938,156)**	**(1,786,385)**	**373,203**	**(1,413,182)**
Financing activities	**(1,036,819)**	**(260,014)**	**(324,567)**	**1,003,302**	**(618,098)**	**453,289**	**(164,809)**

[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, 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	248,630	–	282,486	7,575,921	(7,218,890)	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)	(1,709,057)	922,770	(786,307)

[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, 2023 and 2022, 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, 2023 and 2022 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 2023 and 2022 are 16.8% and 12. 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 4.42% and 4.5% in 2023 and 2022, respectively, and the difference between the discount rate and growth rate.

Growth rate
Management used the average industry growth rate of 4.42% and 5.0% in 2023 and 2022, 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.

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, 2023 and 2022 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 2023 and 2022 are 12.7% and 12.9%, 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 0% and 5.4% in 2023 and 2022, and the difference between the discount rate and growth rate.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2023 and 2022 are supported by the different initiatives of SSRLI. SSRLI used 0% and 1.57% to 10.78% growth rate in revenue for its cash flow projection in 2023 and 2022, 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

	2023	2022
Cash on hand and in banks	**₱1,139,149,381**	₱1,334,687,516
Cash equivalents	**1,888,257,182**	1,613,714,139
	₱3,027,406,563	₱2,948,401,655

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).

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 (see Note 16).

9. FVPL Investments

	2023	2022
Quoted equity shares	**₱7,026,985,641**	₱6,334,416,035
Unquoted equity shares	**2,921,429,748**	2,732,294,685
Funds and equities	**2,459,415,391**	2,293,278,344
Proprietary shares	**625,177,073**	518,127,073
Bonds	**147,453,547**	162,948,774
Others	**5,710,400**	5,739,091
	₱13,186,171,800	₱12,046,804,002

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, 2023 and 2022, 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 rates per annum ranges from 2.0% to 8.3% and 2.3% to 8.3% in 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Group has equity investments amounting to ₱13,038.7 million and ₱11,883.9 million, respectively.

The fair market values of the unquoted equity shares are based on valuation techniques applied as at December 31, 2023 and 2022 using income, market and cost (adjusted net asset value method) approach (see Note 29).

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

a. Income approach

KSA Realty Corporation (KSA)

As at December 31, 2023 and 2022, the Company's investment in KSA amounted to ₱927.4 million and ₱1,021.7 million, respectively (see Note 29).

The Company earned cash dividends from KSA amounting to ₱89.1 million, ₱100.7 million and ₱185.6 million in 2023, 2022 and 2021, respectively.

b. Market approach

i. Blue Voyant
In 2023 and 2022, the Group, through AI, invested US$0.3 million (₱16.6 million) and US$3.0 million (₱154.3 million), respectively 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 in 2023 and 2022.

As of December 31, 2023 and 2022, total investment in Blue Voyant, inclusive of foreign exchange gain, amounted to ₱182.7 million and ₱167.3 million, respectively.

ii. 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.

On December 31, 2022, the said investment was sold with a consideration of US$1 (₱55).

c. Cost approach (adjusted net asset value method)

i. Navegar I LP (Navegar I)

The Group, through AI, recognized a gain on fair market value adjustment in its investment in Navegar I amounting to ₱24.1 million, ₱21.5 million and ₱2.0 million in 2023, 2022 and 2021, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱74.4 million and ₱50.0 million as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.03 million (₱1.65 million) and US$0.04 million (₱2.20 million), respectively.

ii. Navegar II LP (Navegar II)

In 2019, the Group committed to invest US$10.0 million in Navegar II. AI invested US$1.76 million, (₱97.44 million), US$1.70 (₱92.70 million), and US$1.49 million (₱76.08 million) in 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, the Group recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱73.0 million, ₱9.2 million and ₱31.8 million, respectively.

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱454.8 million and ₱286.4 million as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Navegar II amounted to US$3.8 million (₱212.7 million) and US$5.6 million (₱312.2 million), respectively.

iii. 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 2023, 2022 and 2021, the Group, through AI, made additional investments to Sierra Madre amounting to US$0.2 million (₱9.4 million), US$3.2 million (₱175.9 million), and US$1.2 million (₱63.5 million), respectively. In 2022, the Group received distribution notice amounting to S$0.9 million (₱50.2 million).

The Group recognized gain (loss) on fair market value adjustment amounting to ₱36.0 million, (₱39.2 million) and ₱120.6 million in 2023, 2022 and 2021, respectively.

As at December 31, 2023 and 2022, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱540.0 million and ₱498.0 million, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Sierra Madre amounted to US$0.5 million (₱25.8 million) and US$0.6 million (₱33.4 million), respectively.

iv. Asia Partners I LP, Asia Partners II LP and AP-I Tycho Co-invest Ltd (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 AP-I Tycho Co-invest Ltd and US$10.0 million in Asia Partners II, LP.

In 2023, 2022 and 2021, the Group made investment to Asia Partners amounting to US$0.1 million (₱3.9 million), US$4.0 million (₱219.1 million) and US$5.2 million (₱263.9 million), respectively.

In 2023, 2022 and 2021, the Group recognized gain (loss) on fair market value adjustment in its investment in Asia Partners amounting to (₱34.5 million), ₱72.4 million and ₱5.9 million, respectively.

As at December 31, 2023, 2022 and 2021, total investment in Asia Partners, inclusive of foreign exchange adjustment, amounted to ₱552.4 million, ₱591.7 million and ₱269.9 million, respectively.

As at December 31, 2023, 2022 and 2021, the Group's remaining capital commitment to be called for Asia Partners amounted to US$9.0 million (₱498.6 million), US$9.0 million (₱502.5 million) and US$9.0 million (₱458.9 million), respectively.

v. Third Prime Alpha III-A, Third Prime (Kafene B) and Third Prime (Kafene B-1) (collectively Third Prime Series)

In 2023 and 2022, the Group, through AI invested US$0.5 million (₱27.7 million) and US$0.6 million (₱31.8 million) in Third Prime Alpha III-A, respectively, a venture firm focused primarily on the FinTech, PropTech and Crypto sectors. In 2022, AI also invested US$1.5 million (₱79.3 million) in Third Prime (Kafene B). In 2023, AI invested US$0.8 million (₱44.7 million) in Third Prime (Kafene B-1).

In 2023 and 2022, the Group recognized fair market value gain (loss) adjustment in its investment in Third Prime series amounting to ₱0.7 million and (₱0.6 million), respectively.

As at December 31, 2023 and 2022, total investment in Third Prime series, inclusive of foreign exchange adjustment, amounted to ₱189.6 million and ₱117.3 million, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Third Prime Alpha III-A amounted to US$0.9 million (₱49.8 million) and US$1.5 million (₱83.6 million), respectively.

There were no changes in the valuation techniques applied for each of the period ended (e.g., changing from a market approach to an income approach or the use of an additional valuation technique).

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
	2023	2022	**in 2023**
Quoted equity shares	**₱3,492.3**	₱2,443.0	**₱1,049.3**
Unquoted equity shares	**804.1**	804.4	**(0.3)**
Proprietary shares	**586.3**	476.2	**110.1**
Funds and equities	**177.7**	(145.6)	**323.3**
Bonds	**(88.2)**	(63.5)	**(24.7)**
Others	**(1.1)**	(1.1)	–
Total	**4,971.1**	3,513.4	**1,457.7**
Add realized gain on sale of FVPL investments			**18.5**
Net gain on increase in market value of FVPL investments			**₱1,476.2**

	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	804.4	633.7	170.7
Proprietary shares	476.2	357.9	118.3
Funds and equities	(145.6)	91.1	(236.7)
Bonds	(63.5)	(42.5)	(21.0)
Others	(1.1)	1.0	(2.1)
Total	3,513.4	4,394.4	(881)
Add realized loss on sale of FVPL investments			(113.1)
Net gain 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 loss on decrease in market value of FVPL investments			₱1,124.1

There were no outstanding forward transactions as at December 31, 2023, 2022 and 2021.

10. Receivables

	2023	2022
Trade	**₱2,262,546,217**	₱2,312,815,653
Receivables from villa owners	**77,279,674**	100,880,108
Interest receivable	**12,744,830**	9,101,583
Others	**29,418,074**	31,007,558
	2,381,988,795	2,453,804,902
Less allowance for expected credit losses	**214,711,648**	213,380,443
	₱2,167,277,147	₱2,240,424,459

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, and FVPL and FVOCI investments in debt instruments.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

	2023		
	Trade	**Interest and Others**	**Total**
At January 1	**₱211,790,125**	**₱1,590,318**	**₱213,380,443**
Provision for the year (Note 23)	**1,418,536**	**–**	**1,418,536**
Recoveries (Note 23)	**(87,331)**	**–**	**(87,331)**
At December 31	**₱213,121,330**	**₱1,590,318**	**₱214,711,648**

	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

11. Inventories

	2023	2022
At cost:		
Raw materials	**₱416,523,259**	₱296,310,774
Aircraft parts in transit	**37,728,780**	43,135,148
Reel inventory	**21,134,720**	23,320,516
Materials in transit	**17,070,682**	22,353,279
Food and beverage	**23,189,806**	16,845,661
	515,647,247	401,965,378
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱32.0 million in 2023 and 2022	**506,245,203**	746,835,910
Work in process - net of allowance for inventory obsolescence of ₱6.0 million in 2023 and 2022	**287,657,959**	180,931,430

(Forward)

	2023	2022
Raw materials - net of allowance for inventory obsolescence of ₱13.3 million in 2023 and 2022	**₱207,134,337**	₱210,425,667
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱40.1 million in 2023 and ₱40.6 million in 2022	**150,520,960**	120,207,854
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.6 million in 2023 and 2022	**89,510,187**	34,067,346
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2023 and 2022	**605,556**	605,556
	1,241,674,202	1,293,073,763
	₱1,757,321,449	₱1,695,039,141

The total cost of inventories carried at NRV amounted to ₱1.3 billion and ₱1.4 billion as at December 31, 2023 and 2022, respectively.

Net provision (recovery) for inventory obsolescence recognized in 2023, 2022 and 2021, which was recorded under "Materials used and changes in inventories", amounted to (₱0.5 million), (₱1.6 million), and ₱18.8 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, 2023 and 2022.

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 ₱8,046.5 million, ₱8,633.7 million, and ₱6,697.5 million in 2023, 2022 and 2021, respectively (see Note 21).

12. **FVOCI Investments**

As at December 31, 2023 and 2022, FVOCI investments amounted to ₱57.6 million and ₱41.5 million, respectively, and these consist of 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 2.20% to 6.38% in 2023, 2.35% to 6.13% in 2022 and 4.13% to 6.13% in 2021. Maturity dates range from February 16, 2025 to June 15, 2032 for bonds held as at December 31, 2023, and February 16, 2025 to June 30, 2028 for bonds held as at December 31, 2022.

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, of which ₱140.0 million was actually invested by the Company to Red Core.

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.

Considering the status to Red Core, impairment losses were recognized on the investment (in 2017 and earlier), which brought the investment balance to nil as at December 31, 2023 and 2022.

In March 2018, the Company filed before the Regional Trial Court (RTC) of Makati City a civil case for specific performance in order to compel Red Core Group to comply with the provisions of the loan 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. On October 3, 2022, the Company filed a demand for payment under the loan and investment agreement to Red Core Group. As of February 28, 2024, the Company is yet to collect the amount due from Red Core Group.

In 2023, 2022 and 2021, gain (loss) on sale of FVOCI investments amounted to (₱3.5 million), ₱0.8 million, and ₱0.5 million, respectively.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

	2023	2022
Beginning balance	**(₱3,183,933)**	₱273,449
Unrealized valuation gain (loss) on FVOCI investments - net of tax	**1,167,105**	(2,884,258)
Realized gain (loss) on FVOCI investments recognized in profit or loss - net of tax	**2,622,447**	(573,124)
Ending balance	**₱605,619**	(₱3,183,933)

13. **Investments and Advances**

	2023	2022
Investments at equity - net of valuation allowance	**₱335,706,693**	₱354,423,186
Advances - net of allowance for expected credit losses of ₱564.8 million in 2023 and 2022	**1,837,017**	2,608,113
	₱337,543,710	₱357,031,299

Investments at equity consist of:

	2023	2022
Acquisition cost		
Common shares and Preferred shares	**₱722,121,654**	₱722,121,654
Accumulated equity in net losses and impairment loss	**(386,414,961)**	(367,698,468)
	₱335,706,693	₱354,423,186

The significant transactions involving the Group's investments in associates in 2023 and 2022 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 total acquisition cost of the investment in AGP-SG amounted to US$45.0 million (₱1,958.0 million). The Group in prior years has recognized impairment losses and has taken up equity in net losses of AGPI to the extent that its carrying amount was reduced to nil (with unrecognized share in net losses, for which the Group has no commitment to contribute).

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer and, on February 17, 2022, the investment in associate held for sale carried at nil 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 2022 consolidated statements of comprehensive income, including the reversal of the related cumulative translation loss of ₱234.2 million.

AIMP

AIMP reported net income amounting to ₱43.6 million, ₱133.5 million and ₱67.5 million in 2023, 2022 and 2021, respectively. The Group recognized equity in net earnings amounting to ₱8.7 million, ₱27.1 million and ₱13.5 million in 2023, 2022 and 2021, respectively.

In 2023, the Group received from AIMP cash dividend amounting to ₱27.5 million.

As at December 31, 2023 and 2022, the carrying value of the investment in AIMP amounted to ₱160.7 million and ₱179.4 million, respectively.

FHI

FHI reported a net income (loss) amounting to ₱0.1 million, (₱1.9 million) and (₱8.2 million) in 2023, 2022 and 2021, respectively. The Group recognized equity in net gain (losses) amounting to ₱0.02 million, (₱0.5 million) and (₱2.1 million) in 2023, 2022 and 2021, respectively.

As at December 31, 2023 and 2022, the carrying value of the investment and advances in FHI amounted to ₱175.0 million.

In 2023, FHI made a cash advance to the Company amounting to ₱66.3 million (nil in 2022). Total outstanding cash advance from FHI amounted to ₱170.7 million and ₱104.3 million as of December 31, 2023 and 2022, respectively, which is presented under "Accounts payable and accrued expenses" (see Note 18).

Prople Limited

As at December 31, 2023 and 2022, 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, 2023 and 2022.

In 2023 and 2022, the Group received advances from Prople Limited amounting to ₱10.4 million and ₱32.4 million, respectively.

14. Property and Equipment

	2023					
	Land, Buildings and Improvements	**Flight, Ground, Machineries and Other Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
January 1	**₱2,926,041,696**	**₱1,686,882,391**	**₱634,262,288**	**₱275,657,949**	**₱185,465,221**	**₱5,708,309,545**
Additions	**69,730,402**	**903,298,015**	**77,215,809**	**32,658,916**	**337,153,989**	**1,420,057,131**
Reclassification	**146,080,649**	**108,767,297**	**18,469,243**	**6,103,685**	**(279,420,874)**	–
Retirement/disposals	**(25,846,434)**	**(777,482)**	**(11,167,647)**	**(23,861,403)**	–	**(61,652,966)**
December 31	**3,116,006,313**	**2,698,170,221**	**718,779,693**	**290,559,147**	**243,198,336**	**7,066,713,710**
Accumulated Depreciation and Amortization						
January 1	**1,137,748,745**	**1,103,095,346**	**557,898,453**	**204,458,251**	–	**3,003,200,795**
Depreciation and amortization (Note 21)	**92,903,649**	**167,560,931**	**47,684,527**	**29,107,073**	–	**337,256,180**
Retirement/disposals	**(25,327,984)**	**(777,482)**	**(11,167,646)**	**(21,228,855)**	–	**(58,501,967)**
December 31	**1,205,324,410**	**1,269,878,795**	**594,415,334**	**212,336,469**	–	**3,281,955,008**
Net Book Value	**₱1,910,681,903**	**₱1,428,291,426**	**₱124,364,359**	**₱78,222,678**	**₱243,198,336**	**₱3,784,758,702**

	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

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 ₱337.2 million, ₱295.0 million and ₱278.3 million in 2023, 2022 and 2021, respectively (see Note 21).

At December 31, 2023, certain items of land, buildings and improvements and machinery and equipment with carrying amount of ₱31.0 million were included in a participating Mortgage Trust Indenture (MTI). The aggregate appraised value of these assets amounted to ₱9,170.8 million, based on an appraisal report commissioned for the purpose of the loan. The loanable value represents 60% of these assets' appraised value. The aggregate loaned amount (₱1 billion) represents 18.2% of the total loanable value. (see Note 19).

15. Investment Properties

	2023		
	Land	**Condominium**	**Total**
Cost			
January 1	**₱248,532,482**	**₱293,595,000**	**₱542,127,482**
Additions	**6,217,326**	**–**	**6,217,326**
December 31	**254,749,808**	**293,595,000**	**548,344,808**
Accumulated Depreciation and Impairment			
January 1	–	**45,262,562**	**45,262,562**
Depreciation (Note 21)	–	**14,679,750**	**14,679,750**
December 31	–	**59,942,312**	**59,942,312**
Accumulated Impairment Loss	–	**24,812,188**	**24,812,188**
Net Book Value	**₱254,749,808**	**₱208,840,500**	**₱463,590,308**

	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			
Provision for impairment loss (Note 23)	–	24,812,188	24,812,188
Net Book Value	₱248,532,482	₱223,520,250	₱472,052,732

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, 2023 and 2022 amounted to ₱3.3 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. On January 18, 2024, DAR approved the Group's request for another extension to develop the property within a non-extendible period of five years from the receipt of order or until February 13, 2029. The notice of order was received by the Group on February 14, 2024.

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.

Management assessed that the fair value of these investment properties as at December 31, 2022 approximates its fair value as at December 31, 2023 as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Group operates or in the market to which the investment property is dedicated.

The Group recognized rental income of ₱13.6 million, ₱13.0 million, and ₱12.6 million from these investment properties in 2023, 2022 and 2021, respectively (see Note 30).

The aggregate direct expenses pertaining to real property taxes and depreciation expense amounted to ₱15.5 million, ₱16.1 million, and ₱15.5 million in 2023, 2022 and 2021, respectively.

16. Other Noncurrent Assets and Other Noncurrent Liabilities

The Group's other noncurrent assets comprise the following as of December 31:

	2023	2022
Fund for villa operations and capital expenditures (Note 30)	**₱93,816,895**	₱92,004,923
Property held for future development (Note 30)	**18,703,423**	26,950,301
Computer software - net of accumulated depreciation of ₱14.6 million and ₱14.3 million as of December 31, 2023 and 2022, respectively	**9,617,133**	3,646,890
Others	**6,346,751**	1,806,502
	₱128,484,202	₱124,408,616

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 noncurrent liabilities amounted to ₱101.7 million and ₱111.7 million as at December 31, 2023 and 2022, 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

There Group has no outstanding notes payable as at December 31, 2023 and 2022.

a. Total interest expense from previous notes payable recognized in the consolidated profit or loss amounted to ₱0.35 million in 2022 (nil in 2023).

b. The Group's unavailed credit line from banks amounted to ₱2,850.0 million as at December 31, 2023 and 2022, respectively.

18. Accounts Payable and Accrued Expenses

	2023	2022
Trade payables	**₱359,192,456**	₱397,486,369
Refundable deposits	**313,798,622**	272,260,088
Payable to a related party (Note 13)	**194,352,528**	170,219,545
Accruals for:		
Personnel expenses	**145,360,975**	168,865,274
Utilities	**22,411,259**	13,593,460
Taxes and licenses	**19,409,399**	7,329,816
Others	**50,451,672**	25,278,962

(Forward)

	2023	2022
Payable to government agencies	**₱98,703,902**	₱92,059,039
Contract liabilities (Note 5)	**77,116,715**	101,124,098
Payable to villa owners	**61,559,677**	59,523,979
Payable to contractors	**11,609,210**	18,296,102
Other payables	**31,307,100**	17,064,958
	₱1,385,273,515	₱1,343,101,690

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, 2023, the Group's outstanding long-term debt from a local bank amounting to ₱1.00 billion presented under noncurrent liabilities pertain to ASAC group.

a. On January 9, 2023, a Facility Agreement (IAI-BDO 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 was jointly and severally irrevocably executed by SRRLI and PRI duly identified as the sureties to secure the due and full payment and performance of the Secured Obligations as defined in the CS (see Note 14).

b. On February 14, 2023, SSRLI, PRI and Pamalican Utilities Inc. (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 into by SSRLI and the Trustee on November 29, 2005. The Trustors in the MTI are now parties to the Mortgage Obligations for the loan. The Trustee issued as of December 31, 2023 mortgage participating certificates representing 18.2% of the appraised value of the assets covered by the MTI (see Note 14).

   Drawdowns made in the Facility Agreement in 2023 are as follows:

Date	Amount
January 9, 2023	₱450,000,000
March 15, 2023	63,500,000
April 13, 2023	255,000,000
May 25, 2023	231,500,000
	₱1,000,000,000

   The loan is subject to an interest rate which shall be the higher of (a) the sum of the 3-month Benchmark Rate on interest setting date and on each repricing date plus 0.90% per annum, and (b) BSP Overnight Lending Facility Rate + 0.50% per annum; divided by the interest premium factor.

c. On November 20, 2023, BDO and the Company agreed to adjust the interest rate to the higher of (a) the sum of the 3-month Benchmark Rate on interest setting date and on each repricing date plus 0.90% per annum, and (b) Target Reverse Repurchase Rate plus + 0.25% per annum; divided by the interest premium factor effective January 9, 2024.

   The loan is payable quarterly after a 2-year grace period starting from the initial drawdown. Payment due date of the loan based on nominal values are scheduled as at December 31, 2023 as follows:

Year	2023
More than 1 year but less than 2 years	₱121,212,121
More than 2 years	363,636,364
More than 5 years	515,151,515
	₱1,000,000,000

   The loan shall be subject to the maintenance of financial ratios which include; (i) maximum of 2.5 times debt-to-equity ratio and (ii) minimum debt service coverage ratio of 1.2 times starting May 31, 2024 and annually each May 31 thereafter.

d. Total interest expense in 2023 from this loan recognized in the consolidated profit or loss amounted to ₱58.9 million.

20. Equity

Equity holders of the Parent

Authorized capital stock as at December 31 consists of the following shares:

	2023		2022	
	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:

	2023		2022	
	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 the SEC on June 21, 2021.

Outstanding common shares, net of shares held by a subsidiary, as at December 31, 2023 and 2022 totaled 1,272,329,761. The Company's equity holders as at December 31, 2023 and December 31, 2022 is 11,020 and 11,049, 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 2023, 2022 and 2021, the Company declared the following cash dividends:

	2023	2022	2021
Month of declaration	**March and November**	March and November	February and November
Cash dividend per share	**₱0.50 and ₱0.50**	₱0.50 and ₱0.50	₱0.50 and ₱0.25
Total cash dividend	**₱2,500.0 million**	₱2,500.0 million	₱1,875.0 million
Share of a subsidiary	**₱1,272.4 million**	₱1,272.4 million	₱920.7 million

As at December 31, 2023 and 2022, the Company's dividends payable amounted to ₱570.4 million and ₱502.0 million, respectively, and represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2023 and 2022 due to problematic addresses of some of the Company's stockholders.

Dividends paid to and contributions from Noncontrolling interests in 2023 amounted to ₱104.8 million and ₱35.6 million, respectively (₱56.6 million dividends paid to and contributions from in 2022, nil for both in 2021).

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 for another three years. Appropriations in 2014 and 2015 were extended in 2018 and 2019, respectively for another three years.

On November 11, 2020, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years for the same investment program.

On November 15, 2023, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years for the same investment program including business activities related to digital technology.

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 ₱3, million and ₱3,744.8 million as at December 31, 2023 and 2022, respectively.
- Shares in the undistributed retained earnings of subsidiaries and accumulated equity in net earnings of associates amounting to ₱6.6 billion and ₱6.1 billion as at December 31, 2023 and 2022, 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, 2023 and 2022, Anscorcon holds 1,272,429,761 shares of the Company amounting to ₱2.7 billion.

21. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2023	2022	2021
Materials used and changes in inventories (Note 11)	**₱7,993,666,485**	₱8,602,843,214	₱6,664,260,843
Salaries, wages and employee benefits (Note 22)	**179,177,764**	155,455,583	127,037,370
Depreciation and amortization (Note 14)	**121,275,291**	100,590,598	109,216,132
Utilities	**101,085,374**	101,357,802	68,495,190
Repairs and maintenance	**43,640,800**	47,393,337	81,254,728
Security services	**8,267,405**	7,433,248	6,922,570
Taxes and licenses	**5,343,441**	2,318,459	2,210,123
Transportation and travel	**3,818,057**	3,806,819	3,359,266
Insurance	**2,339,261**	4,470,742	2,078,351
Professional fees	**883,897**	10,469,808	495,257
Others	**10,604,971**	12,278,824	6,290,127
	₱8,470,102,746	₱9,048,418,434	₱7,071,619,957

Cost of services rendered consists of:

	2023	2022	2021
Resort operating costs	**₱210,669,296**	₱142,844,960	₱125,670,705
Depreciation and amortization (Note 14)	**72,879,568**	52,910,287	32,500,287
Salaries, wages and employee benefits (Note 22)	**66,572,127**	87,778,405	68,582,611
Materials and supplies - resort operations (Note 11)	**52,882,524**	30,894,212	33,249,480
Fuel cost	**52,096,470**	24,469,324	24,299,842
Insurance	**27,466,338**	10,151,631	7,996,096
Commissions	**9,686,288**	13,057,150	8,096,975
Repairs and maintenance	**9,075,116**	10,869,034	14,100,851
Taxes and licenses	**6,902,507**	5,871,088	3,224,122
Outside services	**2,651,151**	1,268,152	1,268,843
Transportation and travel	**257,951**	23,824,212	18,607,935
Others	**24,354,053**	587,714	10,325,835
	₱535,493,389	₱404,526,169	₱347,923,582

Operating expenses consist of:

	2023	2022	2021
Salaries, wages and employee benefits (Note 22)	**₱462,901,033**	₱347,040,443	₱262,348,562
Utilities	**228,144,642**	136,737,400	84,926,823
Depreciation and amortization (Notes 14, 15 and 30)	**172,837,830**	170,886,909	160,879,035
Advertising, marketing and management fee (Note 30)	**168,253,796**	129,279,596	94,978,399
Shipping and delivery expenses	**122,724,609**	125,034,606	96,400,481
Repairs and maintenance	**110,548,597**	67,321,569	41,843,014
Taxes and licenses	**97,338,997**	74,963,797	90,916,131
Professional and directors' fees	**61,059,591**	62,323,136	25,274,180
Transportation and travel	**48,457,123**	50,266,466	32,264,886
Insurance	**37,216,181**	26,822,760	26,084,688
Commissions	**36,845,930**	27,408,445	27,212,971
Security services	**30,655,408**	21,306,153	19,182,366
Communications	**15,254,367**	14,444,211	14,102,634
Association dues	**13,926,186**	8,624,847	8,400,598
Donation and contribution	**12,152,600**	14,742,214	12,940,389
Office supplies	**11,722,874**	18,472,462	18,925,461
Computer programming	**10,104,655**	3,838,143	3,166,553
Entertainment, amusement and recreation	**8,091,840**	5,030,562	6,054,664
Meetings and conferences	**7,434,728**	7,611,742	8,255,195
Trainings	**6,455,677**	5,382,846	2,428,179
Medical expenses	**6,430,014**	7,629,053	4,262,816
Others	**68,453,925**	48,689,949	51,132,446
	₱1,737,010,603	₱1,373,857,309	₱1,091,980,471

In 2023 and 2022, the Company paid bonus to its non-executive directors amounting to ₱18.1 million and ₱19.3 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

	2023	2022	2021
Salaries and wages	**₱603,880,806**	₱481,002,471	₱372,619,250
Social security premiums and other employee benefits	**90,258,214**	93,259,786	62,179,760
Pension costs (Notes 23 and 24)	**14,511,904**	16,012,174	23,169,533
	₱708,650,924	₱590,274,431	₱457,968,543

In 2023 and 2022, the Group declared and paid bonuses to its executive officers amounting to ₱91.6 million and ₱78.8 million, respectively (nil in 2021).

An 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 by the Board of Directors in 2004.

23. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2023	2022	2021
Cash and cash equivalents (Note 8)	**₱51,436,960**	₱24,918,106	₱6,235,233
Debt instruments (Notes 9 and 12)	**20,742,464**	25,807,800	32,197,278
Notes receivable (Note 27)	**19,331,002**	15,393,943	15,043,868
Others	**359,688**	1,342,020	57,711
	₱91,870,114	₱67,461,869	₱53,534,090

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.8 million, ₱0.3 million, and ₱0.2 million in 2023, 2022 and 2021, respectively.

Interest expense arose from the following:

	2023	2022	2021
Long-term debt (Note 19)	**₱58,597,678**	₱1,943,829	₱7,135,812
Lease liabilities (Note 30)	**1,637,027**	2,379,491	1,890,962
Notes payable (Note 17)	**–**	347,493	1,054,460
Others	**2,245,282**	16,864	178,452
	₱62,479,987	₱4,687,677	₱10,259,686

Other income (charges) - net consists of:

	2023	2022	2021
Rental income (Note 30)	**₱13,718,182**	₱13,228,239	₱12,809,631
Retirement benefit income	**–**	1,321,427	–
Provision for impairment losses on receivables (Note 10)	**(1,418,536)**	(906,550)	(29,731,764)
Recovery of impairment losses (Note 10)	**87,331**	81,496	–
Impairment loss on investment properties (Note 15)	**–**	–	(24,812,188)
Trading Income	**18,475,662**	–	–
Fuel Surcharge	**14,954,000**	–	552,786
Reimbursement	**2,811,144**	3,291,769	–
Gain on disposal of PPE	**1,227,513**	(69,643)	129,464
Others - net	**854,874**	5,304,773	(12,656,219)
	₱50,710,170	₱22,251,511	(₱53,708,290)

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.

As at December 31, 2023 and 2022, the Company's defined benefit retirement fund (the 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 ₱742.6 million and ₱575.8 million as at December 31, 2023 and 2022, 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 ₱146.72 million and ₱61.04 million in 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Fund's fair value amounted to ₱1,082.3 million and ₱839.9 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.

	2023	2022	2021
Retirement benefit cost:			
Current service cost	**₱19,687,831**	₱19,185,398	₱24,193,146
Net interest income	**(5,175,927)**	(4,494,651)	(1,023,613)
Net benefit expense (Notes 22 and 23)	**₱14,511,904**	₱14,690,747	₱23,169,533
Actual return on plan assets	**₱250,281,932**	₱107,014,499	₱160,279,066

Changes in net retirement plan asset are as follows:

	2023	2022	2021
Net retirement plan assets, beginning	**₱122,351,083**	₱147,141,624	₱91,612,330
Current service cost	**(7,036,429)**	(9,314,406)	(13,409,755)
Net interest income	**6,776,901**	6,681,667	2,910,178
	(259,528)	(2,632,739)	(10,499,577)
Actuarial changes arising from:			
Changes in financial assumptions	**(5,304,655)**	(13,603,079)	12,608,462

(Forward)

	2023	2022	2021
Experience adjustments	**₱15,654,040**	₱26,120,992	₱14,654,816
Changes in the effect of asset ceiling	**(164,334,396)**	(124,421,947)	(113,372,593)
Remeasurement of plan assets	**203,537,923**	81,047,994	143,381,265
Changes in demographic adjustments	**–**	836,842	1,033,745
	49,552,912	(30,019,198)	58,305,695
Contribution	**7,723,176**	8,219,373	7,723,176
Transfer to net retirement payable	**–**	(357,977)	–
Net retirement plan assets, end	**₱179,367,643**	₱122,351,083	₱147,141,624

Changes in net retirement benefits payable are as follows:

	2023	2022	2021
Net retirement benefits payable, beginning	**(₱39,931,355)**	(₱48,147,054)	(₱56,895,050)
Current service cost	**(12,651,402)**	(9,870,992)	(10,783,391)
Net interest cost	**(1,600,974)**	(2,187,016)	(1,886,565)
	(14,252,376)	(12,058,008)	(12,669,956)
Actuarial changes arising from:			
Changes in financial assumptions	**(3,177,929)**	12,435,292	14,172,068
Experience adjustments	**615,651**	(3,206,968)	(4,452,910)
Remeasurement of plan assets	**(7,293,180)**	(7,128,106)	(2,801,571)
Changes in demographic adjustments	**–**	–	39,289
Changes in the effect of asset ceiling	**31,525**	–	(3,004)
	(9,823,933)	2,100,218	6,953,872
Contribution	**41,398,042**	17,815,512	14,464,080
Transfer from net retirement assets	**–**	357,977	–
Net retirement benefits payable, end	**(₱22,609,622)**	(₱39,931,355)	(₱48,147,054)

Changes in the present value of defined benefit obligation:

	2023	2022
Defined benefit obligation, beginning	**₱505,613,269**	₱482,724,903
Current service cost	**14,511,904**	19,185,398
Interest cost	**33,153,794**	22,398,989
Remeasurement in other comprehensive income:		
Actuarial gain (loss) - changes in financial assumptions	**7,730,675**	(33,621,857)
Actuarial gain- experience adjustments	**5,359,922**	28,515,892
Actuarial gain (loss) - changes in demographic assumptions	**(15,654,040)**	107,278
Benefits paid from plan assets	**(59,319,468)**	(13,697,334)
Defined benefit obligation, ending	**₱491,396,056**	₱505,613,269

Changes in the fair value of plan assets:

	2023	2022
Fair value of plan assets, beginning	**₱839,922,864**	₱720,570,814
Interest income	**52,522,161**	33,094,611
Contributions	**47,841,494**	26,034,885
Remeasurement gain	**196,244,743**	73,919,888
Business combinations/disposals	**5,067,587**	–
Benefits paid from plan assets	**(59,319,468)**	(13,697,334)
Fair value of plan assets, ending	**₱1,082,279,381**	₱839,922,864

Changes in the effect of asset ceiling:

	2023	2022
Beginning balance	**₱252,889,704**	₱138,851,339
Changes in the effect of asset ceiling	**(164,334,396)**	107,835,361
Interest on the effect of asset ceiling	**345,565,352**	6,203,004
Ending balance	**₱434,120,660**	₱252,889,704

The fair value of plan assets as at December 31 are as follows:

	2023	2022
Debt instruments	**₱353,220,657**	₱224,485,094
Equity instruments	**653,897,385**	384,920,021
Unit investment trust funds	**67,329,763**	18,815,551
Cash and cash equivalents	**7,657,238**	195,832,140
Others	**174,338**	15,870,058
	₱1,082,279,381	₱839,922,864

The financial instruments with quoted prices in active market amounted to ₱616.4 million and ₱533.2 million as at December 31, 2023 and 2022, 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:

2023	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	+100 bps	**(₱7,824,053)**
	-100 bps	**9,103,344**
Future salary increases	+100 bps	**10,835,390**
	-100 bps	**(9,704,310)**

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)

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:

2023	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	+100 bps	**(₱8,667,448)**
	-100 bps	**9,520,264**
Future salary increases	+100 bps	**9,547,139**
	-100 bps	**(8,850,312)**

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)

The Group expects to make contributions amounting to ₱22.1 million to its defined benefit pension plans in 2024.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2023	2022
Discount rate	**6.01% to 6.10%**	5.21% to 7.19%
Future salary increases	**3.00% to 5.00%**	3.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2023 and 2022 ranges from 2.8 to 5.9 years and 3.5 to 8.1 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2023:

Year	Amount
2024	₱252,847,716
2025	21,359,815
2026	23,359,270
2027	81,120,750
2028	23,177,849
2029 to 2033	190,934,605

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:

	2023	2022	2021
Current	**₱308,322,710**	₱338,153,898	₱327,071,822
Deferred	**59,677,335**	(95,998,699)	53,080,192
	₱368,000,045	₱242,155,199	₱380,152,014

As at December 31, 2023 and 2022, tax credits or refunds included in "other current assets" amounted to ₱253.4 million and ₱201.9 million, respectively.

The components of the net deferred income tax assets (liabilities) are as follows:

	2023		2022	
	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	**₱66,809,534**	**₱–**	₱66,674,274	₱–
Allowance for inventory obsolescence and losses	**23,134,206**	**–**	23,130,697	–
Net retirement benefits payable	**13,284,792**	**–**	16,393,630	–
Unamortized past service cost	**9,162,158**	**–**	3,728,945	926,771
MCIT	**1,807,699**	**–**	–	–
NOLCO	**1,804,960**	**–**	–	–
Unrealized foreign exchange loss	**155,902**	**–**	505,747	–
Others	**10,713,715**	**–**	9,622,011	–
	126,872,966	**–**	120,055,304	926,771
Deferred income tax liabilities on:				
Unrealized foreign exchange gains	**(1,002,517)**	**(18,340,643)**	(262,065)	(32,715,001)
Net retirement plan assets	**–**	**(9,598,592)**	(50,628)	(9,278,564)
Fair value adjustment on equity investments	**–**	**(284,431,074)**	–	(292,426,401)
Market adjustment on FVPL investments	**(745,335)**	**(145,750,693)**	–	(62,559,448)
	(1,747,852)	**(458,121,002)**	(312,693)	(396,979,414)
	125,125,114	**(458,121,002)**	119,742,611	(396,052,643)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	**–**	**(201,873)**	–	1,061,311
Cumulative actuarial gains	**(6,883,930)**	**(35,243,319)**	(5,627,383)	(22,855,098)
	(6,883,930)	**(35,445,192)**	(5,627,383)	(21,793,787)
	₱118,241,184	**(₱493,566,194)**	₱114,115,228	(₱417,846,430)

[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:

	2023	2022
Deductible temporary differences on:		
Allowances for:		
Impairment losses	**₱1,040,969,632**	₱1,040,969,632
Expected credit losses	**567,537,073**	567,537,073
Accrued pension benefits and others	**65,361**	880,535
Carryforward benefits of:		
NOLCO	**61,820,195**	45,313,509
MCIT	**5,016,267**	6,293,385
Others	**217,612**	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 with the provision for income tax is as follows:

	2023	2022	2021
Provision for income tax at statutory tax rates	**₱754,298,933**	₱774,549,289	₱729,436,234
Additions to (reductions from) income taxes resulting from:			
Increase in market values of marketable equity securities and other investments subjected to final tax	**(301,244,721)**	(145,941,385)	(326,645,836)
Dividend income not subject to income tax	**(93,290,258)**	(66,751,373)	(90,948,354)
Interest income already subjected to final tax	**(4,020,168)**	(123,402)	(131,030)

(Forward)

	2023	2022	2021
Income tax at 5% GIT	**(₱4,012,024)**	(₱33,624,145)	(₱7,253,409)
Movement in unrecognized deferred income tax assets	**(2,678,391)**	191,691,568	38,363,894
Equity in net losses (earnings) of associates not subject to income tax	**(2,185,689)**	(6,659,881)	(2,852,401)
Change in income tax rate	**782,393**	–	15,507,248
Nontaxable income	–	(493,648,900)	–
Others	**20,349,970**	22,663,428	24,675,668
	₱368,000,045	₱242,155,199	₱380,152,014

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**
2020	2021-2025	₱18,823,962	₱–	₱–	₱–	₱18,823,962
2021	2022-2026	10,987,867	–	–	–	10,987,867
2022	2023-2025	17,928,564	–	–	–	17,928,564
2023	2024-2026	–	15,884,762	–	–	15,884,762
		₱47,740,393	**₱15,884,762**	**₱–**	**₱–**	**₱63,625,155**

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**
2020	2021-2023	₱1,713,931	₱–	₱–	(₱1,713,931)	₱–
2021	2022-2024	497,520	–	–	–	497,520
2022	2023-2025	2,556,521	–	–	–	2,556,521
2023	2024-2026	–	3,769,925	–	–	3,769,925
		₱4,767,972	**₱3,769,925**	**₱–**	**(₱1,713,931)**	**₱6,823,966**

26. **Earnings Per Share - Basic / Diluted**

Earnings per share - basic / diluted were computed as follows:

	2023	2022	2021
Net income attributable to equity holders of the Parent	**₱2,552,017,983**	₱2,800,557,660	₱2,504,080,376
Total comprehensive income (loss) attributable to equity holders of the Parent	**₱2,671,031,153**	₱2,728,710,415	₱2,680,681,495
Weighted average number of shares	**1,227,570,239**	1,227,570,239	1,227,570,239

(Forward)

	2023	2022	2021
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	**₱2.08**	₱2.28	₱2.04
Basic/diluted, for comprehensive income attributable to equity holders of the Parent	**₱2.10**	₱2.22	₱2.18

The Company does not have potentially dilutive common stock equivalents in 2023, 2022 and 2021.

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 12 months are 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):

	2023	2022	2021
Short-term employee benefits (Notes 21 and 22)	**₱195.4**	₱205.9	₱106.8
Retirement benefits (Notes 21, 22 and 24)	**5.1**	4.4	4.4
Total	**₱200.5**	₱210.3	₱111.2

On March 29, 2023, PDPI sold and issued shares to a key officer representing 3% of its outstanding shares of stock for ₱35.6 million. At date of sale, the Group recognized the corresponding NCI and the related adjustment as a charge against the Additional Paid-in Capital in the consolidated financial statements amounting to ₱135.0 million.

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 ₱652.9 million and ₱506.2 million as at December 31, 2023 and 2022, respectively. On February 28, 2024, the loan term was extended for another nine years effective November 3, 2024.

The balance of the loan, which is presented as "Notes receivable" in the consolidated statements of financial position, amounted to ₱198.8 million and ₱245.9 million as at December 31, 2023 and 2022, respectively.

On August 10, 2023, the Company entered into an agreement with AIMP for ₱218.0 million convertible note ("Note"), with interest rate of 8% per annum. The principal is payable on the third year anniversary of the Note issuance, while the interest is payable monthly. The Notes are convertible on or after the occurrence of an event of default. As at December 31, 2023 there has been no event of default and the Company intends to hold the Note until maturity. Accordingly, the Note was included under "Notes receivable" and accounted for at amortized cost.

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 composed of 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:

	2023	2022
Cash in banks	**₱1,138,681,881**	₱1,333,555,278
Cash equivalents	**1,888,257,182**	1,613,714,139
FVPL investments - bonds	**147,453,547**	162,948,774
FVOCI investments - bonds	**57,636,746**	41,453,401
Advances	**566,637,017**	567,408,113
	3,798,666,373	3,719,079,705
Receivables:		
Trade	**2,262,546,217**	2,312,815,653
Notes receivable	**416,774,404**	245,854,878
Receivable from villa owners	**77,279,674**	100,880,108
Interest receivable	**12,744,830**	9,101,583
Others	**29,418,074**	31,007,558
	2,798,763,199	2,699,659,780
	₱6,597,429,572	₱6,418,739,485

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, 2023	**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% - 0.02%**	**0%- 0.20%**	**0%-0.47%**	**0% - 96.35%**	**98.91%**	
Estimated total gross carrying amount at default	**₱1,402,081,696**	**₱392,216,755**	**₱163,807,399**	**₱24,709,838**	**₱23,488,179**	**₱256,242,350**	**₱2,262,546,217**
Expected credit loss	**₱–**	**₱54,167**	**₱250,751**	**₱90,690**	**₱17,912,308**	**₱194,813,414**	**₱213,121,330**

		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

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.

2023	**12-month ECL**	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Cash in banks	**₱1,138,681,881**	**₱–**	**₱–**	**₱1,138,681,881**
Cash equivalents	**1,888,257,182**	**–**	**–**	**1,888,257,182**
FVOCI investments	**57,636,746**	**–**	**–**	**57,636,746**
Receivables:				
Notes receivable	**416,774,404**	**–**	**–**	**416,774,404**
Receivable from villa owners	**77,279,674**	**–**	**–**	**77,279,674**
Interest receivable	**12,153,735**	**–**	**591,095**	**12,744,830**
Others	**28,418,851**	**–**	**999,223**	**29,418,074**
Advances	**1,837,017**	**–**	**564,800,000**	**566,637,017**
	₱3,621,039,490	**₱–**	**₱566,390,318**	**₱4,187,429,808**

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	8,510,488	–	591,095	9,101,583
Others	30,008,335	–	999,223	31,007,558
Advances	2,608,113	–	564,800,000	567,408,113
	₱3,376,584,740	₱–	₱566,390,318	₱3,942,975,058

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, 2023	**Within 6 Months**	**Over 6 to 12 Months**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Total**
Cash on hand and in banks	**₱1,139,149,381**	**₱–**	**₱–**	**₱–**	**₱1,139,149,381**
Cash equivalents	**1,888,257,182**	–	–	–	**1,888,257,182**
FVPL investments - bonds	–	–	**14,515,661**	**132,937,886**	**147,453,547**
FVOCI investments - bonds	–	–	**29,622,064**	**28,014,682**	**57,636,746**
Receivables*	**2,167,277,147**	–	**416,774,404**	–	**2,584,051,551**
	₱5,194,683,710	**₱–**	**₱460,912,129**	**₱160,952,568**	**₱5,816,548,407**
Accounts payable and accrued expenses**	**₱1,286,569,613**	**₱–**	**₱–**	**₱–**	**₱1,286,569,613**
Lease liabilities	–	**17,152,948**	**39,869,521**	–	**57,022,469**
Long-term debt	–	–	**484,848,485**	**515,151,515**	**1,000,000,000**
Dividends payable	**570,375,761**	–	–	–	**570,375,761**
	₱1,856,945,374	**₱17,152,948**	**₱524,718,006**	**₱515,151,515**	**₱2,913,967,843**

**Including notes receivable amounting to ₱416.7 million.*
*** Excluding non-financial liabilities amounting to ₱98.7 million.*

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**	₱1,251,042,651	₱–	₱–	₱–	₱1,251,042,651
Lease liabilities	7,053,815	7,053,814	6,569,093	–	20,676,722
Long-term debt	–	–	–	–	–
Dividends payable	501,959,779	–	–	–	501,959,779
	₱1,760,056,245	₱7,053,814	₱6,569,093	₱–	₱1,773,679,152

** Including notes receivable amounting to ₱245.8 million.*
*** Excluding non-financial liabilities amounting to ₱92.1 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)**
2023	**+0.25**	**₱2.1**

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, 2023 and 2022. 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)**	
2023	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	+100	**₱–**	**(₱1.93)**
	-100	**–**	**(2.05)**
FVPL investments	+100	**(₱1.30)**	**₱–**
	-100	**1.38**	**–**

	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)	–

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)
2023	**+14.75%**	**₱942.29**
	-14.75%	**(942.29)**
2022	+20.49%	₱1,050.13
	-20.49%	(1,050.13)

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 +/-14.75% and +/-20.49% in 2023 and 2022, 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)
2023	**+10.00%**	**₱259.19**
	-10.00%	**(259.19)**
2022	+10.00%	₱224.17
	-10.00%	(224.17)

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):

US Dollar	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
2023	**+7.80%**	**₱412.15**
	-7.80%	**(412.15)**
2022	+7.44%	₱15.36
	-7.44%	(15.36)

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 ₱516.9 million, with an average quantity of about 1,103 metric tons in 2023 and ₱638.0 million, with an average quantity of about 1,255 metric tons in 2022.

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)**
2023	**+4.83**	**(₱53.4)**
	-4.83	**53.4**
2022	+4.13	(₱45.13)
	-4.13	45.13

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, 2023, 2022 and 2021.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2023	**At Amortized Cost**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents	**₱3,027,406,563**	**₱–**	**₱–**	**₱3,027,406,563**
FVPL investments	**–**	**13,186,171,800**	**–**	**13,186,171,800**
FVOCI investments	**–**	**–**	**57,636,746**	**57,636,746**
Receivables*	**2,584,051,551**	**–**	**–**	**2,584,051,550**
	₱5,611,458,114	**₱13,186,171,800**	**₱57,636,746**	**₱18,855,266,660**

**Including notes receivable amounting to ₱416.7 million.*

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.*

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 (income approach). 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 this unquoted equity investment.

- 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, 2023	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱7,026,985,641**	**₱7,026,985,641**	**₱–**	**₱–**
Unquoted equity shares	**2,921,429,748**	**–**	**1,993,994,470**	**927,435,278**
Funds and equities	**2,459,415,391**	**–**	**2,459,415,391**	**–**
Proprietary shares	**625,177,073**	**–**	**625,177,073**	**–**
Bonds	**147,453,547**	**147,453,547**	**–**	**–**
Others	**5,710,400**	**5,710,400**	**–**	**–**
	13,186,171,800	**7,180,149,588**	**5,078,586,934**	**927,435,278**
FVOCI investments	**57,636,746**	**57,636,746**	**–**	**–**
	₱13,243,808,546	**₱7,237,786,334**	**₱5,078,586,934**	**₱927,435,278**

		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	2,732,294,685	–	1,710,585,612	1,021,709,073
Funds and equities	2,293,278,344	–	2,293,278,344	–
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	4,521,991,029	1,021,709,073
FVOCI investments	41,453,401	41,453,401	–	–
	₱12,088,257,403	₱6,544,557,301	₱4,521,991,029	₱1,021,709,073

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2023:

	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	**Dividend payout is ₱95.8 million with 4% annual increase**	**3% to 5%**	**3%: fair value of ₱833 5%: fair value of ₱1,047**
		Liquidity discount of 20%	**10% to 30%**	**10%: fair value of ₱1,043 30%: fair value of ₱812**
		Cost of equity of 12.78%	**11.78% to 13.78%**	**11.78%: fair value of ₱1,042 13.78%: fair value of ₱836**

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	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

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, 2023 and 2022, the carrying value of the investment in KSA amounts to ₱927.4 million and ₱1,021.7 million, respectively. The Group recognized loss on fair value adjustment amounting to ₱94.3 million in 2023 (nil in 2022 and 2021).

For the years ended December 31, 2023, 2022 and 2021, 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 ₱13.7 million, ₱13.2 million, and ₱12.8 million in 2023, 2022 and 2021, respectively (see Notes 15 and 23).

IAI

a. 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.

	2023	2022
Cost		
Beginning/Ending balance	**₱17,652,622**	₱–
Additions	–	17,652,622
Ending balance	**17,652,622**	17,652,622
Accumulated Amortization		
Beginning balance	**5,884,207**	–
Amortization for the year	**5,884,208**	(5,884,207)
Ending balance	**11,768,415**	(5,884,207)
Net Book Value	**₱5,884,207**	₱11,768,415

Set out below is the carrying amount of lease liability and its movement:

	2023	2022
Beginning balance	**₱12,221,196**	₱–
Additions	–	17,652,621
Accretion of interest	**532,022**	760,575
Lease payments	**(6,192,000)**	(6,192,000)
	6,561,218	12,221,196
Less current portion of lease liability	**6,561,218**	5,845,738
Noncurrent portion of lease liability	**₱–**	₱6,375,458

The future aggregate minimum lease payments under the said lease are as follows:

	2023	2022
Not later than 1 year	**₱6,569,093**	₱6,377,760
More than 1 year but not later than 5 years	–	6,569,093
	₱6,569,093	₱12,946,853

b. 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.

c. On November 29, 2022, IAI entered into a purchase agreement with VAL to acquire two Twin Otter aircraft with a total purchase price ₱965.47 million (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. In 2023, these advances were applied upon the finalization of the purchase of the aircrafts.

d. In 2019, IAI and PRI entered into an agreement wherein IAI will provide regular air transport service. IAI will 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 and that in the event of increase in the prices of fuel, IAI and PRI shall revisit and review the contract for rate adjustment. The agreement has a duration of three (3) years. On May 7, 2022, the agreement was renewed for another three (3) years effective February 15, 2022. The duration of the contract may be extended upon such terms and condition as may be mutually agreed by both parties. In 2023, IAI entered into a new air service agreement with PRI to supersede its existing agreement. Under the new agreement, PRI shall guarantee IAI nine hundred ninety (990) Twin Otter revenue roundtrip flights yearly starting January 1, 2023. The new agreement shall have a duration of not less than three (3) years starting January 1, 2023, unless otherwise pre-terminated formally in writing by either party.

<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 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. 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.

   Effective January 1, 2023, the Company charges a monthly fee amounting to ₱916,667, inclusive of VAT (eliminated in the consolidated statement of comprehensive income).

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 ₱117.07 million, ₱98.1 million and ₱75.1 million in 2023, 2022 and 2021, respectively.

e. 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 ₱4.07 million and ₱3.84 million in 2023 and 2022, respectively.

f. 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 ₱228.7 million, ₱193.0 million and ₱164.0 million in 2023, 2022 and 2021, 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, 2023 and 2022, the restricted fund amounted to ₱86.57 million and ₱82.72 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 16).

g. 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.

h. 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 2023, 2022 and 2021.

i. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2023 and 2022, total property development in progress mainly for Phase 4 villa development amounted to ₱18.7 million and ₱26.9 million, respectively.

PDIPI and Subsidiaries

a. The Company has a management contract with Phelps Dodge Philippines Energy Products Corporation (PDPEPC). Under the management agreement between the parties, the Company, as compensation to managerial and administrative services rendered to PDPEPC, shall bill the latter for management fees equivalent to 50% of 15% of audited income before tax and management and technical assistance fees of PDE (VAT inclusive). As per renewal of the agreement, amendments in the management fee billings has taken place in which the fixed fee is no longer available. Due from PDP Energy (eliminated in the consolidated balance sheets) amounted to ₱23.5 million and ₱44.7 million as at December 31, 2023 and 2022, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱99.4 million, ₱100.1 million, and ₱103.6 million in 2023, 2022 and 2021, respectively.

A new management contract was executed effective January 1, 2022, that this agreement shall continue for a period of five years from the effective date.

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, 2023 and 2022, and the movement during the period.

	2023	2022
Cost		
Beginning/Ending balance	**₱35,792,042**	₱35,792,042
Additions	**49,093,056**	–
Ending balance	**84,885,098**	35,792,042
Accumulated Amortization		
Beginning balance	**30,140,668**	22,605,501
Amortization for the year	**8,106,027**	7,535,167
Ending balance	**38,246,695**	30,140,668
Net Book Value	**₱46,638,403**	₱5,651,374

Set out below is the carrying amount of lease liability and its movements in 2023 and 2022:

	2023	2022
Beginning balance	**₱6,995,116**	₱16,600,449
Additions	**49,093,056**	
Accretion of interest	**1,105,005**	1,618,916
Lease payments	**(9,694,869)**	(11,224,249)
	47,498,308	6,995,116
Less current portion of lease liability	**12,202,067**	4,288,032
Noncurrent portion of lease liability	**₱35,296,241**	₱2,707,084

Operating lease commitments- PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

	2023	2022
Not later than 1 year	**₱10,583,855**	₱7,729,869
More than 1 year but not later than 5 years	**39,869,521**	–
	₱50,453,376	₱7,729,869

31. Changes in Liabilities Arising from Financing Activities

December 31, 2023

	December 31, 2022	**Cash Flows for Availment**	**Cash Flows for Repayments**	**Dividend Declaration**	**Noncash Movement**	**Accretion of Interest**	**December 31, 2023**
Dividends payable	**₱501,959,779**	**₱–**	**(₱1,103,154,257)**	**₱1,227,570,239**	**(₱56,000,000)**	**₱–**	**₱570,375,761**
Long-term debt	**–**	**1,000,000,000**	**–**	**–**	**–**	**–**	**1,000,000,000**
Interest on long term debt	**–**	**–**	**(42,917,505)**	**–**	**–**	**58,597,678**	**15,680,173**
Lease liabilities	**19,216,312**	**–**	**(16,331,931)**	**–**	**–**	**1,717,702**	**4,602,083**
Total liabilities from financing activities	**₱521,176,091**	**1,000,000,000**	**(₱1,162,403,693)**	**₱1,227,570,239**	**(₱56,000,000)**	**₱60,315,380**	**₱1,590,658,017**

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)	–	–	–	–
Dividends 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, 2020
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

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, 2023 and 2022, 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 noncash investing activities in 2023 includes additions to property and equipment amounting to ₱247.3 million paid in 2022.

34. **Subsequent Events**

Anscor

On February 28, 2024, the Board of Directors (BOD) approved the declaration of cash dividend of ₱0.50 per common share, payable on March 25, 2024 to common stockholders of record as at March 14, 2024.

PDP

- On February 27, 2024, the BOD of PDIPI approved the declaration of ₱450.0 million cash dividend to its stockholders of record as of February 29, 2024 representing ₱5.08 per share, payable as follows:

  ₱350 million - payable on or before March 22, 2024
  ₱100 million - payable on or before July 31, 2024

- On February 27, 2024, the BOD of PD Energy approved the declaration of ₱450.0 million cash dividend to PDIPI representing ₱6.96 per share, payable as follows:

  ₱350 million - payable on or before March 19, 2024
  ₱100 million - payable on or before July 28, 2024

- On February 27, 2024, the BOD of PDEIC approved the declaration of ₱80.0 million cash dividend to PDPEPC representing ₱800 per share, payable on or before March 19, 2024.

SGV
Building a better
working world

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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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A and have issued our report thereon dated February 28, 2024. 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
BIR Accreditation No. 08-001998-098-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082016, January 6, 2024, Makati City

February 28, 2024

ANNEX A

A. SORIANO CORPORATION AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

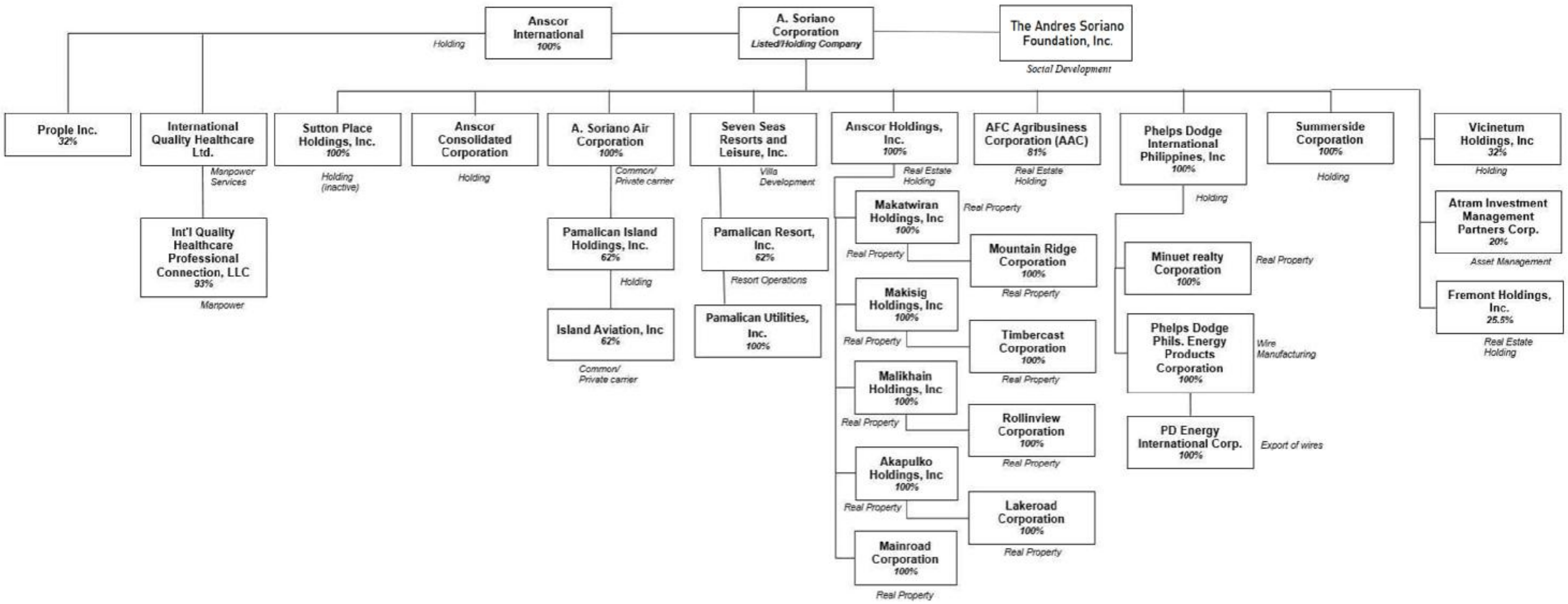
A. SORIANO CORPORATION
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2023

Unappropriated retained earnings, December 31, 2022		**₱6,799,974,696**
Less: Dividend declaration during the reporting period	(2,500,000,000)	
Exchange gains (except attributable to cash and cash equivalents), Unrealized fair value adjustments (mark-to-market) of financial instruments at fair value through profit or loss (FVTPL) and deferred tax assets	(2,808,601,118)	(5,308, 601,118)
Unappropriated retained earnings, as adjusted		**1,491,373,578**
Add net income for the current year		**3,314,329,144**
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized fair value adjustments (mark-to-market) of FVTPL	(952,283,517)	
Add: Unrealized income recognized in the profit or loss in prior reporting period but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	42,592,099	
Add: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax assets	(1,341,168)	(911,032,586)
Total retained earnings available for dividend declaration, December 31, 2023		**₱3,894,670,136**

ANNEX B

A. SORIANO CORPORATION AND SUBSIDIARIES

GROUP STRUCTURE
DECEMBER 31, 2023



A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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				
Aboitiz Power Corporation	797,000	30,126,600	30,126,600	2,387,706
AC Energy	1,114,270	4,880,502	4,880,502	(3,521,664)
Ayala Corporation	613,090	417,514,290	417,514,290	(2,456,723)
Ayala Land Inc.	1,148,500	39,565,825	39,565,825	4,620,171
Bank of Phil. Islands	326,030	33,841,914	33,841,914	3,909,515
BDO Unibank Inc.	290,000	37,845,000	37,845,000	6,858,227
Bloomberry Resorts Corporation	3,298,400	32,456,256	32,456,256	4,905,310
GT Capital Holdings, Inc.	52,850	31,181,500	31,181,500	3,226,081
I C T S I	21,389,602	5,278,953,774	5,278,953,774	1,227,529,394
iPeople Inc."A"	93,301,439	685,765,533	685,765,533	56,980,197
Jollibee Foods Corp.	153,240	38,524,536	38,524,536	4,291,701
P L D T	27,070	34,622,530	34,622,530	2,101,400
SM Prime Holdings	815,000	26,813,500	26,813,500	1,984,540
Wilcon Depot Inc.	850,000	17,765,000	17,765,000	(5,392,584)
GRAB	793,172	148,003,444	148,003,444	10,276,884
AI - YMABS	447,868	169,125,437	169,125,437	64,673,977
		7,026,985,641	**7,026,985,641**	**1,382,374,132**
UNQUOTED EQUITY SHARES				
K S A Realty Inc	-	927,435,278	927,435,278	(94,273,795)
Navergar PE Fund 1	-	74,447,765	74,447,765	24,148,975
Navergar PE Fund 2	-	454,775,007	454,775,007	72,965,343
Sierra Madre	-	540,004,231	540,004,231	36,047,182
AP I Tycho Co-Invested Ltd	-	114,048,257	114,048,257	-
Asia Partners I	-	343,751,716	343,751,716	(21,702,455)
Asia Partners II	-	94,634,391	94,634,391	(12,803,501)
Third Prime Alpha III-A	-	61,059,600	61,059,600	697,662
Third Prime (Kafene B)	-	83,841,967	83,841,967	5,056
Third Prime (Kafene B-1)	-	44,710,611	44,710,611	(28,349)
Blue Voyant LLC	-	182,720,925	182,720,925	-
		2,921,429,748	**2,921,429,748**	**(70,124,820)**
FUNDS AND EQUITIES				
ATRAM_WisdomTree International Hedge-USD	15,751	36,620,859	36,620,859	4,585,021
ATRAM-Allianz Oriental Income AT-USD	3,598	44,520,804	44,520,804	2,897,418
ATRAM-iShares Core S&P 500 UCITS ETF-USD	1,784	49,587,600	49,587,600	4,188,028
ATRAM-iShares USD Corp Bond UCITS ETF-USD	13,604	78,677,326	78,677,326	3,005,986
ATRAM-iShares USD Treasury Bond 1-3yrs-USD	263,740	78,813,923	78,813,923	2,525,283
ATRAM-JPMorgan funds-USD Money Market-USD	268	1,668,675	1,668,675	2,157,076
ATRAM-Philippine Equity Smart Index Fund-PHP	986,249	95,161,076	95,161,076	(2,186,691)
ATRAM-RPGB 5 ¾ 03/07/28-PHP	₱121,000,000	120,164,449	120,164,449	7,041,088
ATRAM-RPGB 6 7/8 01/10/29-PHP	₱118,980,000	122,807,825	122,807,825	6,685,138
BS-Brookfield Super-Core Infra iCap Access Fund-	1,500,000	87,057,144	87,057,144	7,036,854
BS-Oaktree Alpha Credit Fund-USD	2,000,000	97,621,958	97,621,958	10,981,105
BS-Straits 10-KKR (BOS PE Healthcare GR 2017)-	3,027,486	208,351,385	208,351,385	8,268,354
MS-UBS USD Autocallable Stk-USD	-	266,500	266,500	-
UBS-A&Q Select SPC-USD	341	29,432,318	29,432,318	1,470,469
UBS-AB American Income Fund-USD	98,612	93,204,286	93,204,286	8,853,302
UBS-Adobe Ord-USD	405	13,378,666	13,378,666	8,821,762
UBS-Advanced Micro Devices Inc-USD	1,600	13,059,347	13,059,347	7,973,700
UBS-Alphabet Inc-Class A-USD	3,460	26,761,838	26,761,838	8,571,984
UBS-Amazon.Com Inc-USD	3,735	31,422,248	31,422,248	12,702,723
UBS-Apollo Debt Solutions BDC iCapital-USD	513	27,717,240	27,717,240	636,636
UBS-Apple Inc.-USD	1,625	17,323,127	17,323,127	7,558,134
UBS-Blackstone Private Credit Fund-USD	532	37,913,002	37,913,002	3,195,896
UBS-BREIT iCap Offshore Access Fund-USD	408	36,594,466	36,594,466	393,642

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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-Brevan Howard Alpha Strategies Fund-USD	4,500	24,606,539	24,606,539	(559,126)
UBS-Broadcom, Inc.-USD	250	15,451,691	15,451,691	3,841,808
UBS-Bull Capital Return Note-USD	200,000	10,763,097	10,763,097	(310,903)
UBS-CAp Int'l Fund Sicav-Grp Multi-Sec Inc-USD	143.370.55	88,116,544	88,116,544	5,149,676
UBS-Capital Credit Opportunities Fund Ltd-USD	400,000	22,393,404	22,393,404	23,924
UBS-Capital Int'l Fund-SICAV-Capital Group New-	57,908	72,656,702	72,656,702	6,016,137
UBS-Capital Return Note Citigroup-USD	200,000	10,958,830	10,958,830	(115,170)
UBS-Crowdstrike Holdings Inc-USD	1,075	15,197,349	15,197,349	8,689,192
UBS-Goldman Sachs Fund-India Equity-USD	12,332	23,406,263	23,406,263	3,022,815
UBS-Invesco Global Real Assets-USD	1,883	9,258,884	9,258,884	(1,153,072)
UBS-iShares JPMorgan USD EM Corp Bond-USD	169,137	54,289,576	54,289,576	2,285,119
UBS-iShares Plc-USD Corp Bond-USD	231,949	74,490,778	74,490,778	6,054,535
UBS-KKR Private Markets EquityFund-USD	20,000	29,102,472	29,102,472	1,417,472
UBS-Linden International Ltd A-USD	600	33,473,487	33,473,487	(80,733)
UBS-Man Funs PLC-GLG Japan-USD	2,191	13,896,427	13,896,427	747,302
UBS-Meta Platforms Ord Shares Class A-USD	1,280	25,086,419	25,086,419	21,767,547
UBS-Microsoft Corporation-USD	1,575	32,793,602	32,793,602	10,448,456
UBS-Morgan Stanley Inv Funds-Global Brands-USD	17,621	53,125,639	53,125,639	5,060,059
UBS-Ninety One Global Funds Strat. Funds-USD	26,694	66,082,741	66,082,741	7,723,744
UBS-NVDIA Corporation-USD	635	17,411,910	17,411,910	12,232,253
UBS-Oracle Corporation-USD	500	2,918,830	2,918,830	308,270
UBS-Owl Rock Technology Income Corp-USD	581	37,278,662	37,278,662	4,056,665
UBS-Palu Alto Networks, Inc-USD	1,100	17,960,256	17,960,256	11,657,062
UBS-Partners Group Global Value SICAV-USD	3,973	37,218,642	37,218,642	3,361,079
UBS-PIMCO Funds Global Inv Ser PLC-INC FD-USD	82,681	78,559,558	78,559,558	5,978,821
UBS-PineBridge Global Funds-Asia Pacific-USD	104,331	70,214,507	70,214,507	3,770,507
UBS-Salesforce Ord Shrs-USD	1,225	17,848,326	17,848,326	11,570,046
UBS-Servicenow Inc-USD	400	15,647,341	15,647,341	8,518,677
UBS-Uber Technologies Inc-USD	2,400	8,181,914	8,181,914	6,340,071
UBS-VISA Inc-Class A-USD	1,845	26,596,744	26,596,744	4,900,171
SSRLI-JP Morgan	14,782	91,933,447	91,933,447	572,947
Ishares 1-3 Year	3,150	14,309,048	14,309,048	(13,731)
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	-
		2,459,415,391	**2,459,415,391**	**76,330,193**
BONDS				
UBS-Jollibee Worldwide (JFC) 4.75% 2020-	$ 300,000	15,725,634	15,725,634	1,491,498
UBS-MTN Bank of America Corp. 2.087%	$ 200,000	9,798,497	9,798,497	402,909
UBS-MTN Morgan Stanley 2022.18.2028 Global S1-	$ 250,000	14,515,660	14,515,660	668,260
SSRLI - RPGB 2 3/8 03/09/24	₱108,000,000	107,413,756	107,413,756	4,369,193
		147,453,547	**147,453,547**	**2,562,667**
PROPRIETARY SHARES				
Alabang Country Club "A"	2	24,000,000	24,000,000	3,000,000
Alta Vista De Cebu (Vistamar)	1	450,000	450,000	50,000
Camp John Hay	2	600,000	600,000	200,000
Canlubang Golf & Country Club	2	7,000,000	7,000,000	1,000,000
Celebrity Sports Plaza	1	300,000	300,000	50,000
Club Filipino	1	350,000	350,000	50,000
Cresta Del Mar	1	68,000	68,000	-
Makati Sports Club "A"	1	1,100,000	1,100,000	(250,000)
Anscorcon - Manila Golf	1	120,000,000	120,000,000	15,000,000
Anscor - Manila Golf & Country Club	3	360,000,000	360,000,000	45,000,000
Manila Polo Club	1	45,000,000	45,000,000	18,127,500
Manila Southwoods "A"	1	4,000,000	4,000,000	1,000,000
Maybank ATR KIMENG Partners, Inc.	-	15,000	15,000	-
Metropolitan Club	1	250,000	250,000	-
Orchard Golf & Country Club "C"	1	3,000,000	3,000,000	1,500,000
Orchards Golf Club "A"	1	2,300,000	2,300,000	1,200,000

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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**
Palms Country Club 'Class A"	1	2,000,000	2,000,000	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	45,000,000	45,000,000	19,500,000
Tagaytay Midlands Golf Club, Inc.	1	1,500,000	1,500,000	-
Anscor - Valle Verde Country Club	1	750,000	750,000	300,000
PDP - Valle Verde Country Club	3	2,250,000	2,250,000	(250,000)
Valley Golf Club	1	5,000,000	5,000,000	4,200,000
		625,177,073	**625,177,073**	**110,177,500**
OTHERS				
ACMDC	840,173	2,965,811	2,965,811	(92,419)
Central Azucarera de La Carlota	271	780	780	-
Manila Peninsula Hotels,Inc.	265,000	2,444,945	2,444,945	-
Meralco	636	253,764	253,764	63,727
PLDT Co - Pref	1,200	12,600	12,600	-
Realty Investment Inc	120,000	32,500	32,500	-
		5,710,400	**5,710,400**	**(28,692)**
TOTAL - FVPL INVESTMENTS		**13,186,171,800**	**13,186,171,800**	**1,501,319,672**
FVOCI INVESTMENTS				
BONDS				
UBS-Enel Finance 5% Notes 2022-15-06.2032-USD	$ 250,000	13,501,836	13,501,836	563,596
UBS-General Motors 2.35% 2022.06.02.2027-USD	$ 300,000	15,319,993	15,319,993	666,316
UBS-HSBC Holdings 2.206% 2021-17.08.2029-USD	$ 300,000	14,512,846	14,512,846	549,905
UBS-SK Hynix Inc 6.375% Notes 17.01.2028-USD	$ 250,000	14,302,071	14,302,071	107,902
		57,636,746	**57,636,746**	**1,887,719**
TOTAL - FVOCI INVESTMENTS		**57,636,746**	**57,636,746**	**1,887,719**
GRAND TOTAL - FINANCIAL ASSETS		**13,243,808,546**	**13,243,808,546**	**1,503,207,391**

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 2023

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

Name and Designation of Debtor	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.	26,495,068	-	26,171,403	-	323,665	-	323,665
Summerside Corporation	785,125	-	-	-	-	785,125	785,125
Seven Seas Resorts & Leisure Inc.	228,257	-	220,663	-	7,594	-	7,594
Pamalican Resorts, Inc.	410,740	8,147,321	8,522,321	-	35,740	-	35,740
Pamalican Island Holdings, Inc. (PIHI)	(599,593)	4,900	-	-	-	(594,693)	(594,693)
A. Soriano Air Coporation	36	-	-	-	-	36	36
Island Aviation Inc.	4,541,854	-	4,503,429	-	-	38,425	38,425
Anscor Consolidated Corporation	(134,477)	1,271,200,000	1,271,209,645	-	(144,122)	-	(144,122)
Phelps Dodge Philippines Energy Products Corporation	54,291,230	111,374,572	133,047,241	-	32,618,561	-	32,618,561
Phelps Dodge International Philippines, Inc.	-	339,500,000	339,500,000	-	-	-	-
AFC Agribusiness Corporation	20,870,398	4,678,398	-	-	4,678,398	20,870,398	25,548,796
Sutton Place Holdings	(8,738,479)	11,415	-	-	-	(8,727,064)	(8,727,064)
IQ Healthcare Investments Limited	7,156,720	12,428,356	-	-	12,428,356	7,156,720	19,585,076
Anscor International, Inc.	985,576,851	241,304,902	-	-	241,304,902	985,576,851	1,226,881,753
	1,090,883,730	**1,988,649,864**	**1,783,174,702**	**-**	**291,253,094**	**1,005,105,798**	**1,296,358,892**
RECEIVABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
Pamalican Resort Inc. (ASAC direct receivables)	995,771	152,620	-	-	1,148,391	-	1,148,391
Pamalican Resort Inc. (IAI direct receivables)	49,245,372	-	4,882,648	-	44,362,724	-	44,362,724
A. Soriano Corporation (PIHI direct receivables)	599,593	-	4,900	-	-	594,693	594,693
	50,840,736	152,620	4,887,548	-	45,511,115	594,693	46,105,808
ANSCOR CONSOLIDATED CORPORATION							
A. Soriano Corporation	134,477	1,271,209,645	1,271,200,000	-	144,122	-	144,122
	134,477	1,271,209,645	1,271,200,000	-	144,122	-	144,122
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
Island Aviation Inc. (direct receivable of PRI)	1,360,428	70,824	-	-	70,824	1,360,428	1,431,252
Pamalican Island Holdings, Inc. (direct receivable of Seven Seas)	65,000	-	-	-	-	65,000	65,000
Island Aviation Inc. (direct receivable of Seven Seas)	246,479,752	-	246,479,752	-	-	-	-
	247,905,180	70,824	246,479,752	-	70,824	1,425,428	1,496,252
SUTTON PLACE HOLDINGS, INC.. (Conso)							
A. Soriano Corporation (direct receivable of Sutton)	8,738,479	-	11,415	-	-	8,727,064	8,727,064
	8,738,479	-	11,415	-	-	8,727,064	8,727,064
ANSCOR INTERNATIONAL (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, 2023

Name and Designation of Debtor	Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
IQ Healthcare Investments Limited)	41,788,373	10,951,552	-	-	10,951,552	41,788,373	52,739,925
	41,788,373	10,951,552	-	-	10,951,552	41,788,373	52,739,925
Anscor Holdings, Inc.							
Seven Seas Resorts & Leisure Inc.	107,126	-	105,075	-	-	2,051	2,051
	107,126	-	105,075	-	-	2,051	2,051
Summerside Corporation							
Anscor Holidngs, Inc.	2,029,490	-	9,714	-	-	-	2,019,776
	2,029,490	-	9,714	-	-	-	2,019,776
	351,409,384	**11,174,996**	**251,493,504**	**-**	**56,533,491**	**52,537,609**	**111,090,876**
PAYABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
A. Soriano Corporation	4,541,890	-	4,503,429	-	-	38,461	38,461
Pamalican Resort Inc. (direct payable of ASAC)	1,709,608	-	324,777	-	-	1,384,831	1,384,831
Seven Seas Resorts & Leisure Inc. (direct payable of PIHI)	65,000	-	-	-	-	65,000	65,000
Pamalican Utilities, Inc. (direct payable of ASAC)	-	35,014	-	-	35,014	-	35,014
Seven Seas Resorts & Leisure Inc. (direct payable of IAI)	246,479,752	(246,479,752)	-	-	-	-	-
Pamalican Resort Inc. (direct payable of IAI)	679,563	79,534	-	-	79,534	679,563	759,097
	253,475,813	(246,365,204)	4,828,206	-	114,548	2,167,855	2,282,403
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
A.Soriano Corporation (direct payable of PRI)	410,740	8,147,321	8,522,321	-	35,740	-	35,740
A.Soriano Corporation (direct payable of SSRLI)	228,257	-	220,663	-	-	7,594	7,594
Anscor Holdings, Inc. (direct payable of SSRLI)	107,126	-	105,075	-	2,051	-	2,051
Island Aviation, Inc. (direct payable of PRI)	49,266,305	-	4,571,607	-	44,694,698	-	44,694,698
	50,012,428	8,147,321	13,419,666	-	44,732,489	7,594	44,740,083
PHELPS DODGE INTERNATIONAL PRODUCTS PHILIPPINES, INC. (PDIPI) - Conso							
A. Soriano Corporation (direct payable of PDP Energy)	54,291,230	111,374,572	133,047,241	-	32,618,561	-	32,618,561
A. Soriano Coporation (direct payyable of PDIPI)	-	339,500,000	339,500,000	-	-	-	-
	54,291,230	450,874,572	472,547,241	-	32,618,561	-	32,618,561
ANSCOR HOLDINGS INC. (Conso)							
Summerside Corporation	2,029,490	-	9,714	-	2,019,776	-	2,019,776
A. Soriano Corporation	26,495,068	-	26,171,403	-	-	323,665	323,665
	28,524,558	-	26,181,117	-	2,019,776	323,665	2,343,441
SUMMERSIDE CORPORATION (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, 2023

Name and Designation of Debtor	Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
A. Soriano Corporation	785,125	-	-	-	-	785,125	785,125
	785,125	-	-	-	-	785,125	785,125
AFC AGRIBUSINESS CORPORATION							
A. Soriano Corporation	20,870,398	4,678,398	-	-	4,678,398	20,870,398	25,548,796
	20,870,398	4,678,398	-	-	4,678,398	20,870,398	25,548,796
ANSCOR INTERNATIONAL							
A. Soriano Corporation	985,576,851	241,304,902	-	-	241,304,902	985,576,851	1,226,881,753
	985,576,851	241,304,902	-	-	241,304,902	985,576,851	1,226,881,753
IQ HEALTHCARE INVESTMENT LIMITED							
A. Soriano Corporation	7,768,027	12,433,458	-	-	12,433,458	7,768,027	20,201,485
Anscor International	41,788,373	10,951,552	-	-	10,951,552	41,788,373	52,739,925
	49,556,400	23,385,010	-	-	23,385,010	49,556,400	72,941,410
	1,443,092,803	**482,024,999**	**516,976,230**	**-**	**348,853,684**	**1,059,287,888**	**1,408,141,572**

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
AS OF DECEMBER 31, 2023
(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
Island Aviation, Inc.			
Banco de Oro	1,000,000,000	-	1,000,000,000
Total	1,000,000,000	-	1,000,000,000

a. On January 9, 2023, a Facility Agreement (IAI-BDO 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 jointly and severally irrevocably executed by SRRLI and PRI duly identified as the sureties to secure the due and full payment 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 P406.0 million.

b. 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.

c. On November 20, 2023, BDO and the Company agreed to adjust the interest rate to the higher of (a) the sum of the 3-month Benchmark Rate on interest setting date and on each repricing date plus 0.90% per annum, and (b) Target Reverse Repurchase Rate plus + 0.25% per annum; divided by the interest premium factor effective January 9, 2024.

   The loan shall be subject to the maintenance of financial ratios which include a maximum of 2.5 times debt-to-equity ratio and minimum debt service coverage ratio of 1.2 times starting May 31, 2024 and annually each May 31 thereafter.

d. Total interest expense from these loan recognized in the consolidated profit or loss amounted to P58.9 million in 2023 (nil in 2022 and 2021)

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023 AND 2022
(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	2,599,946	**1,828,850**
	567,369,456	**566,598,360**
Less Allowance for Doubtful Accounts	564,761,343	**564,761,343**
RECEIVABLE - NET	2,608,113	**1,837,017**

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, 2023
(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, 2023

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	671,313,481	492,561,923
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, 2023 and 2022, 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 28, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule 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, 2023, and 2022 and for each of the three years in the period ended December 31, 2023, 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
BIR Accreditation No. 08-001998-098-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082016, January 6, 2024, Makati City

February 28, 2024

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 AND 2022

			2023		2022	
i.	Current Ratio	Total Current Assets	**20,810,775,738**	**10.14:1**	19,339,745,780	9.94:1
		Total Current Liabilities	**2,051,440,225**		1,945,908,174	
ii.	Acid Test Ratio	Total Current Assets less Inventories, Prepayments, and Other Current Assets	**18,380,855,510**	**9.0:1**	17,235,630,116	8.9:1
		Total Current Liabilities	**2,051,440,225**		1,945,908,174	
iii.	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and amortization	**2,914,871,050**	**78.68%**	3,124,945,454	123.78%
		Total Liabilities	**3,704,634,675**		2,524,505,010	
iv.	Debt-to-Equity Ratio	Total Liabilities	**3,704,634,675**	**0.16:1**	2,524,505,010	0.11:1
		Equity Attributable to Equity Holders of the Parent	**23,172,977,333**		21,961,719,040	
v.	Asset-to-Equity Ratio	Total Assets	**27,692,602,665**	**1.20**	25,138,235,219	1.14
		Equity Attributable to Equity Holders of the Parent	**23,172,977,333**		21,961,719,040	
vi.	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	**3,079,675,617**	**49.29**	3,102,884,832	661.92
		Interest expense	**62,479,887**		4,687,677	
vii.	Return on Equity	Net Income Attributable to Equity Holders of the Parent	**2,552,017,982**	**11.01%**	2,800,557,660	12.75%
		Equity Attributable to Equity Holders of the Parent	**23,172,977,333**		21,961,719,040	
viii.	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**2,552,017,982**	**9.22%**	2,800,557,660	11.14%
		Total Assets	**27,692,602,665**		25,138,235,219	

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 AND 2022

			2023		2022	
ix.	Profitability Ratio	Net Income Attributable to Equity Holders of the Parent	**2,552,017,982**	**18.49%**	2,800,557,660	20.56%
		Total Revenues	**13,798,487,806**		13,624,683,643	
x.	Book value per share	Equity Attributable to Equity Holders of the Parent	**23,172,977,333**	**18.88**	21,961,719,040	17.89
		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

2024 information statement

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	:	/ X/ 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	:	7th Floor Pacific Star Building Makati Avenue corner Gil Puyat Avenue Makati City
7.	Registrant's telephone number, including area code	:	(632) 8819-0251 to 60
8.	Date, Time and Place of the meeting	:	17 April 2024, Wednesday at 10:00 A.M. 7th Floor, Pacific Star Building Makati Avenue cor. Gil Puyat Avenue Makati City The meeting will be conducted virtually at https://www.anscor.com.ph/2024-annual-stockholders-meeting-live-stream/
9.	Approximate date on which the Information Statement (IS) 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 22 March 2024
10.	In case of Proxy Solicitations Name of Person Filing the Statement/Solicitor	:	Atty. Lorna Patajo-Kapunan, Corporate Secretary
	Address	:	7th Floor, Pacific Star Bldg., 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	:	2,500,000,000 as of February 29, 2024

12.	Are any or all of registrant's securities listed in a Stock Exchange?	:	Yes
	If so, disclose name of the Exchange	:	Philippine Stock Exchange

Information Statement

A. GENERAL INFORMATION

Item 1: Date, Time and Place of Meeting of Security Holders

(a)

Date	:	Wednesday, 17 April 2024
Time	:	10:00 A.M.
Place	:	Virtual Meeting at https://www.anscor.com.ph/2024-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 13 March 2024. 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 13 March 2024 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 29 February 2024, 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	499,939,713	16.665%
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	114,207,702	3.807%
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%

* Security Ownership percentages includes both common and preferred shares.
**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 17.558%, which it holds on behalf of 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.

ii. Securities Ownership of Directors and Management

As of 29 February 2024, 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	4,520,000	Direct	Filipino	0.151%
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		**671,313,481**			**22.377%**

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 29 February 2024 the foreign ownership level of total outstanding shares is 16.66%

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 2024.

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 the 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 1 March 2024, 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 2024. 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. All the nominees except Ms. Camila Maria Soriano 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 two nominated independent Directors of the Company are Mr. Oscar J. Hilado 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. Go, the other nominee for independent Director was first elected as Director in 2019 while Mr. Ottiger, another nominee for Director was first elected in April 2022, and Ms. Soriano is a first-time nominee, 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 pages 9 to 10 for his business experience.

The two 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 72, 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 69, 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 77, 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 59, Filipino, Director of the Company since 19 November 2019 and an independent director since 2022; 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 86, Filipino, an Independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (PHINMA), Inc. (August 2005 to present); Chairman-Emeritus & Chairman of the Executive Committee of Phinma Corporation (April 2022 to present); Vice Chairman of the Board of Phinma Property Holdings Corporation (April 2021 to present); Vice Chairman of Union Galvasteel Corporation (March 2017 to present); Director of Phil. Cement Corporation (September 2017 to present); Union Insulated Panel Corp. (June 2022 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. (1996 to present) and Pamalican Resort, Inc. (May 2011 to present), Beacon Property Ventures, Inc. (December 1994 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 56, Swiss, Director of the Company since 20 April 2022; Executive Vice President and Corporate Development Officer of the Company (2013 to present); Director of iPeople, Inc. (2023 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).

CAMILA MARIA SORIANO, age 34, American, Founder, Chief Financial Officer of Wholesome Spirits Inc. (DBA Volley), Charles, SC (June 2019 to present); Chief Financial Officer of American Juice Company LLC, Charles, SC, (May 2017 to present); Registered Client Associate of Wells Fargo Advisors, New York, NY, (2013 to May 2017); Intern, Funds Research of Bank of Singapore (Subsidiary of OCBC) Singapore, (Summer 2012); Intern, Retail Event Marketing of Ralph Lauren, New York, NY, (Summer 2011), Intern, European Observatory on Children's Television (OETI), Barcelona, Spain, (Fall 2010) and Assistant to Vice President, Business Development of The Coca-Cola Company, New York, NY, (Summer 2010). Graduate of Fundamentals of Corporate Finance, New York City University (Fall 2012); Political Science and Hispanic Studies, B.A., Trinity College (2012). Studied in University Pompeu Fabra, Barcelona, Spain (Fall 2010), New York University, Intercultural Communications (Summer 2009) and Kent School (2008 with Honors).

The following are the members of the Executive Committee, Audit Committee, Compensation Committee and Nomination Committee for the period April 19, 2023 to April 17, 2024:

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 17, 2024, 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 71, 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-present). 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-present); Columnist, Business Mirror "Legally Speaking"; Program Host/Commentator "Laban Para Sa Karapatan" DWIZ, 882 AM; "Trio Tagapampayo" Face to Face, Channel 5; Top 100 Lawyers in the Philippines (2019 to 2021); 2021 Corporate Int'l Global Awardee; Past Councilor, Asian Patent Attorneys Association (APAA); Past President/Director Intellectual Property Association of the Philippines (IPAP); Chairperson Management Association of the Philippines (MAP) Arts and Culture Committee; Past Area Director, Area 5 Zonta International; Legal Adviser Rotary International District 3800; Governor/Counselor Philippine National Red Cross (PRC); Past President/Trustee – Women's Business Council (WBC); Vice Chairman Cultural Center of the Philippines (CCP); Board of Adviser – World Wildlife Fund (WWF).

LORENZO D. LASCO, age 61, 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 61, Filipino, Vice President and Comptroller of the Company since 19 April 2000, Treasurer since January 2023; 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 49, 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), and University of the Philippines Diliman, Bachelor of Arts, Political Science (1995).

SALOME M. BUHION, age 51, 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 59, 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
Mr. Eduardo J. Soriano is the brother and Ms. Camila Maria Soriano is the daughter of Mr. Andres Soriano III. 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 29 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.

In addition, the 2023 Audited Consolidated Statement of the Company contains the following annotations with respect to legal proceedings involving the Company, or any of its subsidiaries or affiliates:

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, ligigations and contingent liabilities that arise in the normal course of their operations which are not reflected in the consolidated financial statement. Management is of the opinion that as at December 31, 2023 and 2022, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

(g) Certain Relationship and Related Transactions
The related party transactions of the Company as contained in the Company's Audited Consolidated Financial Statement are as follows:

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):

	2023	2022	2021
Short-term employee benefits (Notes 21 and 22)	₱ **195.4**	₱ 205.9	₱ 106.8
Retirement benefits (Notes 21, 22 and 24)	**5.1**	4.4	4.4
Total	₱ **200.5**	₱ 210.3	₱ 111.2

On March 29, 2023, PDPI sold and issued shares to a key officer representing 3% of its outstanding shares of stock for ₱35.6 million. At date of sale, the Group recognized the corresponding noncontrolling interest and the related adjustment as a charge against the Additional Paid-in-Capital in the consolidated financial statements amounting to ₱135.0 million.

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 ₱652.9 million and ₱506.2 million as at December 31, 2023 and 2022, respectively. On February 28, 2024, the loan term was extended for another nine years effective November 3, 2024. The balance of the loan, which is presented as "Notes receivable" in the consolidated statements of financial position, amounted to ₱198.8 million and ₱245.9 million as at December 31, 2023 and 2022, respectively.

On August 10, 2023, the Company entered into an agreement with ATRAM Investment Management Partners for ₱218 million convertible note ("Note"), with interest rate of 8% per annum. The principal is payable on the third year anniversary of the Note issuance, while the interest is payable monthly. The Notes are convertible on or after the occurrence of an event of default. As at December 31, 2023 there has been no event of default and the Company intends to hold the Note until maturity. Accordingly, the Note was included under "Notes receivable" and accounted for at amortized cost.

Item 6: Compensation of Directors and Executive Officers

(a) As approved in 2004, Directors are paid a per diem of ₱20,000.00 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 2022 Actual	2023 Actual	2024 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng	President & Chief Operating Officer			
William H. Ottiger	Executive Vice President & Corporate Development Officer			
Lorenzo D. Lasco	Vice President			
Narcisa M. Villaflor	Vice President & Comptroller/Treasurer			
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		₱ 40,006,000	₱ 43,958,043	₱ 34,563,569
Bonus		45,200,000	72,100,000	45,500,000
Other Executive Officers**				
Salaries		20,853,681	17,928,826	19,493,753
Bonus		33,600,000	19,500,000	17,000,000
Benefits		1,916,916	2,606,325	2,993,986
Subtotal Executive Directors and Officers		141,576,597	156,093,194	119,551,308
Non-Executive Directors***				
Consultancy Fee		3,660,714	2,901,786	12,767,857
Bonus		19,264,286	18,064,286	33,857,143
Directors Fees		580,000	520,000	680,000
Subtotal Non-Executive Directors		23,505,000	21,486,071	47,305,000
Total		₱ 165,081,597	₱ 177,579,265	₱ 166,856,308

* *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 2023, is Ms. Dhonabee B. Señeres, who is on her fifth 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
2023	₱ 1,320,000
2022	₱ 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
There are no consultancy and other fees paid by the Company to SGV for the year 2023.

Item 8: Compensation Plan

There is no matter or action 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 is no matter or action 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, 2023, 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 Audited Financial Statements attached hereto).

2. "Annex B", management discussion and analysis and plan of operation (please see pages 35 to 54 of the Definitive Information Statement); and

3. "Annex B", changes in and disagreements with accountants on accounting and financial disclosure. (please see page 53 of the Definitive Information Statement).

Item 12: Mergers, Consolidation, Acquisitions, and Similar Matters

There is no matter or action to be taken up with respect to any transactions involving mergers, consolidation, acquisitions or similar matters.

Item 13: Acquisition or Disposition of Property

There is no matter or action to be taken up 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 2023. 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 19 April 2023

The Minutes of Annual Meeting of Stockholders of the Company held on 19 April 2023 ("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 be posted at the meeting site.

Summary of the Minutes of 19 April 2023:

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. Approval of 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 additional methods of sending notices of meetings to stockholders.
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.
7. Re-appointment of SGV & Co. as external auditors of the Corporation.
8. 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 2023 Audited Financial Statements

The Audited Financial Statements of the Company for the period ended 31 December 2023 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) Approval of the Amendment of Sections 2 and 3 of Article II on Meetings in the Company's By-Laws 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.

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.

(d) Approval of the Amendment of Sections 6 and 7 of Article IV on Board of Directors in the Company's By-Laws, 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.

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."

(e) Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since 19 April 2023 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 19 April 2023. 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 2022 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 19, 2023 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 2023 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 2023 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: Mr. Chairman, we received two questions from stockholders, the first one is – Has the Company recovered its investment when it sold its holdings in AG&P?

And the second question is similar – Has the Company recovered its investment in Y-mAbs Therapeutics, Inc.?

Chairman: Thank you Ms. Secretary. For the first question, yes, we have fully recovered the peso cost of our investment of ₱1.96 billion in 2013 when we sold our AG&P shares last year for peso proceeds of about ₱1.97 billion.

For the second question, yes, Anscor has fully recovered also its total cost of investment in Y-mABs amounting to US$9.91 million. We acquired our Y-mAbs shares from 2017 to 2021 and sold some of our shares from 2020 to 2023 with total proceeds of about US$9.94 million. Anscor still has remaining shares in Y-mAbs currently valued at about US$3.7 million.

(c) The following are matters discussed and resolutions reached during the 2023 ASM:

1. Approval of the minutes of the 20 April 2022 Annual Meeting of Stockholders;
2. Approval of the 2022 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. 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 additional methods of sending notices of meetings to stockholders.
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.
7. Appointment of the External Auditor; and
8. Ratification of all acts, contracts and resolutions of Management and the Board of Directors since the 2022 ASM.

(d) The following are the voting results for each agenda item during the 2023 ASM:

Agenda Item	For	Against	Abstain
Approval of the minutes of the 20 April 2022 Annual Meeting of Stockholders	2,867,818,975	0	0
Approval of the 2022 Annual Report of the Corporation	2,864,069,975	0	
Election of the Members of the Board of Directors:			
a. Andres Soriano III	2,890,318,441	0	0
b. Eduardo J. Soriano	2,864,069,064	0	0
c. Ernest K. Cuyegkeng	2,864,069,064	0	
d. Johnson Robert Go, Jr.	2,864,069,064	0	0
e. Oscar J. Hilado	2,864,069,064	0	0
f. Alfonso S. Yuchengco III	2,864,069,064	0	
Approval for the continuation of Mr. Oscar J. Hilado to act as Independent Director	2,864,069,064	0	0
Approval of the amendment of Sections 2 and 3 of Article III on Meetings in Company's By-Laws	2,867,818,975	0	0
Approval of the amendments of Sections 6 and 7 of Article IV Board of Directors in the Company's By-laws	2,867,818,975	0	0
Appointment of SGV & Co. as External Auditor	2,867,817,975	0	1,000
Ratification of all acts, contracts and resolutions of Management and the Board of Directors since the 2022 ASM	0	0	1,000

(e) The following are the directors and officers and stockholders who attended the 2023 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 (Common & Preferred)
3. A. Soriano Corporation Domestic Retirement Trust Fund
4. A. Soriano Corp. Fractional Shares
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 757830661846 (ACC)
9. Citiomnifor
10. Balangingi Shipping Corporation
11. DAO Investment & Management Corp.
12. A-Z Asia Ltd. Philippines, Inc.
13. C & E Property Holdings, Inc.
14. Edmen Property Holdings, Inc.
15. MCMS Property Holdings, Inc.
16. EJS Holdings, Inc.
17. Universal Robina Corp.
18. JG Summit Holdings, Inc.
19. Express Holdings, Inc.
20. John Lance Gokongwei
21. Santiago Tanchan Jr.
22. Constantine Tanchan
23. Santiago Tanchan III
24. Philippine Remnants Co., Inc.
25. Communications Electrical Equipment and Supply Co., Inc.

26. Phil. International Life Insurance Co., Inc.
27. M E Holding Corporation
28. Mercury Group of Companies
29. PCD Nominee Corporation
30. Peter Paul Phil. Corp.
31. United Realty Corporation
32. Jose C. Lee
33. Jocelyn C. Lee
34. Lennie C. Lee
35. Edwin Chua Lee
36. Irene Chua Lee
37. Jose C. Ibazeta Acct. #2
38. Sylvia A. Ibazeta
39. Enrique M. Cruz
40. Imelda T. Tagudar
41. Lauro Go
42. Roderick Alain Alvarez
43. Julius Victor J. Sanvictores
44. Jose Mari Yupangco
45. Erlinda D. Santos
46. Iderlina Crisostomo
47. Emelinda P. Orozco
48. Jose D. Cayobit
49. Rosauro V. Raymundo
50. Vicente Abolencia, Jr.
51. Victoria C. Dizon
52. Jane V. Jingco
53. Nora Figueroa

(f) Material information on the current stockholders voting rights were provided during the 2023 ASM. Specifically, the Corporate Secretary informed the stockholders during the meeting that 2,867,818,975 shares of stock or 95.59% 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 is 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 or matter to be taken up 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

There is no action to be taken with respect to any amendment of the Company's Articles of Incorporations and By-laws.

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. Go, the other nominee for independent Directors was first elected as Director in 2019 while Mr. Ottiger, another nominee for Director was first elected in April 2022, and Ms. Soriano is a first-time nominee, 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 pages 9 to 10 for his business experience.

Item 19: Voting Procedures

(a) All questions and elections shall be decided by majority vote of the stockholders present and in proxy and entitled to vote thereat.

(b) Stockholders may vote during the 2024 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 and Chief Executive Officer, or in his absence, the Vice-Chairman, the President and Chief Operating 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 as mentioned above not less than ten (10) working days prior to the ASM or not later than 27 March 2024.

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 sending an email at registration@anscor.com.ph not later than three (3) working days before the 17 April 2024 ASM or not later than 12 April 2024.

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 17 April 2024 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 22 March 2024.

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 19, 2023 to February 28, 2024

1. **Board Meeting held on April 19, 2023**

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, 2022.

1.2 RESOLVED, as it is hereby resolved, that the Integrated Annual Corporate Governance Report (I-ACGR) of the Corporation for the year 2022 pursuant to SEC Memorandum Circular No. 15, Series of 2017 is hereby approved.

1.3 RESOLVED, as it is hereby resolved, that A. Soriano Corporation (the "Corporation") is authorized to enter into an Asset Reporting Agreement with HP Wealth Management (S) Pte. Ltd. (HPWM) under such terms and conditions as may be for the best interest of the Corporation;

RESOLVED, FURTHER, that William H. Ottiger, Executive Vice President and Corporate Development Officer, is hereby authorized to sign the Asset Reporting Agreement and/or such other documents that may be required to give full force and effect to this resolution.

1.4 WHEREAS, Anscor Holdings, Inc. (AHI) and Seven Seas Resorts and Leisure, Inc. (SSRLI), are both subsidiaries of the Corporation that have employees who render services for and have roles and responsibilities not only to AHI and SSRLI but also to the Corporation, and the latter's subsidiaries (the Group);

WHEREAS, the Corporation desires to absorb all the employees of AHI and one employee of SSRLI in consideration of their functions and roles and responsibilities to the Group and in order to align the benefits package of the employees with the benefits package enjoyed by the employees of the Corporation, and AHI and SSRLI are amenable thereto;

In view of the foregoing, the Board of Directors of the Corporation hereby passes the following resolutions:

RESOLVED, that the Corporation hereby approves the transfer of all the employees of AHI and one employee of SSRLI to the Corporation;

RESOLVED, FURTHER, that in view of the transfer of all the employees of AHI to the Corporation, the inclusion of the said transferred employees as Members of the A. Soriano Corporation Retirement Plan managed by ATRAM Trust Corporation is hereby approved; and

RESOLVED, FINALLY, that the Corporation's Vice-Presidents, Lorenzo D. Lasco and Narcisa M. Villaflor, are hereby authorized to sign any and all documents that may be required and/or necessary in order to give full force and effect to this resolution.

1.5 RESOLVED, that the Corporation enter into an Investment Management Agreement ("the Agreement") with ATRAM Trust Corporation ("ATRAM Trust") for the purpose of administering, managing and investing the funds of the Corporation (the "Fund");

RESOLVED, FURTHER, that any two (2) of the following officers of the Corporation be, signing jointly, be hereby authorized to execute the Agreement, as well as any and all documents as may be necessary to open and operate the Corporation's account, such as but not limited to account opening documents, written instructions for investments / withdrawal of funds, certification, amendments or modifications to Agreements, directives, orders, communications, as well as any subsequent closure of the account with ATRAM Trust;

Name	**Position**
Eduardo J. Soriano	Vice Chairman
Ernest K. Cuyegkeng	President & COO
William H. Ottiger	EVP & Corporate Development Officer
Joshua L. Castro	VP & Assistant Corporate Secretary

RESOLVED, FURTHER, that the above-named signatories be authorized to execute such documents, agreements and papers electronically and deliver the same through electronic mail or other means of electronic communication;

RESOLVED, that all transactions, warranties, representations, covenants, dealing and agreements by the Corporation through the above-named individuals with ATRAM Trust prior to the approval of these Resolutions are all hereby approved, confirmed and ratified to be the valid and binding acts, representation, warranties, and covenants of the Corporation as they may lawfully do or cause to be done by virtue of authorities given to them;

RESOLVED, FINALLY, that the foregoing Resolutions shall remain valid and subsisting unless otherwise revoked or amended in writing by the Corporation and duly served to the ATRAM Trust.

1.6 RESOLVED, as it is hereby resolved, that the Corporation approved the upliftment of the Corporation's 7 million ICTSI shares which are lodged with ATRAM Trust Corporation ("ATRAM").

RESOLVED, FURTHER, that any one (1) of the following Authorized Signatories of the Corporation below is designated as the authorized person to transact with ATRAM, hereby authorizing him to sign, execute and deliver, for and on behalf of the Corporation, any and all documents as may be required to give full force and effect to this resolution:

NAME	**POSITION**
Eduardo J. Soriano	Vice Chairman
Ernest K. Cuyegkeng	President & COO
William H. Ottiger	EVP & Corporate Development Officer
Joshua L. Castro	VP & Assistant Corporate Secretary

1.7 RESOLVED, That the Board of Directors hereby authorizes Mr. Ernest K. Cuyegkeng, President and Chief Operating Officer, to sign the proxy form for iPeople, Inc. (IPO), and/or to designate, name and appoint proxy to represent and vote the share/s of the Corporation during IPO's Annual Stockholders' Meeting on July 28, 2023, including any adjournments or postponements thereof;

RESOLVED, FURTHER, That the proxy is authorized to vote on all matters which may properly be taken in the meeting and other matters indicated in the agenda for said meeting.

2. <u>Board Meeting held on July 27, 2023</u>

2.1 RESOLVED, as it is hereby resolved, that the Corporation is hereby authorized to enter into a Convertible Note Instrument with ATRAM Investment Management Partners Corporation under such terms and conditions that may be for the best interest of the Corporation.

RESOLVED, FURTHER, as it is hereby resolved, that Ernest K. Cuyegkeng, the Corporation's President and Chief Operating Officer is hereby authorized to sign the aforesaid Convertible Note Instrument and any and all such documents that will give force and effect to the foregoing resolution.

2.2 RESOLVED, as it is hereby resolved, that the Board of Directors of the Corporation hereby approves and ratifies the additional investment of Anscor International, Inc. in Third Prime Series Investments, LLC – Kafene B amounting to US$808,000.00.

3. <u>Board Meeting held on November 15, 2023</u>

3.1 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 December 12, 2023, to all stockholders of record as of the close of business on December 1, 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.

3.2 RESOLVED, that the following be authorized to administer the Retirement Fund of the Corporation, to serve as such until their successors have been duly elected and qualified:

Name	Designation
Eduardo J. Soriano	Vice Chairman
Ernest K. Cuyegkeng	President & COO
Narcisa M. Villaflor	Vice Pres. & Comptroller/ Treasurer
Ma. Victoria L. Cruz	Asst. Vice President
Salome M. Buhion	Asst. Vice President-Acctg.

RESOLVED, FURTHER, that any two (2) of the foregoing persons be authorized and empowered, for and in behalf of the Retirement Fund, and in order to give effect to and enforce the authorities herein granted, to sign, execute and/or deliver any and all documents, including but not limited to the Trust Agreement, letters of instruction/withdrawals/termination/investment guidelines and instructions, waiver and quitclaims or other instructions in relation to the establishment and administration of the Retirement Fund;

RESOLVED, FURTHER, that ATRAM Trust, its directors, officers, employees, agents or authorized representatives are each entitled and authorized to rely on instructions from the Retirement Fund's authorized signatories as valid, binding and effective upon the Retirement Fund, and that ATRAM Trust, its directors, officers, employees, agents or authorized representative shall not be liable for any act done or suffered by them in reliance of the above instructions; it being understood that any and all risks and costs arising from the above instructions shall be for the Retirement Fund's sole and exclusive account;

RESOLVED, FURTHER, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby confirmed, affirmed and ratified;

RESOLVED, FINALLY, that this resolution shall remain valid, subsisting and enforceable unless subsequently modified, revoked, rescinded or superseded by a resolution of the Board of Directors of the Corporation and a copy of such resolution is actually received by ATRAM Trust.

4. **Board Meeting held on February 28, 2024**

4.1 "RESOLVED, as it is hereby resolved, that the audited Financial Statements of A. Soriano Corporation for the year ended December 31, 2023 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:

Record Date – March 13, 2024
Proxy Validation Date – April 8, 2024
Date of Stockholders' Meeting – April 17, 2024

4.3 "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 (P0.50) per share on the common stock of the Corporation, payable on March 25, 2024, to all stockholders of record as of the close of business on March 14, 2024, and Mr. Ernest K. Cuyegkeng, the Corporation's President and Chief Operating Officer, is hereby directed and authorized.

4.4 "RESOLVED, as it is hereby resolved, that the Board of Directors of the Corporation hereby approves the commitment to invest US$15.0 million in a Continuation Fund for Navegar I.

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 2023, the Company's consolidated total assets stood at ₱27.7 billion. For the year ended 31st December 2023, consolidated revenues of the Company amounted to ₱13.8 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2023:

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
Prople Limited, Inc.	32%	Business Processing & Outsourcing	Hong Kong
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
Timbercrest 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.	97%	Holding Company	Philippines
Minuet Realty Corporation	97%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	97%	Wire Manufacturing	Philippines
PD Energy International Corporation	97%	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
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 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		
	2023	2022	2021
REVENUES			
Sale of goods - net	₱ **10,147,489**	₱ 10,727,755	₱ 8,751,667
Services	**1,709,329**	1,292,107	1,013,454
Dividend income	**368,356**	295,307	399,429
Interest income	**91,870**	67,462	53,534
	₱ **12,317,044**	₱ 12,382,631	₱ 10,218,084

	Years Ended December 31		
	2023	2022	2021
NVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments - net	**1,476,198**	(994,108)	1,124,061
Gain on sale of long-term investment	**—**	2,208,757	—
Gain (loss) on sale of FVOCI investments - net	**(3,497)**	764	532
	1,472,701	1,215,413	1,124,593
EQUITY IN NET EARNINGS	**8,743**	26,640	11,410
TOTAL	**13,798,488**	13,624,684	11,354,087
INCOME BEFORE INCOME TAX	**3,017,196**	3,098,197	2,917,745
PROVISION FOR INCOME TAX	**368,000**	242,155	380,152
NET INCOME	**2,649,196**	2,856,042	2,537,593
OTHER COMPREHENSIVE INCOME (LOSS)	**21,835**	(71,847)	176,601
TOTAL COMPREHENSIVE INCOME	₱ **2,671,031**	₱ 2,784,195	₱ 2,714,194
Net Income Attributable to:			
Equity holders of the Parent	₱ **2,552,018**	₱ 2,800,558	₱ 2,504,080
Noncontrolling interests	**97,178**	55,484	33,513
	₱ **2,649,196**	₱ 2,856,042	₱ 2,537,593
Total Comprehensive Income Attributable to:			
Equity holders of the Parent	₱ **2,573,853**	₱ 2,728,711	₱ 2,680,681
Noncontrolling interests	**97,178**	55,484	33,513
	₱ **2,671,031**	₱ 2,784,1945	₱ 2,714,194
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	₱ **2.08**	₱ 2.28	₱ 2.04
Basic/diluted, for total comprehensive income attributable to equity holders of the Parent	₱ **2.10**	₱ 2.22	₱ 2.18

Financial Performance in 2023

Anscor registered a net income of ₱2.6 billion, lower than the profit last year of ₱2.8 billion, which included a one-time gain of ₱2.2 billion from the sale of the investment in AG&P. Stripping out the gain from the AG&P sale last year, the 2023 net income would have been ₱2.0 billion higher than 2022.

Phelps Dodge Philippines Energy Products Corporation contributed ₱1.04 billion to Anscor's profit, comprising equity earnings of ₱941.4 million and management fees of ₱99.4 million. The share in resort earnings increased to ₱126.3 million, from ₱89.4 million in 2022; and KSA Realty Corporation delivered ₱89.1 million of cash dividends.

Our financial holdings generated a ₱1.8 billion gain versus a ₱0.8 billion loss in 2022, which was a challenging year for financial assets, as global central banks, including the Bangko Sentral ng Pilipinas, embarked on a synchronized campaign of higher interest rates. Portfolio gains were driven by the strong performance of our domestic equity portfolio, despite the Philippine Stock Exchange index registering a 1.8% drop for the year. Furthermore, dividend income of ₱368.4 million, represented a 25% increase over last year's revenue. Foreign traded equities and other public securities added a ₱344.7 million gain.

Anscor paid a total cash dividend of ₱1.0 per share: ₱0.50 per share on April 10, 2023, and another ₱0.50 per share on December 12, 2023. The book value per share of the Company increased 5.5%, from ₱17.9 to ₱18.9 after accounting for dividend payments.

The Soriano Group Operations

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

In 2023, PDP experienced a 5% decline in sales volume, driven by a 10% reduction in sales to distributors and dealers. The sales to dealers in the Greater Manila Area (GMA) and Luzon were particularly affected, with a decline of 9% and 27%, respectively, due to weak demand at the retail level. This downturn was influenced by several factors, including an average inflation rate of 6%, which led to higher interest rates that subsequently increased the cost of financing at all levels.

These economic conditions dampened consumer interest in purchasing high-value items, such as housing and real estate, and delayed maintenance activities. Further complicating the sales landscape were project delays in Luzon and Mindanao. Sales to the communication sector fell short of projections, with several projects postponed to 2024.

Additionally, PDP did not secure a significant portion of its customer's low-voltage wire requirements. This negative impact was offset by higher-than-expected sales to GMA and Visayas project customers and to various power generation projects. Export sales exceeded expectations, as its sales tripled compared to the previous year, contributing to the overall sales revenues.

Despite the drop in sales volume, PDP's net income was stable at ₱963.5 million, due to higher margins from the continued sales of its innovative products such as Aluminum Building wire, Metal Clad cables, and Fire-Rated cables. An increase in export sales also contributed to the 2023 income.

PDP is committed to match last year's sales volume, despite a forecast decline in construction activities. It will continue its strategy of capturing new customers and broadening its market reach in the retail sector. The company is actively exploring new opportunities and products to spur growth, and fulfill customer demands.

In its commitment to sustainability and green objectives, PDP will install solar roof panels in its plant in Tarlac. A strong adherence to safety for its employees and its customers, the health of its employees, the judicious use of its resources, and the active support of projects of the Andres Soriano Foundation are top priorities.

SEVEN SEAS RESORTS AND LEISURE, INC. (OWNER OF AMANPULO RESORT)

In 2023, total revenues of Seven Seas Resorts and Leisure, Inc. increased 27% from the previous year to ₱1.4 billion, and occupancy increased to 49.6%. Consolidated net income was ₱202.7 million, higher than last year's profit of ₱143.5 million.

For the last three decades, Amanpulo has established itself as an undisputed destination for those seeking a peaceful, tropical paradise and unique experiences, inspired by natural beauty.

After three years supported by the domestic market, Amanpulo saw the return of foreign guests to the Resort, who represented 75% of visitors. This was enhanced by international sales missions and roadshows to develop the Middle East and Asian markets. Familiarization and media trips hosted in 2023 covered international markets including Singapore, Indonesia, Brazil, France, and Australia.

Additions to the Resort's recreational offerings included wall climbing, non-motorized water sports equipment, and advanced watercrafts for gliding across the water. The Manamoc sandbar reopened after a hiatus caused by the pandemic. The new Skywatcher Dobsonian telescope gave guests a more immersive look into the night sky a more impressive stargazing experience. Coming soon will be a game room at the mini clubhouse. Island clean-up was a strong focus throughout the year,.

The second half of 2023 was also noteworthy fo the arrival of two new Twin Otter aircraft procured by Island Aviation, Inc. to transport guests to Pamalican Island in safety and comfort.

Once again, Amanpulo received international awards such as the "World's Leading Dive Resort 2023," "Asia's Leading Private Island Resort 2023," "Philippines' Leading Luxury Hotel Villa 2023," and the "Philippines' Leading Resort 2023."

Travel + Leisure Southeast Asia Luxury Awards Asia Pacific named Amanpulo as the winner in the 2023 "Beach Island Upcountry Resorts," while Haute Grandeur Global Award recognized the Aman Spa as the "Best Island Spa in Asia."

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

Despite the turbulent backdrop of dampened investor sentiment, 2023 was game changing for ATRAM. With the financial support of Anscor and other shareholders it forged a strategic partnership with Pru Life UK (Philippines) to harness synergies in product development and distribution. ATRAM Trust Corporation ("ATC") was appointed as a fund manager of Pru Life UK's insurance portfolio in August 2023. Moreover, ATC took over the trust operations and entire fiduciary portfolio of Pru Life UK Asset Management and Trust Corp in September 2023.

Other key highlights of the year for ATRAM were: the onboarding of ATRAM unit investment trust funds on the Maya platform, the establishment of a broker dealer firm, Seedbox Securities, Inc., wholly owned by ATRAM's affiliate, Seedbox Technologies, Inc.; and the launch of the first corporate debt vehicle in the market.

ATRAM Group's client base grew from 1.3 million to 1.5 million and assets under management were ₱304.3 billion as of end-December 2023, 99% higher than the previous year.

ATRAM Group's 2023 revenues hit ₱1.0 billion, growing 4.4% from ₱984.9 million in 2022.

KSA REALTY CORPORATION (owner of the Enterprise Center)

The office leasing operations of The Enterprise Center (TEC) continued to face difficulties. TEC's occupancy and rental revenue weakened due to downsizing of leased premises adapting to work-from-home arrangements, and requests for rental concessions to reduce costs to cope with business challenges.

TEC's average effective rent for office leases increased from ₱1,430 per sq.m. in 2022 to ₱1,450 per sq.m. in 2023. Rental income decreased by 5% and average occupancy during the year fell to 64%, slightly lower than last year's 66%. Net income reached ₱624.0 million.

Despite the lower rental revenue and net profit, KSA declared ₱624.0 million in dividends in 2023, of which ₱89.1 million was Anscor's share.

EARLY STAGE AND PRIVATE EQUITY INVESTMENTS

A portion of the Company's assets are dedicated to private equity funds and direct investments. These non-liquid assets are intended to supplement investment returns through a "liquidity premium" and, in some cases, provide exposure to sectors not readily accessible through the public markets.

Anscor was an early stage investor in **Y-mAbs Therapeutics, Inc.**, a Nasdaq-listed, clinical-stage biopharmaceutical company focused on developing and commercializing novel, antibody-based therapeutic products to treat cancer. Y-mAbs received its first US Food and Drug Administration (USFDA) approval for "Danyelza" in November 2020; its second candidate, unfortunately, was declined approval in 2021.

In response, Y-mAbs refocused its resources on developing the Self-Assembly Disassembly (SADA) technology platform, which may bring longer-term value. In 2023, Danyelza achieved sales of US$80 million and the stock price increased by 40%, from US$4.88 to US$6.82 per share. With this recovery, Anscor modestly reduced its ownership stake.

The Company has committed a total of US$38.0 million to the following private equity managers:

- **Navegar** and **Sierra Madre**, that both provide growth capital to Philippine companies across consumer-driven sectors such as casual dining, logistics, e-commerce, business process outsourcing, information technology, education, and retail.

- **Asia Partners**, a Singapore-based private equity manager, focused on high growth, and technology-enabled companies across Southeast Asia; and,

- **Third Prime Alpha Fund**, a US-based private equity focused on early stage, finance, and property technology.

Anscor also invested in:

- **AP Tycho I**, has an investment in SCI, a Singapore-based e-commerce company, alongside Asia Partners;
- **Kafene**, an early-stage, US-based financial technology compan;
- **Blue Voyant**, an early-stage, US-based cybersecurity firm.

Other Information

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	
	2023	2022
Revenues (excluding investment gains or losses)	₱ **2,314,022**	₱ 2,056,903
Investment Gains (Losses)	**1,340,140**	(704,043)
Net Income	**3,314,329**	2,276,878
Total Comprehensive Income	**3,355,283**	2,248,814
Earnings Per Share Net Income	**1.33**	0.91
Total Comprehensive Income	**1.34**	0.90
Market Price Per Share (PSE)	**11.66**	9.04

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

PDP Energy and PDIPI

In Million Pesos

	12/31/2023	12/31/2022	12/31/2021
1. Net sales	₱ **10,147**	₱ 10,728	₱ 8,752
2. Gross profit	**1,606**	1,606	1,603
3. Net income	**963**	956	910

Seven Seas Group

In Million Pesos

		12/31/2023	12/31/2022	12/31/2021
1.	Occupancy rate	**49.6%**	47.1%	40.0%
2.	Hotel revenue	**1,385.4**	1,088.8	836.1
3.	Gross operating profit (GOP)	**507.0**	448.2	327.8
4.	GOP ratio	**36.6%**	41.2%	39.2%
5.	Resort net income	**183.0**	127.5	64.1
3.	Villa development/ lease net income	**15.9**	16.0	13.1
4.	Pamalican Utilities net income	**3.8**	–	–
5.	Consolidated net income	**202.8**	143.5	77.2

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

Geopolitical tensions, trade restrictions, and extreme weather may continue to impact prices of basic commodities. The Philippine economy, however, is forecast to have the strongest and fastest growth among Southeast Asian Nations, with public spending and infrastructure as drivers.

Anscor's foundation is underpinned by a portfolio of core operating and financial assets, a conservative balance sheet and solid business fundamentals, which have helped it withstand recent challenges. Prudent management and a balanced portfolio mix has provided a stable net asset value and a steady return to shareholders.

In this environment, key to PDP will be its innovative products, intensive search for new customers, expansion into retail markets, uncompromising health and safety standards, and a commitment to social responsibility.

With consumers' newfound preference of "experiences over things," travel demand remains robust, affording multi-awarded Amanpulo the opportunity to continue to define and exemplify nature tourism with its exceptional beauty and consistently authentic sustainability practices. Significantly, both PDP and Amanpulo will turn to solar power for more of their energy needs in 2024.

ATRAM's strategic partnerships and a growing Filipino middle class will spur growth in its customer and asset base. And while the Enterprise Center may have to contend with occupancy challenges in the short term, there is an increased return to onsite work and an enduring demand for centrally located urban properties. Early stage and private equity investments will continue to make your Company visible in growth sectors.

Employees

The Company and the Group as of December 31, 2023, has 30 and 727 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	15	187	202
Rank and file	15	510	525
TOTAL	30	697	727

- 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 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 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, 2023.
- 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.

Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of December 31, 2023 versus December 31, 2022.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2023 and 2022.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash generated from operating activities, partially offset by cash used in investing and 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 higher market value of local traded shares and foreign denominated investment in bonds, stocks and funds of ₱1.5 billion, partially offset by net disposal of ₱322.4 million.

Receivables
The decrease in receivables was mainly due to collection of trade receivables by the wire manufacturing and the resort subsidiaries.

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
Movement in the account is mainly due to increase in the creditable withholding taxes of parent company and the resort.

Fair Value Through Other Comprehensive Income Investments (FVOCI) – noncurrent
Net increase in this account amounted to ₱16.2 million due to net addition in investments of ₱10.8 million and increase in market value of the FVOCI investments of ₱5.1 million.

Notes Receivable
The increase was attributable to the ₱218.0 million advances by the Parent company to ATRAM Investment Management Partners Corporation (AIMP). The advances is a 3-year term convertible note with an annual interest of 8%.

Investments and Advances
The decrease was mainly due to the ₱27.5 million cash dividend received from AIMP offset by the share in the equity earnings of the associates amounting to ₱8.7 million.

Property, Plant and Equipment - net
The increase can be traced to net acquisition of property and equipment of ₱1.4 billion offset by depreciation amounting to ₱312.8 million, mainly attributable to purchase of two (2) new Twin Otter aircraft by the aviation subsidiary.

Investment Properties - net
Decrease was mainly due to depreciation amounting to ₱14.7 million mainly of 8 Rockwell office condominium unit.

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

Deferred Tax Assets
Increase in the account mainly recognized deferred tax asset of past service cost.

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
Decrease the account balance pertained to reclassification by the aviation subsidiary of the deposit to aircraft supplier to property and equipment.

Other noncurrent assets
Change in the account balance can be attributed to the increase 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.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2023 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 12, 2023.

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.

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.

Long-term Debt
The long-term debt pertained to IAI's 10-year term loan amounting to ₱1.0 billion. The loan proceed was used to purchase two (2) new aircraft of the aviation subsidiary.

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

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

Other noncurrent liabilities
Movement in the account can be traced to the use of fund for maintenance and capex requirements of the back of house facilities.

Additional paid-in Capital
Recognition of the 3% non-controlling interest in PDPI amounting to ₱135 million charged against Additional Paid-in Capital.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. The net decrease in CTA balance is ₱11.8 million, due slight to depreciation of US dollar vis-à-vis Philippine peso.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Movement in the account is attributable to the removal realized loss from the decline in market values of FVOCI investments, mainly bonds, from January 1 to December 31, 2023.

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

Noncontrolling Interest (equity portion)
Increase was mainly due to the recognition of the 3% non-controlling interest in PDPI and share of minority shareholders in the net income of the resort and aviation subsidiaries for the year 2023.

Others
There were no commitments for major capital expenditures in 2023.

Results of Operation

Management is not aware of any known trends, events or uncertainties, nor significant element of income or loss 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, 2023 as compared to consolidated results for the year ended December 31, 2022:

Revenues
This year's consolidated gross revenues of ₱13.8 billion slightly increased from last year's revenue of ₱13.6 billion. Revenue in 2022 included nonrecurring gain on sale of investment in AGP of ₱2.2 billion. Gain on increase in market value of FVPL investments and higher dividend and interest income were registered in 2023. Lower sales of PDP was offset by a significant increase in revenues of the resort subsidiary.

Cost of Goods Sold
Decrease in cost of goods sold was due to the lower sales volume of the wire manufacturing subsidiary.

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 nine months of 2023 due to higher overhead of the parent company (from bonus paid based on higher net income in 2022) and rise in operating expenses of the resort.

Interest Expense
The amount was higher in 2023 due to interest expense on the long-term loan of the aviation subsidiary.

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 Group was higher than last year mainly due to deferred income tax of the parent company related to unrealized gain on increase in market value of its FVPL investments. The previous year's credit balance of provision for income tax can be attributed to the Parent Company's unrealized loss from decline in market value of FVPL investments.

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021 (as reported in 2022 SEC 17-A)

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.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. 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 PAS 1 and PFRS Practice Statement (PS) 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.

    The Group also referred to the guidance provided under Q&A No. 2022-02: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) in applying the amendments to PAS 1 and PS 2. The adoption resulted to removal of accounting policy information that are not considered material and thus had no material impact on the consolidated financial statements.

- 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, 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.

- 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).

- Amendments to PAS 12, International Tax Reform – Pillar Two Model Rules

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

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 applicable pronouncements when they become effective.

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.
  - classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - 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 required to 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 required to be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Effective beginning on or after January 1, 2025

- PFRS 17, Insurance Contracts – not expected to apply to the Group.
- Amendments to PAS 21, Lack of exchangeability

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. This is not currectely expected to apply to the Group.

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 2023 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 2023 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
2023	**₱ 1,320,000.00**
2022	₱ 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, Tax and Other Fees

There are no consultancy, tax and other fees paid by the Company to SGV for the year 2023.

IV. Market Price of Shares and Dividends

The Principal Market where the registrant's Common equity is traded:

Philippine Stock Exchange
Latest Market Price – 29 February 2024

Previous close	High	Low	Close
12.10	**12.20**	**12.08**	**12.20**

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

	2023		2022	
Quarter	**High**	**Low**	High	Low
First	**11.00**	**8.84**	10.44	7.70
Second	**11.92**	**10.10**	9.43	8.54
Third	**11.18**	**10.76**	9.10	8.00
Fourth	**11.70**	**10.84**	9.15	8.21

Source: PSE Report

The total number of stockholders/accounts as of 29 February 2024 is 11,015 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 2022 was:

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

In 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-2023	10-Apr-2023
Special	0.50	15-Nov-2023	01-Dec-2023	12-Dec-2023

On February 28, 2024, the Board of Directors declared the following cash dividend:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	0.50	28-Feb-2024	14-Mar-2024	25-Mar-2024

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 2023, the Company has sufficient retained earnings available for dividend declaration.

The top 20 stockholders as of 29 February 2024 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	499,939,713	16.656
4. A-Z Asia Limited Philippines, Inc.	Common	161,546,329	5.385
5. PCD Nominee Corp. (Filipino)	Common	114,207,702	3.807
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. JG Digital Equity Ventures, 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. Emerick Jefferson Sy Go or Girlie Ng Go	Common	1,459,741	0.049
Total		2,883,847,203	96.132

* 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 evaluate 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 29 February 2024, there were no deviations from the Company's Manual on Corporate Governance.

SGV
Building a better working world
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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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A and have issued our report thereon dated February 28, 2024. 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
BIR Accreditation No. 08-001998-098-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082016, January 6, 2024, Makati City

February 28, 2024

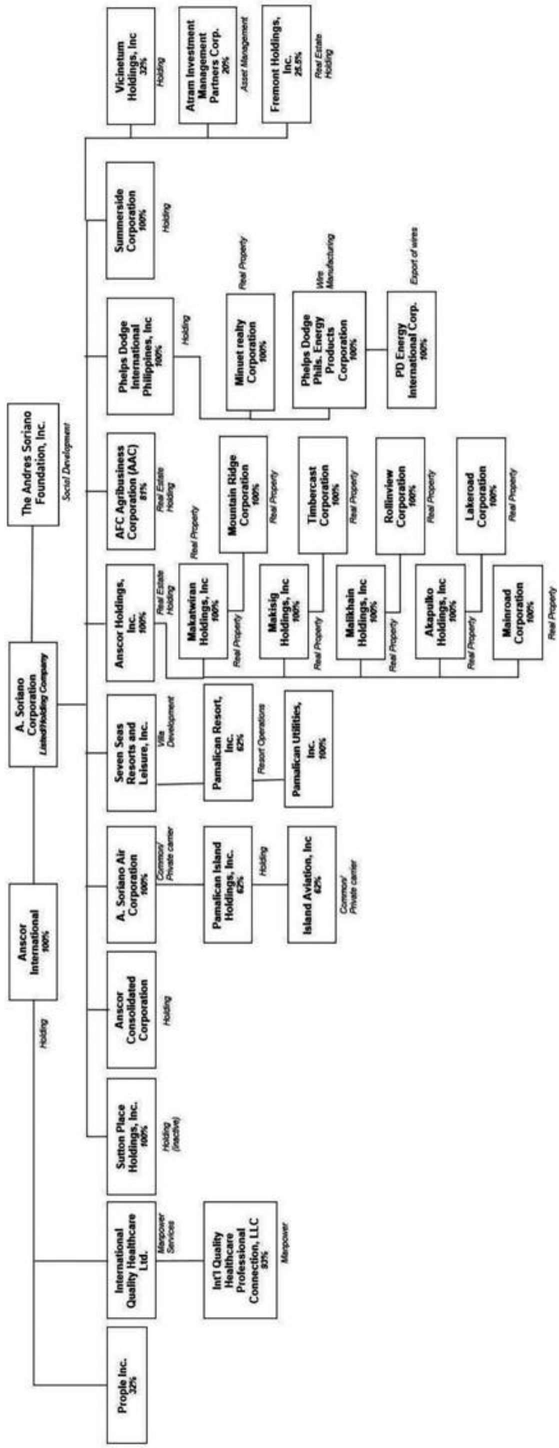
A. SORIANO CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

ANNEX C

A. SORIANO CORPORATION
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2023

Unappropriated retained earnings, December 31, 2022		**₱6,799,974,696**
Less: Dividend declaration during the reporting period	(2,500,000,000)	
Exchange gains (except attributable to cash and cash equivalents), Unrealized fair value adjustments (mark-to-market) of financial instruments at fair value through profit or loss (FVTPL) and deferred tax assets	(2,808,601,118)	(5,308, 601,118)
Unappropriated retained earnings, as adjusted		**1,491,373,578**
Add net income for the current year		**3,314,329,144**
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized fair value adjustments (mark-to-market) of FVTPL	(952,283,517)	
Add: Unrealized income recognized in the profit or loss in prior reporting period but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	42,592,099	
Add: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax assets	(1,341,168)	(911,032,586)
Total retained earnings available for dividend declaration, December 31, 2023		**₱3,894,670,136**

ANNEX D


The Andres Soriano Foundation, Inc.
Social Development
A. Soriano Corporation
Listed Holding Company
Anscor International
100%
Holding
Prople Inc.
32%
International Quality Healthcare Ltd.
Manpower Services
Int'l Quality Healthcare Professional Connection, LLC
93%
Manpower
Sutton Place Holdings, Inc.
100%
Holding (Inactive)
Anscor Consolidated Corporation
Holding
A. Soriano Air Corporation
100%
Common/ Private carrier
Pamalican Island Holdings, Inc.
62%
Holding
Island Aviation, Inc
62%
Common/ Private carrier
Seven Seas Resorts and Leisure, Inc.
Villa Development
Pamalican Resort, Inc.
62%
Resort Operations
Pamalican Utilities, Inc.
100%
Anscor Holdings, Inc.
100%
Real Estate Holding
Makatwiran Holdings, Inc
100%
Real Property
Mountain Ridge Corporation
100%
Real Property
Makisig Holdings, Inc
100%
Real Property
Timbercast Corporation
100%
Real Property
Malikhain Holdings, Inc
100%
Real Property
Rollinview Corporation
100%
Real Property
Akapulko Holdings, Inc
100%
Real Property
Lakeroad Corporation
100%
Real Property
Mainroad Corporation
100%
Real Property
AFC Agribusiness Corporation (AAC)
81%
Real Estate Holding
Phelps Dodge International Philippines, Inc
100%
Holding
Minuet realty Corporation
100%
Real Property
Phelps Dodge Phils. Energy Products Corporation
100%
Wire Manufacturing
PD Energy International Corp.
100%
Export of wires
Summerside Corporation
100%
Holding
Vicinetum Holdings, Inc
32%
Holding
Atram Investment Management Partners Corp.
20%
Asset Management
Fremont Holdings, Inc.
25.5%
Real Estate Holding

A. SORIANO CORPORATION AND SUBSIDIARIES
ANNEX E: SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
DECEMBER 31, 2023

- 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

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)
	Face Amount	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
FVPL INVESTMENTS				
QUOTED EQUITY SHARES				
Aboitiz Power Corporation	797,000	30,126,600	30,126,600	2,387,706
AC Energy	1,114,270	4,880,502	4,880,502	(3,521,664)
Ayala Corporation	613,090	417,514,290	417,514,290	(2,456,723)
Ayala Land Inc.	1,148,500	39,565,825	39,565,825	4,620,171
Bank of Phil. Islands	326,030	33,841,914	33,841,914	3,909,515
BDO Unibank Inc.	290,000	37,845,000	37,845,000	6,858,227
Bloomberry Resorts Corporation	3,298,400	32,456,256	32,456,256	4,905,310
GT Capital Holdings, Inc.	52,850	31,181,500	31,181,500	3,226,081
I C T S I	21,389,602	5,278,953,774	5,278,953,774	1,227,529,394
iPeople Inc."A"	93,301,439	685,765,533	685,765,533	56,980,197
Jollibee Foods Corp.	153,240	38,524,536	38,524,536	4,291,701
P L D T	27,070	34,622,530	34,622,530	2,101,400
SM Prime Holdings	815,000	26,813,500	26,813,500	1,984,540
Wilcon Depot Inc.	850,000	17,765,000	17,765,000	(5,392,584)
GRAB	793,172	148,003,444	148,003,444	10,276,884
AI - YMABS	447,868	169,125,437	169,125,437	64,673,977
		7,026,985,641	**7,026,985,641**	**1,382,374,132**
UNQUOTED EQUITY SHARES				
K S A Realty Inc	-	927,435,278	927,435,278	(94,273,795)
Navergar PE Fund 1	-	74,447,765	74,447,765	24,148,975
Navergar PE Fund 2	-	454,775,007	454,775,007	72,965,343
Sierra Madre	-	540,004,231	540,004,231	36,047,182
AP I Tycho Co-Invested Ltd	-	114,048,257	114,048,257	-
Asia Partners I	-	343,751,716	343,751,716	(21,702,455)
Asia Partners II	-	94,634,391	94,634,391	(12,803,501)
Third Prime Alpha III-A	-	61,059,600	61,059,600	697,662
Third Prime (Kafene B)	-	83,841,967	83,841,967	5,056
Third Prime (Kafene B-1)	-	44,710,611	44,710,611	(28,349)
Blue Voyant LLC	-	182,720,925	182,720,925	-
		2,921,429,748	**2,921,429,748**	**(70,124,820)**
FUNDS AND EQUITIES				
ATRAM_WisdomTree International Hedge-USD	15,751	36,620,859	36,620,859	4,585,021
ATRAM-Allianz Oriental Income AT-USD	3,598	44,520,804	44,520,804	2,897,418
ATRAM-iShares Core S&P 500 UCITS ETF-USD	1,784	49,587,600	49,587,600	4,188,028
ATRAM-iShares USD Corp Bond UCITS ETF-USD	13,604	78,677,326	78,677,326	3,005,986
ATRAM-iShares USD Treasury Bond 1-3yrs-USD	263,740	78,813,923	78,813,923	2,525,283
ATRAM-JPMorgan funds-USD Money Market-USD	268	1,668,675	1,668,675	2,157,076
ATRAM-Philippine Equity Smart Index Fund-PHP	986,249	95,161,076	95,161,076	(2,186,691)
ATRAM-RPGB 5 ¾ 03/07/28-PHP	₱121,000,000	120,164,449	120,164,449	7,041,088
ATRAM-RPGB 6 7/8 01/10/29-PHP	₱118,980,000	122,807,825	122,807,825	6,685,138
BS-Brookfield Super-Core Infra iCap Access Fund-	1,500,000	87,057,144	87,057,144	7,036,854
BS-Oaktree Alpha Credit Fund-USD	2,000,000	97,621,958	97,621,958	10,981,105
BS-Straits 10-KKR (BOS PE Healthcare GR 2017)-	3,027,486	208,351,385	208,351,385	8,268,354
MS-UBS USD Autocallable Stk-USD	-	266,500	266,500	-
UBS-A&Q Select SPC-USD	341	29,432,318	29,432,318	1,470,469
UBS-AB American Income Fund-USD	98,612	93,204,286	93,204,286	8,853,302
UBS-Adobe Ord-USD	405	13,378,666	13,378,666	8,821,762
UBS-Advanced Micro Devices Inc-USD	1,600	13,059,347	13,059,347	7,973,700
UBS-Alphabet Inc-Class A-USD	3,460	26,761,838	26,761,838	8,571,984
UBS-Amazon.Com Inc-USD	3,735	31,422,248	31,422,248	12,702,723
UBS-Apollo Debt Solutions BDC iCapital-USD	513	27,717,240	27,717,240	636,636
UBS-Apple Inc.-USD	1,625	17,323,127	17,323,127	7,558,134
UBS-Blackstone Private Credit Fund-USD	532	37,913,002	37,913,002	3,195,896

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)
	Face Amount	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
UBS-BREIT iCap Offshore Access Fund-USD	408	36,594,466	36,594,466	393,642
UBS-Brevan Howard Alpha Strategies Fund-USD	4,500	24,606,539	24,606,539	(559,126)
UBS-Broadcom, Inc.-USD	250	15,451,691	15,451,691	3,841,808
UBS-Bull Capital Return Note-USD	200,000	10,763,097	10,763,097	(310,903)
UBS-CAp Int'l Fund Sicav-Grp Multi-Sec Inc-USD	143.370.55	88,116,544	88,116,544	5,149,676
UBS-Capital Credit Opportunities Fund Ltd-USD	400,000	22,393,404	22,393,404	23,924
UBS-Capital Int'l Fund-SICAV-Capital Group New-	57,908	72,656,702	72,656,702	6,016,137
UBS-Capital Return Note Citigroup-USD	200,000	10,958,830	10,958,830	(115,170)
UBS-Crowdstrike Holdings Inc-USD	1,075	15,197,349	15,197,349	8,689,192
UBS-Goldman Sachs Fund-India Equity-USD	12,332	23,406,263	23,406,263	3,022,815
UBS-Invesco Global Real Assets-USD	1,883	9,258,884	9,258,884	(1,153,072)
UBS-iShares JPMorgan USD EM Corp Bond-USD	169,137	54,289,576	54,289,576	2,285,119
UBS-iShares Plc-USD Corp Bond-USD	231,949	74,490,778	74,490,778	6,054,535
UBS-KKR Private Markets EquityFund-USD	20,000	29,102,472	29,102,472	1,417,472
UBS-Linden International Ltd A-USD	600	33,473,487	33,473,487	(80,733)
UBS-Man Funs PLC-GLG Japan-USD	2,191	13,896,427	13,896,427	747,302
UBS-Meta Platforms Ord Shares Class A-USD	1,280	25,086,419	25,086,419	21,767,547
UBS-Microsoft Corporation-USD	1,575	32,793,602	32,793,602	10,448,456
UBS-Morgan Stanley Inv Funds-Global Brands-USD	17,621	53,125,639	53,125,639	5,060,059
UBS-Ninety One Global Funds Strat. Funds-USD	26,694	66,082,741	66,082,741	7,723,744
UBS-NVDIA Corporation-USD	635	17,411,910	17,411,910	12,232,253
UBS-Oracle Corporation-USD	500	2,918,830	2,918,830	308,270
UBS-Owl Rock Technology Income Corp-USD	581	37,278,662	37,278,662	4,056,665
UBS-Palu Alto Networks, Inc-USD	1,100	17,960,256	17,960,256	11,657,062
UBS-Partners Group Global Value SICAV-USD	3,973	37,218,642	37,218,642	3,361,079
UBS-PIMCO Funds Global Inv Ser PLC-INC FD-USD	82,681	78,559,558	78,559,558	5,978,821
UBS-PineBridge Global Funds-Asia Pacific-USD	104,331	70,214,507	70,214,507	3,770,507
UBS-Salesforce Ord Shrs-USD	1,225	17,848,326	17,848,326	11,570,046
UBS-Servicenow Inc-USD	400	15,647,341	15,647,341	8,518,677
UBS-Uber Technologies Inc-USD	2,400	8,181,914	8,181,914	6,340,071
UBS-VISA Inc-Class A-USD	1,845	26,596,744	26,596,744	4,900,171
SSRLI-JP Morgan	14,782	91,933,447	91,933,447	572,947
Ishares 1-3 Year	3,150	14,309,048	14,309,048	(13,731)
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	-
		2,459,415,391	**2,459,415,391**	**76,330,193**
BONDS				
UBS-Jollibee Worldwide (JFC) 4.75% 2020-	$ 300,000	15,725,634	15,725,634	1,491,498
UBS-MTN Bank of America Corp. 2.087%	$ 200,000	9,798,497	9,798,497	402,909
UBS-MTN Morgan Stanley 2022.18.2028 Global S1-	$ 250,000	14,515,660	14,515,660	668,260
SSRLI - RPGB 2 3/8 03/09/24	₱108,000,000	107,413,756	107,413,756	4,369,193
		147,453,547	**147,453,547**	**2,562,667**
PROPRIETARY SHARES				
Alabang Country Club "A"	2	24,000,000	24,000,000	3,000,000
Alta Vista De Cebu (Vistamar)	1	450,000	450,000	50,000
Camp John Hay	2	600,000	600,000	200,000
Canlubang Golf & Country Club	2	7,000,000	7,000,000	1,000,000
Celebrity Sports Plaza	1	300,000	300,000	50,000
Club Filipino	1	350,000	350,000	50,000
Cresta Del Mar	1	68,000	68,000	-
Makati Sports Club "A"	1	1,100,000	1,100,000	(250,000)
Anscorcon - Manila Golf	1	120,000,000	120,000,000	15,000,000
Anscor - Manila Golf & Country Club	3	360,000,000	360,000,000	45,000,000
Manila Polo Club	1	45,000,000	45,000,000	18,127,500
Manila Southwoods "A"	1	4,000,000	4,000,000	1,000,000
Maybank ATR KIMENG Partners, Inc.	-	15,000	15,000	-

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)
	Face Amount	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Metropolitan Club	1	250,000	250,000	-
Orchard Golf & Country Club "C"	1	3,000,000	3,000,000	1,500,000
Orchards Golf Club "A"	1	2,300,000	2,300,000	1,200,000
Palms Country Club 'Class A"	1	2,000,000	2,000,000	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	45,000,000	45,000,000	19,500,000
Tagaytay Midlands Golf Club, Inc.	1	1,500,000	1,500,000	-
Anscor - Valle Verde Country Club	1	750,000	750,000	300,000
PDP - Valle Verde Country Club	3	2,250,000	2,250,000	(250,000)
Valley Golf Club	1	5,000,000	5,000,000	4,200,000
		625,177,073	**625,177,073**	**110,177,500**
OTHERS				
ACMDC	840,173	2,965,811	2,965,811	(92,419)
Central Azucarera de La Carlota	271	780	780	-
Manila Peninsula Hotels,Inc.	265,000	2,444,945	2,444,945	-
Meralco	636	253,764	253,764	63,727
PLDT Co - Pref	1,200	12,600	12,600	-
Realty Investment Inc	120,000	32,500	32,500	-
		5,710,400	**5,710,400**	**(28,692)**
TOTAL - FVPL INVESTMENTS		**13,186,171,800**	**13,186,171,800**	**1,501,319,672**
FVOCI INVESTMENTS				
BONDS				
UBS-Enel Finance 5% Notes 2022-15-06.2032-USD	$ 250,000	13,501,836	13,501,836	563,596
UBS-General Motors 2.35% 2022.06.02.2027-USD	$ 300,000	15,319,993	15,319,993	666,316
UBS-HSBC Holdings 2.206% 2021-17.08.2029-USD	$ 300,000	14,512,846	14,512,846	549,905
UBS-SK Hynix Inc 6.375% Notes 17.01.2028-USD	$ 250,000	14,302,071	14,302,071	107,902
		57,636,746	**57,636,746**	**1,887,719**
TOTAL - FVOCI INVESTMENTS		**57,636,746**	**57,636,746**	**1,887,719**
GRAND TOTAL - FINANCIAL ASSETS		**13,243,808,546**	**13,243,808,546**	**1,503,207,391**

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 2023

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

Name and Designation of Debtor	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.	26,495,068	-	26,171,403	-	323,665	-	323,665
Summerside Corporation	785,125	-	-	-	-	785,125	785,125
Seven Seas Resorts & Leisure Inc.	228,257	-	220,663	-	7,594	-	7,594
Pamalican Resorts, Inc.	410,740	8,147,321	8,522,321	-	35,740	-	35,740
Pamalican Island Holdings, Inc. (PIHI)	(599,593)	4,900	-	-	-	(594,693)	(594,693)
A. Soriano Air Coporation	36	-	-	-	-	36	36
Island Aviation Inc.	4,541,854	-	4,503,429	-	-	38,425	38,425
Anscor Consolidated Corporation	(134,477)	1,271,200,000	1,271,209,645	-	(144,122)	-	(144,122)
Phelps Dodge Philippines Energy Products Corporation	54,291,230	111,374,572	133,047,241	-	32,618,561	-	32,618,561
Phelps Dodge International Philippines, Inc.	-	339,500,000	339,500,000	-	-	-	-
AFC Agribusiness Corporation	20,870,398	4,678,398	-	-	4,678,398	20,870,398	25,548,796
Sutton Place Holdings	(8,738,479)	11,415	-	-	-	(8,727,064)	(8,727,064)
IQ Healthcare Investments Limited	7,156,720	12,428,356	-	-	12,428,356	7,156,720	19,585,076
Anscor International, Inc.	985,576,851	241,304,902	-	-	241,304,902	985,576,851	1,226,881,753
	1,090,883,730	**1,988,649,864**	**1,783,174,702**	**-**	**291,253,094**	**1,005,105,798**	**1,296,358,892**
RECEIVABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
Pamalican Resort Inc. (ASAC direct receivables)	995,771	152,620	-	-	1,148,391	-	1,148,391
Pamalican Resort Inc. (IAI direct receivables)	49,245,372	-	4,882,648	-	44,362,724	-	44,362,724
A. Soriano Corporation (PIHI direct receivables)	599,593	-	4,900	-	-	594,693	594,693
	50,840,736	152,620	4,887,548	-	45,511,115	594,693	46,105,808
ANSCOR CONSOLIDATED CORPORATION							
A. Soriano Corporation	134,477	1,271,209,645	1,271,200,000	-	144,122	-	144,122
	134,477	1,271,209,645	1,271,200,000	-	144,122	-	144,122
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
Island Aviation Inc. (direct receivable of PRI)	1,360,428	70,824	-	-	70,824	1,360,428	1,431,252
Pamalican Island Holdings, Inc. (direct receivable of Seven Seas)	65,000	-	-	-	-	65,000	65,000
Island Aviation Inc. (direct receivable of Seven Seas)	246,479,752	-	246,479,752	-	-	-	-
	247,905,180	70,824	246,479,752	-	70,824	1,425,428	1,496,252
SUTTON PLACE HOLDINGS, INC.. (Conso)							
A. Soriano Corporation (direct receivable of Sutton)	8,738,479	-	11,415	-	-	8,727,064	8,727,064
	8,738,479	-	11,415	-	-	8,727,064	8,727,064

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, 2023

Name and Designation of Debtor	Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
ANSCOR INTERNATIONAL (Conso)							
IQ Healthcare Investments Limited)	41,788,373	10,951,552	-	-	10,951,552	41,788,373	52,739,925
	41,788,373	10,951,552	-	-	10,951,552	41,788,373	52,739,925
Anscor Holdings, Inc.							
Seven Seas Resorts & Leisure Inc.	107,126	-	105,075	-	-	2,051	2,051
	107,126	-	105,075	-	-	2,051	2,051
Summerside Corporation							
Anscor Holidngs, Inc.	2,029,490	-	9,714	-	-	-	2,019,776
	2,029,490	-	9,714	-	-	-	2,019,776
	351,409,384	**11,174,996**	**251,493,504**	**-**	**56,533,491**	**52,537,609**	**111,090,876**
PAYABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
A. Soriano Corporation	4,541,890	-	4,503,429	-	-	38,461	38,461
Pamalican Resort Inc. (direct payable of ASAC)	1,709,608	-	324,777	-	-	1,384,831	1,384,831
Seven Seas Resorts & Leisure Inc. (direct payable of PIHI)	65,000	-	-	-	-	65,000	65,000
Pamalican Utilities, Inc. (direct payable of ASAC)	-	35,014	-	-	35,014	-	35,014
Seven Seas Resorts & Leisure Inc. (direct payable of IAI)	246,479,752	(246,479,752)	-	-	-	-	-
Pamalican Resort Inc. (direct payable of IAI)	679,563	79,534	-	-	79,534	679,563	759,097
	253,475,813	(246,365,204)	4,828,206	-	114,548	2,167,855	2,282,403
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
A.Soriano Corporation (direct payable of PRI)	410,740	8,147,321	8,522,321	-	35,740	-	35,740
A.Soriano Corporation (direct payable of SSRLI)	228,257	-	220,663	-	-	7,594	7,594
Anscor Holdings, Inc. (direct payable of SSRLI)	107,126	-	105,075	-	2,051	-	2,051
Island Aviation, Inc. (direct payable of PRI)	49,266,305	-	4,571,607	-	44,694,698	-	44,694,698
	50,012,428	8,147,321	13,419,666	-	44,732,489	7,594	44,740,083
PHELPS DODGE INTERNATIONAL PRODUCTS PHILIPPINES, INC. (PDIPI) - Conso							
A. Soriano Corporation (direct payable of PDP Energy)	54,291,230	111,374,572	133,047,241	-	32,618,561	-	32,618,561
A. Soriano Coporation (direct payyable of PDIPI)	-	339,500,000	339,500,000	-	-	-	-
	54,291,230	450,874,572	472,547,241	-	32,618,561	-	32,618,561
ANSCOR HOLDINGS INC. (Conso)							
Summerside Corporation	2,029,490	-	9,714	-	2,019,776	-	2,019,776
A. Soriano Corporation	26,495,068	-	26,171,403	-	-	323,665	323,665
	28,524,558	-	26,181,117	-	2,019,776	323,665	2,343,441

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, 2023

Name and Designation of Debtor	Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
SUMMERSIDE CORPORATION (Conso)							
A. Soriano Corporation	785,125	-	-	-	-	785,125	785,125
	785,125	-	-	-	-	785,125	785,125
AFC AGRIBUSINESS CORPORATION							
A. Soriano Corporation	20,870,398	4,678,398	-	-	4,678,398	20,870,398	25,548,796
	20,870,398	4,678,398	-	-	4,678,398	20,870,398	25,548,796
ANSCOR INTERNATIONAL							
A. Soriano Corporation	985,576,851	241,304,902	-	-	241,304,902	985,576,851	1,226,881,753
	985,576,851	241,304,902	-	-	241,304,902	985,576,851	1,226,881,753
IQ HEALTHCARE INVESTMENT LIMITED							
A. Soriano Corporation	7,768,027	12,433,458	-	-	12,433,458	7,768,027	20,201,485
Anscor International	41,788,373	10,951,552	-	-	10,951,552	41,788,373	52,739,925
	49,556,400	23,385,010	-	-	23,385,010	49,556,400	72,941,410
	1,443,092,803	**482,024,999**	**516,976,230**	**-**	**348,853,684**	**1,059,287,888**	**1,408,141,572**

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
AS OF DECEMBER 31, 2023
(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
Island Aviation, Inc.			
Banco de Oro	1,000,000,000	-	1,000,000,000
Total	1,000,000,000	-	1,000,000,000

a. On January 9, 2023, a Facility Agreement (IAI-BDO 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 jointly and severally irrevocably executed by SRRLI and PRI duly identified as the sureties to secure the due and full payment 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 P406.0 million.

b. 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.

c. On November 20, 2023, BDO and the Company agreed to adjust the interest rate to the higher of (a) the sum of the 3-month Benchmark Rate on interest setting date and on each repricing date plus 0.90% per annum, and (b) Target Reverse Repurchase Rate plus + 0.25% per annum; divided by the interest premium factor effective January 9, 2024.

   The loan shall be subject to the maintenance of financial ratios which include a maximum of 2.5 times debt-to-equity ratio and minimum debt service coverage ratio of 1.2 times starting May 31, 2024 and annually each May 31 thereafter.

d. Total interest expense from these loan recognized in the consolidated profit or loss amounted to P58.9 million in 2023 (nil in 2022 and 2021)

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023 AND 2022
(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	2,599,946	**1,828,850**
	567,369,456	**566,598,360**
Less Allowance for Doubtful Accounts	564,761,343	**564,761,343**
RECEIVABLE - NET	2,608,113	**1,837,017**

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, 2023
(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, 2023

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	671,313,481	492,561,923
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, 2023 and 2022, Anscorcon holds 1,272,429,761 shares of the Company.

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

Phone: (632) 8891 0307
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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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 28, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule 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, 2023, and 2022 and for each of the three years in the period ended December 31, 2023, 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
BIR Accreditation No. 08-001998-098-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082016, January 6, 2024, Makati City

February 28, 2024

A. SORIANO CORPORATION AND SUBSIDIARIES
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2023 AND 2022

			2023		2022	
i.	Current Ratio	Total Current Assets	**20,810,775,738**	**10.1:1**	19,339,745,780	9.9:1
		Total Current Liabilities	**2,051,440,225**		1,945,908,174	
ii.	Acid Test Ratio	Total Current Assets less Inventories, Prepayments, and Other Current Assets	**18,380,855,510**	**9.0:1**	17,235,630,116	8.9:1
		Total Current Liabilities	**2,051,440,225**		1,945,908,174	
iii.	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and amortization	**2,914,871,050**	**78.68%**	3,124,945,454	123.78%
		Total Liabilities	**3,704,634,675**		2,524,505,010	
iv.	Debt-to-Equity Ratio	Total Liabilities	**3,704,634,675**	**0.2:1**	2,524,505,010	0.1:1
		Equity Attributable to Equity Holders of the Parent	**23,172,977,333**		21,961,719,040	
v.	Asset-to-Equity Ratio	Total Assets	**27,692,602,665**	**1.20**	25,138,235,219	1.14
		Equity Attributable to Equity Holders of the Parent	**23,172,977,333**		21,961,719,040	
vi.	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	**3,079,675,617**	**49.29**	3,102,884,832	661.92
		Interest expense	**62,479,887**		4,687,677	
vii.	Return on Equity	Net Income Attributable to Equity Holders of the Parent	**2,552,017,983**	**11.01%**	2,800,557,660	12.75%
		Equity Attributable to Equity Holders of the Parent	**23,172,977,333**		21,961,719,040	
viii.	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**2,552,017,983**	**9.22%**	2,800,557,660	11.14%
		Total Assets	**27,692,602,665**		25,138,235,219	
ix.	Profitability Ratio	Net Income Attributable to Equity Holders of the Parent	**2,552,017,983**	**18.49%**	2,800,557,660	20.56%
		Total Revenues	**13,798,487,806**		13,624,683,643	
x.	Book value per share	Equity Attributable to Equity Holders of the Parent	**23,172,977,333**	**18.88**	21,961,719,040	17.89
		Outstanding Number of Shares	**1,227,570,239**		1,227,570,239	

A. SORIANO CORPORATION

2023 ANNUAL REPORT

At Anscor, we prioritize steady, sustainable growth and recognize that the future holds immense potential.

Contents

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 of the Corporation as its own Report to the Stockholders for the year ended December 31, 2023.

Chairman's Message

Prudent management and a balanced portfolio has provided a stable net asset value and a steady return to shareholders.

THE PHILIPPINE ECONOMY IN 2023

The Annual Gross Domestic Product grew at 5.6%, short of the 7.6% pace seen in 2022.

The Philippine economy missed its growth target for the year due to inflation and interest rate hikes that dampened consumer spending power. Surprisingly, government spending also contracted in 2023 versus 2022, when substantial resources were spent for the national vaccination program and the Presidential elections.

The domestic economy requires major investments in the agricultural sector to raise productivity and to resolve persistent supply chain bottlenecks. Inflation needs to be curtailed and the economy still has to overcome a global economic slowdown and heightened geopolitical tensions.


ANDRES SORIANO III
Chairman and CEO

THE COMPANY'S FINANCIAL PERFORMANCE

Anscor registered a net income of ₱2.6 billion, lower than the profit last year of ₱2.8 billion, which included a one-time gain of ₱2.2 billion from the sale of the investment in AG&P. Stripping out the gain from the AG&P sale last year, the 2023 net income would have been ₱2.0 billion higher than 2022.

Phelps Dodge Philippines Energy Products Corporation contributed ₱1.04 billion to Anscor's profit, comprising equity earnings of ₱941.4 million and management fees of ₱99.4 million. The share in resort earnings increased to ₱126.3 million, from ₱89.4 million in 2022; and KSA Realty Corporation delivered ₱89.1 million of cash dividends.

Our financial holdings generated a ₱1.8 billion gain versus a ₱0.8 billion loss in 2022, which was a challenging year for financial assets, as global central banks, including the Bangko Sentral ng Pilipinas, embarked on a synchronized campaign of higher interest rates. Portfolio gains were driven by the strong performance of our domestic equity portfolio, despite the Philippine Stock Exchange index registering a 1.8% drop for the year. Furthermore, dividend income of ₱368.4 million, represented a 25% increase over last year's revenue. Foreign traded equities and other public securities added a ₱344.7 million gain.

Anscor paid a total cash dividend of ₱1.0 per share: ₱0.50 per share on April 10, 2023, and another ₱0.50 per share on December 12, 2023. The book value per share of the Company increased 5.5%, from ₱17.89 to ₱18.88 after accounting for dividend payments.

PDP will continue to capture new customers and broaden its reach in the retail sector, actively exploring new opportunities and products to spur growth, and fulfill customer demands.

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

In 2023, PDP experienced a 5% decline in sales volume, driven by a 10% reduction in sales to distributors and dealers. The sales to dealers in the Greater Manila Area (GMA) and Luzon were particularly affected, with a decline of 9% and 27%, respectively, due to weak demand at the retail level. This downturn was influenced by several factors, including an average inflation rate of 6%, which led to higher interest rates that subsequently increased the cost of financing at all levels.

These economic conditions dampened consumer interest in purchasing high-value items, such as housing and real estate, and delayed maintenance activities. Further complicating the sales landscape were project delays in Luzon and Mindanao. Sales to the communication sector fell short of projections, with several projects postponed to 2024.

Additionally, PDP did not secure a significant portion of its customer's low-voltage wire requirements. This negative impact was offset by higher-than-expected sales to GMA and Visayas project customers and to various power generation projects.

Quality control staff meticulously screen building wire product.

Export sales exceeded expectations, as sales tripled compared to the previous year, contributing to the overall sales revenues.

Despite the drop in sales volume, PDP's net income was stable at ₱963.5 million, due to higher margins from the continued sales of its innovative products such as Aluminum Building wire, Metal Clad cables, and Fire-Rated cables. An increase in export sales also contributed to the 2023 income.

PDP is committed to match last year's sales volume, despite a forecast decline in construction activities. It will continue its strategy of capturing new customers and broadening its market reach in the retail sector. The company is actively exploring new opportunities and products to spur growth, and fulfill customer demands.

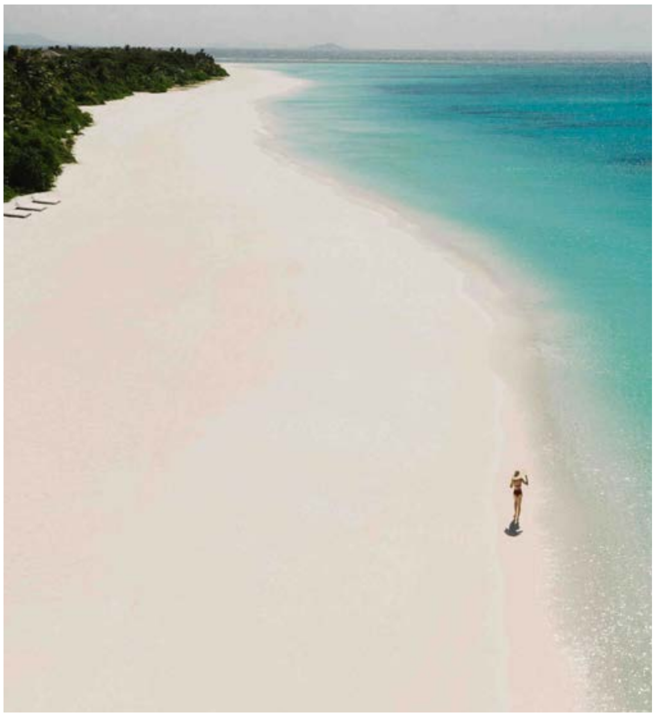
In its commitment to sustainability and green objectives, PDP will install solar roof panels in its plant in Tarlac. A strong adherence to safety for its employees and its customers, the health of its employees, the judicious use of its resources, and the active support of projects of the Andres Soriano Foundation are top priorities.

SEVEN SEAS RESORTS AND LEISURE, INC. (Owner of Amanpulo Resort)

In 2023, total revenues of Seven Seas Resorts and Leisure, Inc. increased 27% from the previous year to ₱1.4 billion, and occupancy increased to 49.6%.

Consolidated net income was ₱202.7 million, higher than last year's profit of ₱143.5 million.

For the last three decades, Amanpulo has established itself as an undisputed destination for those seeking a peaceful, tropical paradise and unique experiences, inspired by natural beauty.



Amanpulo is a tropical paradise lapped by calm, clear seas ideal for water sports, while sandy tracks lead to deserted coves and jungle-clad lookouts.

After three years supported by the domestic market, Amanpulo saw the return of foreign guests to the Resort, who represented 75% of visitors. This was enhanced by international sales missions and roadshows to develop the Middle East and Asian markets. Familiarization and media trips hosted in 2023 covered international markets including Singapore, Indonesia, Brazil, France, and Australia.

Additions to the Resort's recreational offerings included wall climbing, non-motorized water sports equipment, and advanced watercrafts for gliding across the water. The Manamoc sandbar reopened after a hiatus caused by the pandemic. The new Skywatcher Dobsonian telescope gave guests a more immersive look into the night sky for a more impressive stargazing experience. Coming soon will be a game room at the mini clubhouse. Island clean-up was a strong focus throughout the year.

The second half of 2023 was also noteworthy for the arrival of two new Twin Otter aircraft procured by Island Aviation, Inc. to transport guests to Pamalican Island in safety and comfort.

Once again, Amanpulo received international awards such as the "World's Leading Dive Resort 2023," "Asia's Leading Private Island Resort 2023," "Philippines' Leading Luxury Hotel Villa 2023," and the "Philippines' Leading Resort 2023."

Travel + Leisure Southeast Asia Luxury Awards Asia Pacific named Amanpulo as the winner in the 2023 "Beach Island Upcountry Resorts, " while Haute Grandeur Global Award recognized the Aman Spa as the "Best Island Spa in Asia."

ATRAM INVESTMENT MANAGEMENT PARTNERS CORP. (ATRAM)

Despite the turbulent backdrop of dampened investor sentiment, 2023 was game changing for ATRAM. With the financial support of ANSCOR and other shareholders, it forged a strategic partnership with Pru Life UK (Philippines) to harness synergies in product development and distribution. ATRAM Trust Corporation ("ATC") was appointed as a fund manager of Pru Life UK's insurance portfolio in August 2023. Moreover, ATC took over the trust operations and entire fiduciary portfolio of Pru Life UK Asset Management and Trust Corp in September 2023.

Other key highlights of the year for ATRAM were: the onboarding of ATRAM unit investment trust funds on the Maya platform, the establishment of a broker dealer firm, Seedbox Securities, Inc., wholly owned by ATRAM's affiliate, Seedbox Technologies, Inc.; and the launch of the first corporate debt vehicle in the market.

Island Aviation, Inc. acquired two new Twin Otter aircraft in 2023 to service Amanpulo guests.

ATRAM Group's client base grew from 1.3 million to 1.5 million and assets under management were ₱304.3 billion as of end-December 2023, 99% higher than the previous year.

ATRAM Group's 2023 revenues hit ₱1.0 billion, growing 4.4% from ₱984.9 million in 2022.

KSA REALTY CORPORATION
(owner of The Enterprise Center)

The office leasing operations of The Enterprise Center (TEC) continued to face difficulties. TEC's occupancy and rental revenue weakened due to downsizing of leased premises adapting to work-from-home arrangements, and requests for rental concessions to reduce costs to cope with business challenges.

The Enterprise Center

TEC's average effective rent for office leases increased from ₱1,430 per sq.m. in 2022 to ₱1,450 per sq.m. in 2023. Rental income decreased by 5% and average occupancy during the year fell to 64%, slightly lower than last year's 66%. Net income reached ₱624.0 million.

Despite the lower rental revenue and net profit, KSA declared ₱624.0 million in dividends in 2023, of which ₱89.1 million was Anscor's share.

EARLY STAGE AND PRIVATE EQUITY INVESTMENTS

A portion of the Company's assets are dedicated to private equity funds and direct investments. These non-liquid assets are intended to supplement investment returns through a "liquidity premium" and, in some cases, provide exposure to sectors not readily accessible through the public markets.

Anscor was an early stage investor in Y-mAbs Therapeutics, Inc., a Nasdaq-listed, clinical-stage biopharmaceutical company focused on developing and commercializing novel, antibody-based therapeutic products to treat cancer. Y-mAbs received its first US Food and Drug Administration (USFDA) approval for "Danyelza" in November 2020; its second candidate, unfortunately, was declined approval in 2021.

One of the portfolio investments of Navegar II.

Navegar I investment in the restaurant business.

In response, Y-mAbs refocused its resources on developing the Self-Assembly Disassembly (SADA) technology platform, which may bring longer-term value. In 2023, Danyelza achieved sales of US$80 million and the stock price increased by 40%, from US$4.88 to US$6.82 per share. With this recovery, Anscor modestly reduced its ownership stake.

The Company has committed a total of US$38.0 million to the following private equity managers:

• Navegar and Sierra Madre, that both provide growth capital to Philippine companies across consumer-driven private sectors such as casual dining, logistics, e-commerce, business process outsourcing, information technology, education, and retail.

• Asia Partners, a Singapore-based private equity manager, focused on high growth, technology-enabled companies across Southeast Asia; and,

• Third Prime Alpha Fund, a US-based private equity focused on early stage, finance and property technology.

Anscor also invested in:

- AP Tycho I, which has an investment in SCI, a Singapore-based e-commerce company;
- Kafene, an early-stage, US-based financial technology company, alongside Third Prime; and,
- Blue Voyant, an early-stage, US-based cybersecurity firm.

OUTLOOK

Geopolitical tensions, trade restrictions, and extreme weather may continue to impact prices of basic commodities. The Philippine economy, however, is forecast to have the strongest and fastest growth among Southeast Asian Nations, with public spending and infrastructure as drivers.

Your Company's foundation is underpinned by a portfolio of core operating and financial assets, a conservative balance sheet and solid business fundamentals, which have helped it withstand recent challenges. Prudent management and a balanced portfolio mix has provided a stable net asset value and a steady return to shareholders.

In this environment, key to PDP will be its innovative products, intensive search for new customers, expansion into retail markets, uncompromising health and safety standards, and a commitment to social responsibility.

With consumers' newfound preference of "experiences over things," travel demand remains robust, affording multi-awarded Amanpulo the opportunity to continue to define and exemplify nature tourism with its exceptional beauty and consistently authentic sustainability practices. Significantly, both PDP and Amanpulo will turn to solar power for more of their energy needs in 2024.

ATRAM's strategic partnerships and a growing Filipino middle class will spur growth in its customer and asset base. And while the Enterprise Center may have to contend with occupancy challenges in the short term, there is an increased return to onsite work and an enduring demand for centrally located urban properties. Early stage and private equity investments will continue to make your Company visible in growth sectors.

And, inseparable is your Company's continued concern and care for people and community development, especially in the far-flung and isolated areas where it operates.

ACKNOWLEDGMENT

The sound mix of investments has enabled the Company to weather the occasional challenge and see opportunities of growth. This is made possible because of the commitment of our management team, the support of our employees, and the trust and confidence of our customers and partners.

On behalf of the Board of Directors, thank you very much.

Corporate Social Responsibility

The Andres Soriano Foundation, Inc. (ASF) firmly supported island communities in Northeastern Palawan to bring much-needed assistance to far-flung and isolated areas.

ASF programs continued through sustained partnerships with its partners and donors.

SMALL ISLAND SUSTAINABLE PROGRAM

Core programs continued to be implemented in the 4th and 5th class municipalities of Northeast Palawan.

HEALTH

One hundred sixty families in Manamoc continue to access potable water from the community's water system installed by the Foundation.

The 14th Annual Health Caravan/Medical Mission resumed, with free medical services such as basic laboratory tests, dental services, ECG, general and prenatal ultrasound, and OB-GYN services. Its medical outreaches were conducted from May 31 to June 2, 2023 by 26 medical doctors who rendered 2,310 medical services to 1,630 patients in Manamoc, Algeciras and Concepcion islands.

Free medicines courtesy of the Department of Health Region 4-B were also provided. At the end of the year, 39 TB patients were medically cleared and the rest continued treatment. Two children with cleft lip and palate disorders completed surgeries facilitated by the Foundation and supported by a donor from France.

Its Information and Education Campaign for couples on the right nutrition and care of both mother and baby in the first 1,000 days continued. For the birth of well-nourished and healthy babies, 96 pregnant mothers receive regular supplies of milk, vitamins, and iodized salt. Three midwives assigned in isolated island barangays were provided with cellphone units that have a Safe Delivery App to guide them during the pregnant mother's labor and delivery, with more units to be deployed.

The Foundation sustained its Supplemental Feeding for children from two to seven years old and its First 1,000 Days of a Baby Project. Both projects are complemented with small-scale backyard vegetable farming. During the year, 57% of 438 children who were part of two feeding cycles regained normal weight. Nutrition support continues for those who have yet to reach their ideal weight.

EDUCATION

ASF's scholarships through its Education program have two academic scholars enrolled in college. Through its partnerships with:

- DualTech: 10 technical-vocational (TechVoc) scholars are currently enrolled in the program.
- TORM Philippines Education Foundation, Inc., the CSR arm of TORM Shipping Philippines, Inc.: Six college scholars from the island communities will begin their classes in the school year 2024 to 2025.

The ASF continued its assistance for the Senior High School programs of its supported island community in Manamoc.

The Foundation provided basic school supplies and bags to 563 Day Care and Kinder learners across three island communities. ASF's Adopt-a-School project supports the Senior High program of Manamoc National High School by helping maintain their laboratory facility. The school forged its partnership anew with Amanpulo to resume the annual 10-day immersion program for senior high school students for the next five years.

LIVELIHOOD

The Social Enterprise program continues to make positive progress for the communities' food and income security through its handicraft production, improved product quality, and sustained operation of its assisted Marketing Cooperative.

ASF has a pool of over a hundred weavers with varied weaving skills in eight communities. Native knowledge and skills in handicraft weaving are complemented with product development training and capacity-building workshops. The Department of Trade and Industry will provide five additional machines for other handcrafted products by the first quarter of 2024.

To increase food security, ASF organized the farmers of Manamoc to consolidate marketing of various vegetables, pork, and other locally-sourced supplies through the Manamoc Marketing Cooperative.

ENVIRONMENT

The Foundation added two island barangays to its Environment Protection program and gained support from barangay officials in securing budget allocation for the stipend of the local Bantay Dagat groups.

With the active participation of the schools, local government units (LGUs), and the community residents, more than 4,150 propagules were planted for mangrove conservation, and a new mangrove nursery was established.

With regular information and education campaigns, the War on Plastic Project is successfully gaining traction, engaging communities in waste segregation and reduction.

CANCER CARE

The Foundation, in partnership with five pharmaceutical companies, supports seven Fellows in the UP-PGH Oncology Department to increase the number of oncology doctors serving indigent cancer patients in far-flung communities.

Chemotherapy maintenance medicines continue to be provided to 54 indigent breast cancer patients with the UP- PGH Cancer Institute as a partner. The Foundation aims to increase the number of assisted indigent patients to 200 in 2024.

Local-based weavers continued to have opportunities for economic improvement through training and organizational capacity-building.

Financial Highlights

(In Million Pesos Except for Ratios and Per Share Data)

CONSOLIDATED FOR THE YEAR	2023	2022	2021
Revenues and net investment gains	**13,798.5**	13,624.7	11,354.1
Sale of goods	**10,147.5**	10,727.8	8,751.7
Services	**1,709.3**	1,292.1	1,013.5
Gain (loss) on increase (decrease) in market values of fair value through profit or loss investments	**1,476.2**	(994.1)	1,124.1
Dividend Income	**368.4**	295.3	399.4
Interest income	**91.9**	67.4	53.5
Equity in net earnings on investments in associates	**8.7**	26.6	11.4
Gain (loss) on sale of fair value through other comprehensive income investments	**(3.5)**	0.8	0.5
Gain on sale of noncurrent asset held for sale	**–**	2,208.8	–
NET INCOME*	**2,552.0**	2,800.6	2,504.1
EARNINGS PER SHARE**	**2.08**	2.28	2.04

CONSOLIDATED AT YEAR-END	2023	2022	2021
Total Assets	**27,692.6**	25,138.2	23,625.0
Equity Attributable to Equity Holders of the Parent	**23,173.0**	21,961.7	20,460.6
Investment Portfolio	**15,345.4**	14,216.7	13,834.5
Current Ratio	**10.14**	9.94	9.64
Debt to Equity Ratio***	**0.16**	0.11	0.13
Book Value Per Share****	**18.88**	17.89	16.67

* *Attributable to equity holders of the Parent.*
** *Based on weighted average number of shares of 1,227.6 million in 2023, 2022 and 2021.*
*** *Computed using the equity attributable to equity holders of the Parent*
**** *Based on outstanding shares of 1,227.6 million as of December 31, 2023, 2022 and 2021.*

Five-Year Review

(In Million Pesos Except Per Share Data)

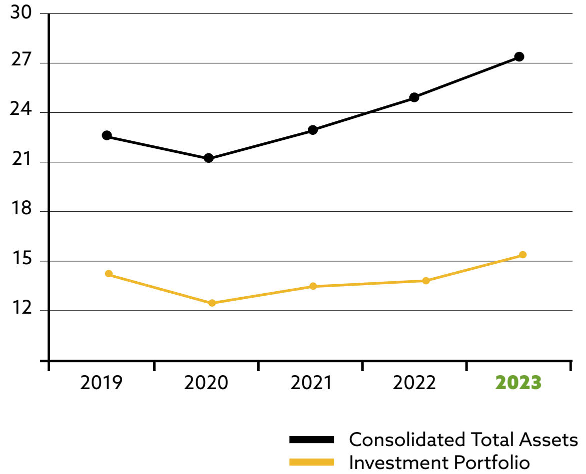
	2023	2022	2021	2020	2019
Net Income Attributable to Equity Holders of the Parent	**2,552.0**	2,800.6	2,504.1	165.6	1,843.6
Equity Attributable to Equity Holders of the Parent	**23,173.0**	21,961.7	20,460.6	18,695.6	19,943.1
Weighted Average Number of Shares Outstanding	**1,227.6**	1,227.6	1,227.6	1,242.0	1,208.0
Earnings Per Share*	**2.08**	2.28	2.04	0.13	1.53
Book Value Per Share**	**18.88**	17.89	16.67	15.23	15.95

	2023	2022	2021	2020	2019
Revenues and Net Investment Gains	**13,798.5**	13,624.7	11,354.1	6,883.7	10,695.4
Total Assets	**27,692.6**	25,138.2	23,625.0	21,602.3	23,112.4
Investment Portfolio	**15,345.4**	14,216.7	13,834.5	12,251.4	14,289.3

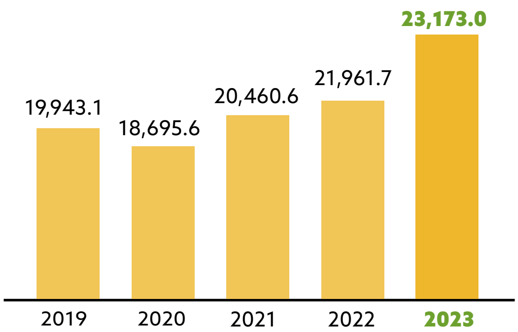
* *Ratio of net income attributable to equity holders of the Parent to weighted average number of shares outstanding during the year.*

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

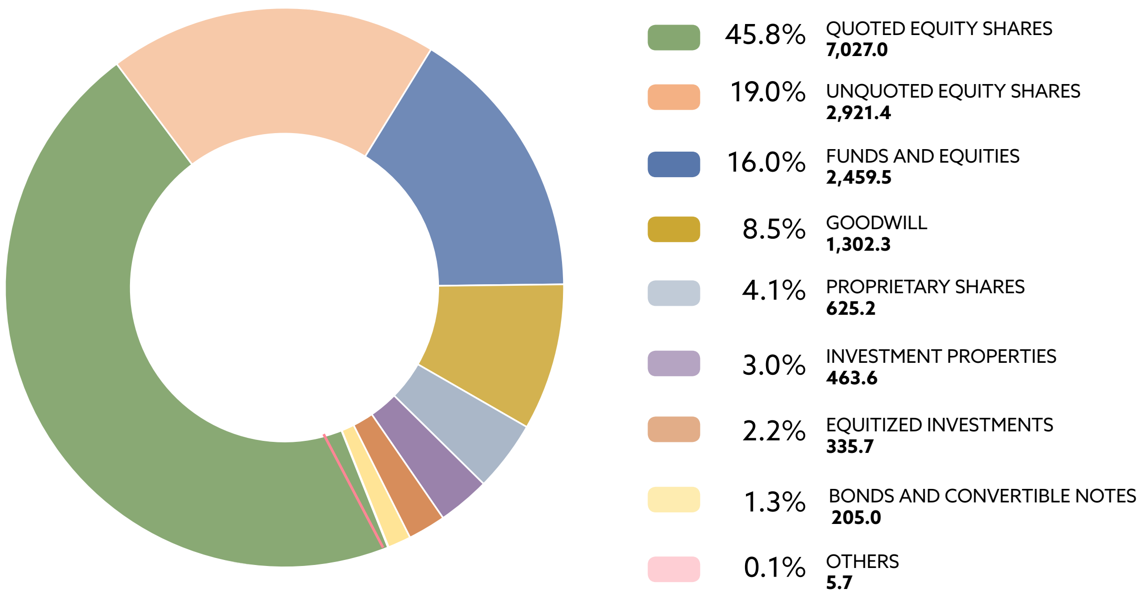
CONSOLIDATED TOTAL ASSETS & INVESTMENT PORTFOLIO
(In Billion Pesos)



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT
(In Million Pesos)



CONSOLIDATED INVESTMENT PORTFOLIO DETAILS DECEMBER 31, 2023
(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, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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	**ERNEST K. CUYEGKENG**	**NARCISA M. VILLAFLOR**
Chairman and	President and	Vice President and
Chief Executive Officer	Chief Operating Officer	Comptroller/Treasurer

Signed this 28th day of February 2024

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 28th day of February 2024, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE ISSUED
Andres Soriano III	[redacted]	[redacted]
Ernest K. Cuyegkeng		
Narcisa M. Villaflor		

Doc. No. 508;
Page No. 103;
Book No. II;
Series of 2024.

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. 10081167/Makati City/01-09-2024
IBP No. 301902/Rizal (RSM)/01-05-2024
Admitted to the bar in 2022

SGV
Building a better working world

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1226 Makati City
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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, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 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 the 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of Unquoted Equity Instruments

As at December 31, 2023, the Group has unquoted equity investments classified as financial assets through profit or loss, with carrying value of ₱2,921 million and accounts for 11% of the consolidated total assets. We considered the valuation of these unquoted equity investments as a key audit matter because of the materiality of the amount involved and the inherent subjectivity of the valuation as it involves the use of inputs that are not market observable. Management also applied judgment in selecting the valuation technique and the assumptions to be used.

The Group's disclosures about its equity investments are included in Notes 9 and 29 to the consolidated financial statements.

Audit Response

We involved our internal specialists in evaluating 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 investment 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 investee 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 evaluated the competence, capabilities and objectivity of the investment managers by considering their qualifications, experience and reporting responsibilities. We also 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 Group's disclosures about those assumptions to which the outcome of the valuation is most sensitive; specifically, those that have the most significant effect on the determination of the fair value of the unquoted equity investments.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our 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, 2023 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
BIR Accreditation No. 08-001998-098-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10082016, January 6, 2024, Makati City

February 28, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	**₱3,027,406,563**	₱2,948,401,655
Fair value through profit or loss (FVPL) investments (Note 9)	**13,186,171,800**	12,046,804,002
Receivables (Note 10)	**2,167,277,147**	2,240,424,459
Inventories (Note 11)	**1,757,321,449**	1,695,039,141
Prepayments	**404,675,288**	190,812,484
Other current assets	**267,923,491**	218,264,039
Total Current Assets	**20,810,775,738**	19,339,745,780
Noncurrent Assets		
Fair value through other comprehensive income (FVOCI) investments (Note 12)	**57,636,746**	41,453,401
Notes receivable (Note 27)	**416,774,404**	245,854,878
Investments and advances (Note 13)	**337,543,710**	357,031,299
Goodwill (Note 7)	**1,302,276,264**	1,302,276,264
Property and equipment (Notes 14 and 19)	**3,784,758,702**	2,705,108,750
Investment properties (Note 15)	**463,590,308**	472,052,732
Retirement plan asset - net (Note 24)	**179,367,643**	122,351,083
Deferred income tax assets - net (Note 25)	**118,241,184**	114,115,228
Right-of-use assets (Note 30)	**52,522,610**	17,419,789
Deposits to suppliers (Note 30)	**40,631,154**	296,417,399
Other noncurrent assets (Note 16)	**128,484,202**	124,408,616
Total Noncurrent Assets	**6,881,826,927**	5,798,489,439
TOTAL ASSETS	**₱27,692,602,665**	₱25,138,235,219

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 18)	**₱1,385,273,515**	₱1,343,101,690
Current portion of lease liabilities (Note 30)	**18,763,285**	10,133,770
Dividends payable (Note 20)	**570,375,761**	501,959,779
Income tax payable	**77,027,664**	90,712,935
Total Current Liabilities	**2,051,440,225**	1,945,908,174

(Forward)

	December 31	
	2023	2022
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 30)	**₱35,296,241**	₱9,082,542
Long-term debt (Notes 14 and 19)	**1,000,000,000**	–
Deferred income tax liabilities - net (Note 25)	**493,566,194**	417,846,430
Retirement benefits payable - net (Note 24)	**22,609,622**	39,931,355
Other noncurrent liabilities (Note 16)	**101,722,393**	111,736,509
Total Noncurrent Liabilities	**1,653,194,450**	578,596,836
Total Liabilities	**3,704,634,675**	2,524,505,010
Equity Attributable to Equity Holders of the Parent (Note 20)		
Capital stock	**2,505,000,000**	2,505,000,000
Additional paid-in capital (Note 27)	**1,724,358,371**	1,859,383,287
Cumulative translation adjustment	**167,266,370**	179,017,188
Net unrealized valuation gains (loss) on FVOCI investments (Note 12)	**605,619**	(3,183,933)
Remeasurement gain on retirement benefits (Note 24)	**84,220,038**	54,423,304
Retained earnings (Note 20):		
Appropriated	**7,150,000,000**	7,150,000,000
Unappropriated	**14,196,742,307**	12,872,294,566
Cost of shares held by a subsidiary (1,272,429,761 shares in 2023 and 2022) (Note 20)	**(2,655,215,372)**	(2,655,215,372)
	23,172,977,333	21,961,719,040
Noncontrolling Interests (Notes 3 and 27)	**814,990,657**	652,011,169
Total Equity	**23,987,967,990**	22,613,730,209
TOTAL LIABILITIES AND EQUITY	**₱27,692,602,665**	₱25,138,235,219

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Sale of goods - net (Note 5)	**₱10,147,489,118**	₱10,727,755,227	₱8,751,666,475
Services (Notes 5 and 30)	**1,709,328,620**	1,292,106,914	1,013,453,849
Dividend income (Note 9)	**368,356,295**	295,306,868	399,429,444
Interest income (Note 23)	**91,870,114**	67,461,869	53,534,090
	12,317,044,147	12,382,630,878	10,218,083,858
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments - net (Notes 9 and 29)	**1,476,197,600**	(994,108,320)	1,124,061,312
Gain (loss) on sale of FVOCI investments - net (Note 12)	**(3,496,596)**	764,165	532,067
Gain on sale of noncurrent asset held for sale (Note 13)	**–**	2,208,757,397	–
	1,472,701,004	1,215,413,242	1,124,593,379
EQUITY IN NET EARNINGS ON INVESTMENTS IN ASSOCIATES (Note 13)	**8,742,755**	26,639,523	11,409,604
TOTAL	**13,798,487,906**	13,624,683,643	11,354,086,841
Cost of goods sold (Note 21)	**(8,470,102,746)**	(9,048,418,434)	(7,071,619,957)
Cost of services rendered (Note 21)	**(535,493,389)**	(404,526,169)	(347,923,582)
Operating expenses (Note 21)	**(1,737,010,603)**	(1,373,857,309)	(1,091,980,471)
Interest expense (Note 23)	**(62,479,987)**	(4,687,677)	(10,259,686)
Foreign exchange gain (loss) - net	**(26,915,621)**	282,751,590	139,150,079
Other income (charges) - net (Note 23)	**50,710,170**	22,251,511	(53,708,290)
INCOME BEFORE INCOME TAX	**3,017,195,730**	3,098,197,155	2,917,744,934
PROVISION FOR INCOME TAX (Note 25)	**368,000,045**	242,155,199	380,152,014
NET INCOME	**2,649,195,685**	2,856,041,956	2,537,592,920
OTHER COMPREHENSIVE LOSS			
Other comprehensive gain (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gain (loss) on FVOCI investments (Note 12)	**1,556,140**	(3,845,678)	(2,705,833)
Income tax effect	**(389,035)**	961,420	856,583
	1,167,105	(2,884,258)	(1,849,250)

(Forward)

	Years Ended December 31		
	2023	2022	2021
Realized gains on FVOCI investments recognized in profit or loss (Note 12)	**₱3,496,596**	(₱764,165)	(₱532,067)
Income tax effect	**(874,149)**	191,041	133,017
	2,622,447	(573,124)	(399,050)
	3,789,552	(3,457,382)	(2,248,300)
Cumulative translation adjustment	**(11,750,818)**	(47,156,996)	126,913,660
	(7,961,266)	(50,614,378)	124,665,360
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 24)	**39,728,979**	(27,918,980)	65,259,567
Income tax effect	**(9,932,245)**	6,686,112	(13,323,808)
	29,796,734	(21,232,868)	51,935,759
OTHER COMPREHENSIVE INCOME (LOSS)	**21,835,468**	(71,847,246)	176,601,119
TOTAL COMPREHENSIVE INCOME	**₱2,671,031,153**	₱2,784,194,710	₱2,714,194,039
Net Income Attributable to:			
Equity holders of the Parent	**₱2,552,017,982**	₱2,800,557,660	₱2,504,080,376
Noncontrolling interests	**97,177,703**	55,484,296	33,512,544
	₱2,649,195,685	₱2,856,041,956	₱2,537,592,920
Total Comprehensive Income Attributable to:			
Equity holders of the Parent	**₱2,573,853,450**	₱2,728,710,414	₱2,680,681,495
Noncontrolling interests	**97,177,703**	55,484,296	33,512,544
	₱2,671,031,153	₱2,784,194,710	₱2,714,194,039
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 26)	**₱2.08**	₱2.28	₱2.04
Basic/diluted, for total comprehensive income attributable to equity holders of the Parent (Note 26)	**₱2.10**	₱2.22	₱2.18

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	Additional Paid-in Capital	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on FVOCI Investments (Note 12)	Remeasurement on Retirement Benefits (Note 24)
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 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**
Net income	–	–	–	–	–
Other comprehensive loss	–	–	(11,750,818)	3,789,552	29,796,734
Total comprehensive income (loss) for the year	–	–	(11,750,818)	3,789,552	29,796,734
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱1,272.4 million (Note 20)	–	–	–	–	–
Movement in noncontrolling interests	–	(135,024,916)	–	–	–
BALANCES AT DECEMBER 31, 2023	**₱2,505,000,000**	**₱1,724,358,371**	**₱167,266,370**	**₱605,619**	**₱84,220,038**

See accompanying Notes to Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent (Note 20)						
		Retained Earnings		Cost of Shares			
	Subtotal*	Appropriated	Unappropriated	Held by a Subsidiary	Total	Noncontrolling Interests	Total
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 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**
Net income	–	–	2,552,017,983	–	2,552,017,983	97,177,703	2,649,195,686
Other comprehensive loss	21,835,468	–	–	–	21,835,468	–	21,835,468
Total comprehensive income (loss) for the year	21,835,468	–	2,552,017,983	–	2,573,853,451	97,177,703	2,671,031,154
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱1,272.4 million (Note 20)	–	–	(1,227,570,242)	–	–	–	(1,227,570,242)
Movement in noncontrolling interests	(135,024,916)	–	–	–	(135,024,916)	65,801,785	(69,223,131)
BALANCES AT DECEMBER 31, 2023	**₱4,481,450,398**	**₱7,150,000,000**	**₱14,196,742,307**	**(₱2,655,215,372)**	**₱23,172,977,333**	**₱814,990,657**	**₱23,987,967,990**

See accompanying Notes to Consolidated Financial Statements.
**Subtotal for the numbers of the five columns appearing on page 26*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,017,195,730**	₱3,098,197,155	₱2,917,744,934
Adjustments for:			
Loss (gain) on sale/disposal of:			
FVOCI investments (Note 12)	**3,496,596**	(764,165)	(532,067)
Property and equipment	**(1,227,513)**	69,643	(129,464)
Noncurrent asset held for sale (Note 13)	**–**	(2,208,757,397)	–
Loss (gain) on decrease (increase) in market values of FVPL investments - net (Note 9)	**(1,476,197,600)**	994,108,320	(1,124,061,312)
Depreciation and amortization (Note 21)	**366,992,689**	324,387,794	302,595,454
Dividend income (Note 9)	**(368,356,295)**	(295,306,868)	(399,429,444)
Unrealized foreign exchange losses (gains) - net	**8,951,986**	(122,004,309)	(98,948,706)
Interest income (Note 23)	**(91,870,114)**	(67,461,869)	(53,534,090)
Equity in net losses (earnings) and impairment loss on investments in associates (Note 13)	**(8,742,755)**	(26,639,523)	(11,409,604)
Retirement benefit costs (Note 24)	**14,511,904**	14,690,747	23,169,533
Interest expense (Note 23)	**62,479,987**	4,687,677	10,259,686
Expected credit losses – net of recoveries	**1,331,205**	–	–
Impairment losses, net of recoveries (Note 23)	**541,039**	825,054	54,543,952
Operating income before working capital changes	**1,529,106,859**	1,716,032,259	1,620,268,872
Decrease (increase) in:			
FVPL investments	**322,422,122**	(1,212,179,031)	(431,799,766)
Receivables	**65,998,787**	(473,640,997)	(99,723,528)
Inventories	**(62,282,308)**	(69,913,940)	(572,539,264)
Prepayments and other current assets	**(245,620,834)**	(160,925,805)	(10,492,160)
Increase (decrease) in accounts payable and accrued expenses	**(39,203,545)**	400,843,702	(40,807,883)
Cash generated from operations	**1,570,421,081**	200,216,188	464,906,271
Income taxes paid	**(339,909,404)**	(388,546,682)	(382,738,499)
Dividends received	**395,815,542**	317,558,427	404,680,797
Interest received	**88,226,867**	91,022,401	56,714,726
Interest paid	**(1,844,780)**	(2,308,186)	(8,368,724)
Retirement benefit contribution (Note 24)	**(49,121,218)**	(26,034,885)	(22,187,256)
Net cash flows from operating activities	**1,663,588,088**	191,907,263	513,007,315

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
FVOCI investments (Note 12)	**₱59,408,143**	₱31,323,320	₱147,576,210
Property and equipment (Note 14)	**4,378,512**	2,862,322	129,464
Noncurrent asset held-for-sale (Note 13)	**–**	1,974,595,600	–
Additions to:			
FVOCI investments (Note 12)	**(73,738,727)**	(26,887,859)	(78,986,314)
Property and equipment (Notes 14 and 33)	**(1,172,746,968)**	(656,264,596)	(144,240,885)
Computer software	**(7,036,767)**	–	–
Investment properties (Note 15)	**(6,217,326)**	(6,607,517)	(3,914,394)
Notes receivable	**(218,000,000)**	–	–
Collection from (advances to) affiliates (Notes 13 and 27)	**771,097**	(958,492)	57,197,246
Decrease on investments at equity (Note 13)	**–**	234,161,796	–
Increase in other noncurrent assets	**–**	(167,166,153)	(71,364,670)
Net cash flows from (used in) investing activities	**(1,413,182,036)**	1,385,058,421	(93,603,343)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt (Note 19)	**1,000,000,000**	–	–
Payments of (Note 31):			
Dividends (Note 20)	**(1,103,154,257)**	(1,189,139,632)	(725,217,672)
Interest on long term-debt (Note 19)	**(42,917,505)**	–	–
Lease liabilities (Note 30)	**(15,886,869)**	(17,416,249)	(9,421,290)
Long-term debt (Note 19)	**–**	(75,714,286)	(151,428,571)
Notes payable (Note 17)	**–**	(23,166,200)	–
Advances from affiliates (Note 13)	**66,326,000**	25,719,337	99,760,513
Dividends paid to noncontrolling interest - net (Notes 20 and 27)	**(69,176,769)**	–	–
Net cash flows used in financing activities	**(164,809,400)**	(1,279,717,030)	(786,307,020)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**85,596,652**	297,248,654	(366,903,048)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(6,591,744)**	(78,077,395)	4,174,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,948,401,655**	2,729,230,396	3,091,959,345
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱3,027,406,563**	₱2,948,401,655	₱2,729,230,396

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 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issue by the Board of Directors (BOD) on February 28, 2024.

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 for the adoption of new standards effective in 2023. 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 PAS 1 and PFRS Practice Statement (PS) 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.

  The Group also referred to the guidance provided under Q&A No. 2022-02: *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* in applying the amendments to PAS 1 and PS 2. The adoption resulted to removal of accounting policy information that are not considered material and thus had no material impact on the consolidated financial statements.

- 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, 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

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 applicable pronouncements when they become effective.

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.
  - classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - 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 required to 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 required to be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts* – not expected to apply to the Group.
- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. This is not correctly expected to apply to the Group.

3. Basis of Consolidation and Summary of Material 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	**2023**	2022	2021
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	**97**	100	100
Minuet Realty Corporation (Minuet, Note 7)	Landholding	**97**	100	100
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 7 and 30)	Wire Manufacturing	**97**	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	**97**	100	100
Summerside Corp. (Summerside)	Investment Holding	**100**	100	100
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**	62	–

**On March 31, 2023, PDPI issued new shares representing 3% of its total equity interest (see Note 27). As at December 31, 2023, the Group has 97% beneficial ownership over PDPI*

***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):

	2023	2022
Statements of Financial Position:		
Current assets	**₱1,144.6**	₱1,114.3
Noncurrent assets	**914.8**	849.9
Current liabilities	**694.8**	544.4
Noncurrent liabilities	**104.5**	111.7
Equity	**1,260.1**	1,308.1
Equity attributable to NCI	**475.1**	493.1

	2023	2022
Statements of Comprehensive Income:		
Revenue	**₱1,453.8**	₱1,094.0
Income before tax	**222.1**	179.7
Net income	**202.7**	143.5
Other comprehensive income	**0.6**	1.2
Total comprehensive income	**203.3**	144.7
Total comprehensive income allocated to NCI during the year	**76.6**	54.6

	2023	2022
Statements of Cash Flows:		
Cash flows from operations	**₱412.3**	₱167.1
Cash flows used in investing activities	**(152.9)**	(63.4)
Cash flows used in financing activities	**(260.0)**	(161.4)

Subsidiaries are all entities over which the Group has control.

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 the Company's equity.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control of the subsidiary are accounted for as equity transactions.

When the proportion of the equity held by the NCI changes, the Group adjusts the carrying amount of the controlling and noncontrolling interests to reflect the changes in their relative interests in the subsidiary. The Group recognizes directly in equity (i.e., Additional Paid-in Capital) any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the Company.

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

The Group holds interest in entities over which it has significant influence and are accounted for as investments in associates using the equity method. 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.

After application of the equity method, the Group determines whether objective evidence that the investment in associate is impaired and recognizes an impairment loss if the recovarable amount exceeds the carrying value. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Any loss or reversal is recognized under "Equity in net earnings on investments in associates" in the consolidated statement of comprehensive income.

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. Accordingly, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.

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	**2023**	2022	2021
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
BehaviorMatrix, LLC (BM, Note 13)*	Behavior Analytics Services	**–**	–	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.

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.

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 investments 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. For certain unquoted investments, the Group also makes use of the report of the fund managers in developing assumptions and estimating the fair value.

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 (e.g., appraisers and fund managers) are involved for valuation of significant assets, such as investment properties and certain unquoted securities. 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

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 FVPL, 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 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. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, 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 FVOCI 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 FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

As at December 31, 2023 and 2022, 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 FVPL, 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 SPPI 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-net". 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, 2023 and 2022, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features and managed/hedged (see Note 9). No financial liability at FVPL is outstanding as at December 31, 2023 and 2022.

(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 (SPPI) 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. Any 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 SPPI 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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

"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.

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.

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 entity. 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 was allowed to be applied against output VAT upon purchase/payment and was no longer 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.

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.

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 directly related expenditures.

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.

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 estimates the recoverable amount of the related asset. 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. 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. 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.

Additional Paid-in Capital
Additional paid-in capital is the amount paid in excess of the par value of the shares issued, including equity adjustments relating to changes in equity interest of the Noncontrolling interests.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects 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 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.

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.

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.

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.

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, 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 an independent qualified actuary.

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.

<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 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. 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.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing consolidated 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, 2023, 2022 and 2021.

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, and other comprehensive income (loss). 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 Philippine 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, 2023 and 2022, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Determining ability to comply with contractual obligations
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 2023, 2022 and 2021 as there was no significant increase in the credit risk. The carrying value of FVOCI debt investments amounted to ₱57.6 million and ₱41.5 million as at December 31, 2023 and 2022, respectively (see Note 12).

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, 2023 and 2022 amounted to ₱779.5 million and ₱778.2 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,585.9 million and ₱2,488.9 million as at December 31, 2023 and 2022, 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. The fair market values of the unquoted equity shares are based on valuation techniques applied as at December 31, 2023 and 2022 using income, market and cost approach (adjusted net asset value method). The inputs used to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values (see Notes 9 and 29).

Unquoted equity investments amounted to ₱2,921.4 million and ₱2,885.8 million as at December 31, 2023 and 2022, respectively (see Notes 9 and 29).

Estimation of allowance for inventory obsolescence 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 ₱101.6 million and ₱102.1 million as at December 31, 2023 and 2022, respectively. The carrying amount of the inventories amounted to ₱1,757.3 million and ₱1,695.0 million as at December 31, 2023 and 2022, 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, 2023 and 2022, the carrying value of depreciable property and equipment and investment properties amounted to ₱3,864.4 million and ₱2,799.4 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.

The carrying amounts of the investments in associates amounted to ₱335.7 million and ₱354.4 million as at December 31, 2023 and 2022, 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, 2023 and 2022, the carrying value of property and equipment and investment properties amounted to ₱4,248.3 million and ₱3,177.2 million, respectively (see Notes 14 and 15).

No impairment loss indicator has been identified and therefore no impairment loss was recognized on property and equipment for each of the three years in the period ended December 31, 2023 (see Note 14). For investment properties, management recognized impairment loss amounting to ₱24.8 million in 2021 (nil in 2023 and 2022; see Notes 15 and 23).

(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. Calculations indicated that there is no impairment on the Group's goodwill for each of the years ended.

As at December 31, 2023 and 2022, 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, 2023 and 2022, the Group recognized gross deferred income tax assets amounting to ₱126.9 million and ₱122.0 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, 2023 and 2022 amounted to ₱179.4 million and ₱122.4 million, respectively. Net retirement benefits payable as at December 31, 2023 and 2022 amounted to ₱22.6 million and ₱39.9 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.

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, 2023			
	Cable and Wire Manufacturing	**Resort Operations and Villa Development**	**Other Operations***	**Total**
Type of revenues:				
Sale of goods	**₱10,147,489,118**	**₱–**	**₱–**	**₱10,147,489,118**
Services	**–**	**1,450,243,745**	**259,084,875**	**1,709,328,620**
Total revenue from contracts with customers	**₱10,147,489,118**	**₱1,450,243,745**	**₱259,084,875**	**₱11,856,817,738**
Timing of revenue recognition:				
At a point in time	**₱10,147,489,118**	**₱839,259,988**	**₱259,084,875**	**₱11,245,833,981**
Over time	**–**	**610,983,757**	**–**	**610,983,757**
Total revenue from contracts with customers	**₱10,147,489,118**	**₱1,450,243,745**	**₱259,084,875**	**₱11,856,817,738**

Other Operations include ASAC and AHI.

	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.*

Contract liabilities
Contract liabilities amounted to ₱77.1 million and ₱101.1 million as at December 31, 2023 and 2022, respectively. These pertain to customer advances received for customer orders (see Note 18). In 2023, 2022 and 2021, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱35.2 million, ₱76.1 million and ₱54.3 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 2023, 2022 and 2021, 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, 2023, 2022 and 2021 (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, 2023							
Revenues, excluding interest income[2]	**₱2,252,557**	**₱1,450,244**	**₱10,147,489**	**₱1,615,988**	**₱15,466,278**	**(₱3,241,104)**	**₱12,225,174**
Interest income	**61,465**	**3,572**	**26,295**	**537**	**91,869**	**1**	**91,870**
Investment gains (losses)	**1,340,140**	**–**	**9,200**	**3,488,958**	**4,838,298**	**(3,365,597)**	**1,472,701**
Interest expense	**(1,918)**	**(7)**	**(1,105)**	**(59,450)**	**(3,030)**	**–**	**(62,480)**
Income tax expense (benefit from income tax)	**68,350**	**19,397**	**287,126**	**1,123**	**375,996**	**(7,996)**	**368,000**
Equity in net earnings	**–**	**–**	**–**	**8,743**	**8,743**	**–**	**8,743**
Net income	**3,314,329**	**197,431**	**963,476**	**4,625,001**	**9,100,237**	**(6,451,041)**	**2,649,196**
Total assets	**19,991,201**	**2,059,449**	**6,480,712**	**16,005,321**	**44,536,683**	**(16,844,080)**	**27,692,603**
Investments and advances	**7,306,028**	**1,496**	**–**	**280,535**	**7,588,059**	**(7,250,515)**	**337,544**
Property and equipment	**15,489**	**766,641**	**1,007,823**	**1,046,702**	**2,836,655**	**948,104**	**3,784,759**
Total liabilities	**1,025,762**	**799,326**	**435,176**	**3,166,309**	**5,426,573**	**(1,721,938)**	**3,704,635**
Depreciation and amortization	**18,172**	**111,388**	**112,238**	**66,297**	**308,095**	**54,758**	**362,853**
Cash flows from (used in):							
Operating activities	**1,285,398**	**412,279**	**763,858**	**44,186**	**2,505,721**	**(843,308)**	**1,662,413**
Investing activities	**(351,542)**	**(152,887)**	**(343,800)**	**(938,156)**	**(1,786,385)**	**373,203**	**(1,413,182)**
Financing activities	**(1,036,819)**	**(260,014)**	**(324,567)**	**1,003,302**	**(618,098)**	**453,289**	**(164,809)**

[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, 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	248,630	–	282,486	7,575,921	(7,218,890)	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)	(1,709,057)	922,770	(786,307)

[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, 2023 and 2022, 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, 2023 and 2022 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 2023 and 2022 are 16.8% and 12. 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 4.42% and 4.5% in 2023 and 2022, respectively, and the difference between the discount rate and growth rate.

Growth rate
Management used the average industry growth rate of 4.42% and 5.0% in 2023 and 2022, 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.

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, 2023 and 2022 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 2023 and 2022 are 12.7% and 12.9%, 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 0% and 5.4% in 2023 and 2022, and the difference between the discount rate and growth rate.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2023 and 2022 are supported by the different initiatives of SSRLI. SSRLI used 0% and 1.57% to 10.78% growth rate in revenue for its cash flow projection in 2023 and 2022, 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

	2023	2022
Cash on hand and in banks	**₱1,139,149,381**	₱1,334,687,516
Cash equivalents	**1,888,257,182**	1,613,714,139
	₱3,027,406,563	₱2,948,401,655

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).

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 (see Note 16).

9. FVPL Investments

	2023	2022
Quoted equity shares	**₱7,026,985,641**	₱6,334,416,035
Unquoted equity shares	**2,921,429,748**	2,732,294,685
Funds and equities	**2,459,415,391**	2,293,278,344
Proprietary shares	**625,177,073**	518,127,073
Bonds	**147,453,547**	162,948,774
Others	**5,710,400**	5,739,091
	₱13,186,171,800	₱12,046,804,002

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, 2023 and 2022, 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 rates per annum ranges from 2.0% to 8.3% and 2.3% to 8.3% in 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Group has equity investments amounting to ₱13,038.7 million and ₱11,883.9 million, respectively.

The fair market values of the unquoted equity shares are based on valuation techniques applied as at December 31, 2023 and 2022 using income, market and cost (adjusted net asset value method) approach (see Note 29).

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

a. Income approach

KSA Realty Corporation (KSA)

As at December 31, 2023 and 2022, the Company's investment in KSA amounted to ₱927.4 million and ₱1,021.7 million, respectively (see Note 29).

The Company earned cash dividends from KSA amounting to ₱89.1 million, ₱100.7 million and ₱185.6 million in 2023, 2022 and 2021, respectively.

b. Market approach

i. Blue Voyant
In 2023 and 2022, the Group, through AI, invested US$0.3 million (₱16.6 million) and US$3.0 million (₱154.3 million), respectively 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 in 2023 and 2022.

As of December 31, 2023 and 2022, total investment in Blue Voyant, inclusive of foreign exchange gain, amounted to ₱182.7 million and ₱167.3 million, respectively.

ii. 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.

On December 31, 2022, the said investment was sold with a consideration of US$1 (₱55).

c. Cost approach (adjusted net asset value method)

i. Navegar I LP (Navegar I)

The Group, through AI, recognized a gain on fair market value adjustment in its investment in Navegar I amounting to ₱24.1 million, ₱21.5 million and ₱2.0 million in 2023, 2022 and 2021, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱74.4 million and ₱50.0 million as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.03 million (₱1.65 million) and US$0.04 million (₱2.20 million), respectively.

ii. Navegar II LP (Navegar II)

In 2019, the Group committed to invest US$10.0 million in Navegar II. AI invested US$1.76 million, (₱97.44 million), US$1.70 (₱92.70 million), and US$1.49 million (₱76.08 million) in 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, the Group recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱73.0 million, ₱9.2 million and ₱31.8 million, respectively.

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱454.8 million and ₱286.4 million as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Navegar II amounted to US$3.8 million (₱212.7 million) and US$5.6 million (₱312.2 million), respectively.

iii. 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 2023, 2022 and 2021, the Group, through AI, made additional investments to Sierra Madre amounting to US$0.2 million (₱9.4 million), US$3.2 million (₱175.9 million), and US$1.2 million (₱63.5 million), respectively. In 2022, the Group received distribution notice amounting to S$0.9 million (₱50.2 million).

The Group recognized gain (loss) on fair market value adjustment amounting to ₱36.0 million, (₱39.2 million) and ₱120.6 million in 2023, 2022 and 2021, respectively.

As at December 31, 2023 and 2022, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱540.0 million and ₱498.0 million, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Sierra Madre amounted to US$0.5 million (₱25.8 million) and US$0.6 million (₱33.4 million), respectively.

iv. Asia Partners I LP, Asia Partners II LP and AP-I Tycho Co-invest Ltd (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 AP-I Tycho Co-invest Ltd and US$10.0 million in Asia Partners II, LP.

In 2023, 2022 and 2021, the Group made investment to Asia Partners amounting to US$0.1 million (₱3.9 million), US$4.0 million (₱219.1 million) and US$5.2 million (₱263.9 million), respectively.

In 2023, 2022 and 2021, the Group recognized gain (loss) on fair market value adjustment in its investment in Asia Partners amounting to (₱34.5 million), ₱72.4 million and ₱5.9 million, respectively.

As at December 31, 2023, 2022 and 2021, total investment in Asia Partners, inclusive of foreign exchange adjustment, amounted to ₱552.4 million, ₱591.7 million and ₱269.9 million, respectively.

As at December 31, 2023, 2022 and 2021, the Group's remaining capital commitment to be called for Asia Partners amounted to US$9.0 million (₱498.6 million), US$9.0 million (₱502.5 million) and US$9.0 million (₱458.9 million), respectively.

v. Third Prime Alpha III-A, Third Prime (Kafene B) and Third Prime (Kafene B-1) (collectively Third Prime Series)

In 2023 and 2022, the Group, through AI, invested US$0.5 million (₱27.7 million) and US$0.6 million (₱31.8 million) in Third Prime Alpha III-A, respectively, a venture firm focused primarily on the FinTech, PropTech and Crypto sectors. In 2022, AI also invested US$1.5 million (₱79.3 million) in Third Prime (Kafene B). In 2023, AI invested US$0.8 million (₱44.7 million) in Third Prime (Kafene B-1).

In 2023 and 2022, the Group recognized fair market value gain (loss) adjustment in its investment in Third Prime series amounting to ₱0.7 million and (₱0.6 million), respectively.

As at December 31, 2023 and 2022, total investment in Third Prime series, inclusive of foreign exchange adjustment, amounted to ₱189.6 million and ₱117.3 million, respectively.

As at December 31, 2023 and 2022, the Group's remaining capital commitment to be called for Third Prime Alpha III-A amounted to US$0.9 million (₱49.8 million) and US$1.5 million (₱83.6 million), respectively.

There were no changes in the valuation techniques applied for each of the period ended (e.g., changing from a market approach to an income approach or the use of an additional valuation technique).

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
	2023	2022	**in 2023**
Quoted equity shares	**₱3,492.3**	₱2,443.0	**₱1,049.3**
Unquoted equity shares	**804.1**	804.4	**(0.3)**
Proprietary shares	**586.3**	476.2	**110.1**
Funds and equities	**177.7**	(145.6)	**323.3**
Bonds	**(88.2)**	(63.5)	**(24.7)**
Others	**(1.1)**	(1.1)	**–**
Total	**4,971.1**	3,513.4	**1,457.7**
Add realized gain on sale of FVPL investments			**18.5**
Net gain on increase in market value of FVPL investments			**₱1,476.2**

	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	804.4	633.7	170.7
Proprietary shares	476.2	357.9	118.3
Funds and equities	(145.6)	91.1	(236.7)
Bonds	(63.5)	(42.5)	(21.0)
Others	(1.1)	1.0	(2.1)
Total	3,513.4	4,394.4	(881)
Add realized loss on sale of FVPL investments			(113.1)
Net gain 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 loss on decrease in market value of FVPL investments			₱1,124.1

There were no outstanding forward transactions as at December 31, 2023, 2022 and 2021.

10. Receivables

	2023	2022
Trade	**₱2,262,546,217**	₱2,312,815,653
Receivables from villa owners	**77,279,674**	100,880,108
Interest receivable	**12,744,830**	9,101,583
Others	**29,418,074**	31,007,558
	2,381,988,795	2,453,804,902
Less allowance for expected credit losses	**214,711,648**	213,380,443
	₱2,167,277,147	₱2,240,424,459

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, and FVPL and FVOCI investments in debt instruments.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

	2023		
	Trade	**Interest and Others**	**Total**
At January 1	**₱211,790,125**	**₱1,590,318**	**₱213,380,443**
Provision for the year (Note 23)	**1,418,536**	**–**	**1,418,536**
Recoveries (Note 23)	**(87,331)**	**–**	**(87,331)**
At December 31	**₱213,121,330**	**₱1,590,318**	**₱214,711,648**

	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

11. Inventories

	2023	2022
At cost:		
Raw materials	**₱416,523,259**	₱296,310,774
Aircraft parts in transit	**37,728,780**	43,135,148
Reel inventory	**21,134,720**	23,320,516
Materials in transit	**17,070,682**	22,353,279
Food and beverage	**23,189,806**	16,845,661
	515,647,247	401,965,378
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱32.0 million in 2023 and 2022	**506,245,203**	746,835,910
Work in process - net of allowance for inventory obsolescence of ₱6.0 million in 2023 and 2022	**287,657,959**	180,931,430
Raw materials - net of allowance for inventory obsolescence of ₱13.3 million in 2023 and 2022	**207,134,337**	210,425,667
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱40.1 million in 2023 and ₱40.6 million in 2022	**150,520,960**	120,207,854
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.6 million in 2023 and 2022	**89,510,187**	34,067,346
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2023 and 2022	**605,556**	605,556
	1,241,674,202	1,293,073,763
	₱1,757,321,449	₱1,695,039,141

The total cost of inventories carried at NRV amounted to ₱1.3 billion and ₱1.4 billion as at December 31, 2023 and 2022, respectively.

Net provision (recovery) for inventory obsolescence recognized in 2023, 2022 and 2021, which was recorded under “Materials used and changes in inventories”, amounted to (₱0.5 million), (₱1.6 million), and ₱18.8 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, 2023 and 2022.

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 ₱8,046.5 million, ₱8,633.7 million, and ₱6,697.5 million in 2023, 2022 and 2021, respectively (see Note 21).

12. FVOCI Investments

As at December 31, 2023 and 2022, FVOCI investments amounted to ₱57.6 million and ₱41.5 million, respectively, and these consist of 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 2.20% to 6.38% in 2023, 2.35% to 6.13% in 2022 and 4.13% to 6.13% in 2021. Maturity dates range from February 16, 2025 to June 15, 2032 for bonds held as at December 31, 2023, and February 16, 2025 to June 30, 2028 for bonds held as at December 31, 2022.

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, of which ₱140.0 million was actually invested by the Company to Red Core.

   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.

   Considering the status to Red Core, impairment losses were recognized on the investment (in 2017 and earlier), which brought the investment balance to nil as at December 31, 2023 and 2022.

   In March 2018, the Company filed before the Regional Trial Court (RTC) of Makati City a civil case for specific performance in order to compel Red Core Group to comply with the provisions of the loan 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. On October 3, 2022, the Company filed a demand for payment under the loan and investment agreement to Red Core Group. As of February 28, 2024, the Company is yet to collect the amount due from Red Core Group.

In 2023, 2022 and 2021, gain (loss) on sale of FVOCI investments amounted to (₱3.5 million), ₱0.8 million, and ₱0.5 million, respectively.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

	2023	2022
Beginning balance	**(₱3,183,933)**	₱273,449
Unrealized valuation gain (loss) on FVOCI investments - net of tax	**1,167,105**	(2,884,258)
Realized gain (loss) on FVOCI investments recognized in profit or loss - net of tax	**2,622,447**	(573,124)
Ending balance	**₱605,619**	(₱3,183,933)

13. Investments and Advances

	2023	2022
Investments at equity - net of valuation allowance	**₱335,706,693**	₱354,423,186
Advances - net of allowance for expected credit losses of ₱564.8 million in 2023 and 2022	**1,837,017**	2,608,113
	₱337,543,710	₱357,031,299

Investments at equity consist of:

	2023	2022
Acquisition cost		
Common shares and Preferred shares	**₱722,121,654**	₱722,121,654
Accumulated equity in net losses and impairment loss	**(386,414,961)**	(367,698,468)
	₱335,706,693	₱354,423,186

The significant transactions involving the Group's investments in associates in 2023 and 2022 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 total acquisition cost of the investment in AGP-SG amounted to US$45.0 million (₱1,958.0 million). The Group in prior years has recognized impairment losses and has taken up equity in net losses of AGPI to the extent that its carrying amount was reduced to nil (with unrecognized share in net losses, for which the Group has no commitment to contribute).

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer and, on February 17, 2022, the investment in associate held for sale carried at nil 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 2022 consolidated statements of comprehensive income, including the reversal of the related cumulative translation loss of ₱234.2 million.

AIMP

AIMP reported net income amounting to ₱43.6 million, ₱133.5 million and ₱67.5 million in 2023, 2022 and 2021, respectively. The Group recognized equity in net earnings amounting to ₱8.7 million, ₱27.1 million and ₱13.5 million in 2023, 2022 and 2021, respectively.

In 2023, the Group received from AIMP cash dividend amounting to ₱27.5 million.

As at December 31, 2023 and 2022, the carrying value of the investment in AIMP amounted to ₱160.7 million and ₱179.4 million, respectively.

FHI

FHI reported a net income (loss) amounting to ₱0.1 million, (₱1.9 million) and (₱8.2 million) in 2023, 2022 and 2021, respectively. The Group recognized equity in net gain (losses) amounting to ₱0.02 million, (₱0.5 million) and (₱2.1 million) in 2023, 2022 and 2021, respectively.

As at December 31, 2023 and 2022, the carrying value of the investment and advances in FHI amounted to ₱175.0 million.

In 2023, FHI made a cash advance to the Company amounting to ₱66.3 million (nil in 2022). Total outstanding cash advance from FHI amounted to ₱170.7 million and ₱104.3 million as of December 31, 2023 and 2022, respectively, which is presented under "Accounts payable and accrued expenses" (see Note 18).

Prople Limited

As at December 31, 2023 and 2022, 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, 2023 and 2022. In 2023 and 2022, the Group received advances from Prople Limited amounting to ₱10.4 million and ₱32.4 million, respectively.

14. Property and Equipment

	2023					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱2,926,041,696	₱1,686,882,391	₱634,262,288	₱275,657,949	₱185,465,221	₱5,708,309,545
Additions	69,730,402	903,298,015	77,215,809	32,658,916	337,153,989	1,420,057,131
Reclassification	146,080,649	108,767,297	18,469,243	6,103,685	(279,420,874)	–
Retirement/disposals	(25,846,434)	(777,482)	(11,167,647)	(23,861,403)	–	(61,652,966)
December 31	3,116,006,313	2,698,170,221	718,779,693	290,559,147	243,198,336	7,066,713,710
Accumulated Depreciation and Amortization						
January 1	1,137,748,745	1,103,095,346	557,898,453	204,458,251	–	3,003,200,795
Depreciation and amortization (Note 21)	92,903,649	167,560,931	47,684,527	29,107,073	–	337,256,180
Retirement/disposals	(25,327,984)	(777,482)	(11,167,646)	(21,228,855)	–	(58,501,967)
December 31	1,205,324,410	1,269,878,795	594,415,334	212,336,469	–	3,281,955,008
Net Book Value	₱1,910,681,903	₱1,428,291,426	₱124,364,359	₱78,222,678	₱243,198,336	₱3,784,758,702

	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

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 ₱337.2 million, ₱295.0 million and ₱278.3 million in 2023, 2022 and 2021, respectively (see Note 21).

At December 31, 2023, certain items of land, buildings and improvements and machinery and equipment with carrying amount of ₱31.0 million were included in a participating Mortgage Trust Indenture (MTI). The aggregate appraised value of these assets amounted to ₱9,170.8 million, based on an appraisal report commissioned for the purpose of the loan. The loanable value represents 60% of these assets' appraised value. The aggregate loaned amount (₱1 billion) represents 18.2% of the total loanable value. (see Note 19).

15. Investment Properties

	2023		
	Land	**Condominium**	**Total**
Cost			
January 1	**₱248,532,482**	**₱293,595,000**	**₱542,127,482**
Additions	**6,217,326**	**–**	**6,217,326**
December 31	**254,749,808**	**293,595,000**	**548,344,808**
Accumulated Depreciation and Impairment			
January 1	**–**	**45,262,562**	**45,262,562**
Depreciation (Note 21)	**–**	**14,679,750**	**14,679,750**
December 31	**–**	**59,942,312**	**59,942,312**
Accumulated Impairment Loss	**–**	**24,812,188**	**24,812,188**
Net Book Value	**₱254,749,808**	**₱208,840,500**	**₱463,590,308**

	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			
Provision for impairment loss (Note 23)	–	24,812,188	24,812,188
Net Book Value	₱248,532,482	₱223,520,250	₱472,052,732

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, 2023 and 2022 amounted to ₱3.3 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. On January 18, 2024, DAR approved the Group's request for another extension to develop the property within a non-extendible period of five years from the receipt of order or until February 13, 2029. The notice of order was received by the Group on February 14, 2024.

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.

Management assessed that the fair value of these investment properties as at December 31, 2022 approximates its fair value as at December 31, 2023 as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Group operates or in the market to which the investment property is dedicated.

The Group recognized rental income of ₱13.6 million, ₱13.0 million, and ₱12.6 million from these investment properties in 2023, 2022 and 2021, respectively (see Note 30).

The aggregate direct expenses pertaining to real property taxes and depreciation expense amounted to ₱15.5 million, ₱16.1 million, and ₱15.5 million in 2023, 2022 and 2021, respectively.

16. Other Noncurrent Assets and Other Noncurrent Liabilities

The Group's other noncurrent assets comprise the following as of December 31:

	2023	2022
Fund for villa operations and capital expenditures (Note 30)	**₱93,816,895**	₱92,004,923
Property held for future development (Note 30)	**18,703,423**	26,950,301
Computer software - net of accumulated depreciation of ₱14.6 million and ₱14.3 million as of December 31, 2023 and 2022, respectively	**9,617,133**	3,646,890
Others	**6,346,751**	1,806,502
	₱128,484,202	₱124,408,616

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 noncurrent liabilities amounted to ₱101.7 million and ₱111.7 million as at December 31, 2023 and 2022, 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

There Group has no outstanding notes payable as at December 31, 2023 and 2022.

a. Total interest expense from previous notes payable recognized in the consolidated profit or loss amounted to ₱0.35 million in 2022 (nil in 2023).

b. The Group's unavailed credit line from banks amounted to ₱2,850.0 million as at December 31, 2023 and 2022, respectively.

18. Accounts Payable and Accrued Expenses

	2023	2022
Trade payables	**₱359,192,456**	₱397,486,369
Refundable deposits	**313,798,622**	272,260,088
Payable to a related party (Note 13)	**194,352,528**	170,219,545
Accruals for:		
Personnel expenses	**145,360,975**	168,865,274
Utilities	**22,411,259**	13,593,460
Taxes and licenses	**19,409,399**	7,329,816
Others	**50,451,672**	25,278,962
Payable to government agencies	**98,703,902**	92,059,039
Contract liabilities (Note 5)	**77,116,715**	101,124,098
Payable to villa owners	**61,559,677**	59,523,979
Payable to contractors	**11,609,210**	18,296,102
Other payables	**31,307,100**	17,064,958
	₱1,385,273,515	₱1,343,101,690

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, 2023, the Group's outstanding long-term debt from a local bank amounting to ₱1.00 billion presented under noncurrent liabilities pertain to ASAC group.

a. On January 9, 2023, a Facility Agreement (IAI-BDO 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 was jointly and severally irrevocably executed by SRRLI and PRI duly identified as the sureties to secure the due and full payment and performance of the Secured Obligations as defined in the CS (see Note 14).

b. On February 14, 2023, SSRLI, PRI and Pamalican Utilities Inc. (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 into by SSRLI and the Trustee on November 29, 2005. The Trustors in the MTI are now parties to the Mortgage Obligations for the loan. The Trustee issued as of December 31, 2023 mortgage participating certificates representing 18.2% of the appraised value of the assets covered by the MTI (see Note 14).

   Drawdowns made in the Facility Agreement in 2023 are as follows:

Date	Amount
January 9, 2023	₱450,000,000
March 15, 2023	63,500,000
April 13, 2023	255,000,000
May 25, 2023	231,500,000
	₱1,000,000,000

   The loan is subject to an interest rate which shall be the higher of (a) the sum of the 3-month Benchmark Rate on interest setting date and on each repricing date plus 0.90% per annum, and (b) BSP Overnight Lending Facility Rate + 0.50% per annum; divided by the interest premium factor.

c. On November 20, 2023, BDO and the Company agreed to adjust the interest rate to the higher of (a) the sum of the 3-month Benchmark Rate on interest setting date and on each repricing date plus 0.90% per annum, and (b) Target Reverse Repurchase Rate plus + 0.25% per annum; divided by the interest premium factor effective January 9, 2024.

   The loan is payable quarterly after a 2-year grace period starting from the initial drawdown. Payment due date of the loan based on nominal values are scheduled as at December 31, 2023 as follows:

Year	2023
More than 1 year but less than 2 years	₱121,212,121
More than 2 years	363,636,364
More than 5 years	515,151,515
	₱1,000,000,000

The loan shall be subject to the maintenance of financial ratios which include; (i) maximum of 2.5 times debt-to-equity ratio and (ii) minimum debt service coverage ratio of 1.2 times starting May 31, 2024 and annually each May 31 thereafter.

d. Total interest expense in 2023 from this loan recognized in the consolidated profit or loss amounted to ₱58.9 million.

20. Equity

Equity holders of the Parent

Authorized capital stock as at December 31 consists of the following shares:

	2023		2022	
	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:

	2023		2022	
	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 the SEC on June 21, 2021.

Outstanding common shares, net of shares held by a subsidiary, as at December 31, 2023 and 2022 totaled 1,272,329,761. The Company's equity holders as at December 31, 2023 and December 31, 2022 is 11,020 and 11,049, 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 2023, 2022 and 2021, the Company declared the following cash dividends:

	2023	2022	2021
Month of declaration	**March and November**	March and November	February and November
Cash dividend per share	**₱0.50 and ₱0.50**	₱0.50 and ₱0.50	₱0.50 and ₱0.25
Total cash dividend	**₱2,500.0 million**	₱2,500.0 million	₱1,875.0 million
Share of a subsidiary	**₱1,272.4 million**	₱1,272.4 million	₱920.7 million

As at December 31, 2023 and 2022, the Company's dividends payable amounted to ₱570.4 million and ₱502.0 million, respectively, and represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2023 and 2022 due to problematic addresses of some of the Company's stockholders.

Dividends paid to and contributions from Noncontrolling interests in 2023 amounted to ₱104.8 million and ₱35.6 million, respectively (₱56.6 million dividends paid to and contributions from in 2022, nil for both in 2021).

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 for another three years. Appropriations in 2014 and 2015 were extended in 2018 and 2019, respectively for another three years.

On November 11, 2020, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years for the same investment program.

On November 15, 2023, the BOD approved the extension of the appropriation of retained earnings totaling ₱7,150.0 million for another three years for the same investment program including business activities related to digital technology.

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 ₱4,971.6 million and ₱3,744.8 million as at December 31, 2023 and 2022, respectively.
- Shares in the undistributed retained earnings of subsidiaries and accumulated equity in net earnings of associates amounting to ₱6.6 billion and ₱6.1 billion as at December 31, 2023 and 2022, 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, 2023 and 2022, Anscorcon holds 1,272,429,761 shares of the Company amounting to ₱2.7 billion.

21. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2023	2022	2021
Materials used and changes in inventories (Note 11)	**₱7,993,666,485**	₱8,602,843,214	₱6,664,260,843
Salaries, wages and employee benefits (Note 22)	**179,177,764**	155,455,583	127,037,370
Depreciation and amortization (Note 14)	**121,275,291**	100,590,598	109,216,132
Utilities	**101,085,374**	101,357,802	68,495,190
Repairs and maintenance	**43,640,800**	47,393,337	81,254,728
Security services	**8,267,405**	7,433,248	6,922,570
Taxes and licenses	**5,343,441**	2,318,459	2,210,123
Transportation and travel	**3,818,057**	3,806,819	3,359,266
Insurance	**2,339,261**	4,470,742	2,078,351
Professional fees	**883,897**	10,469,808	495,257
Others	**10,604,971**	12,278,824	6,290,127
	₱8,470,102,746	₱9,048,418,434	₱7,071,619,957

Cost of services rendered consists of:

	2023	2022	2021
Resort operating costs	**₱210,669,296**	₱142,844,960	₱125,670,705
Depreciation and amortization (Note 14)	**72,879,568**	52,910,287	32,500,287
Salaries, wages and employee benefits (Note 22)	**66,572,127**	87,778,405	68,582,611
Materials and supplies - resort operations (Note 11)	**52,882,524**	30,894,212	33,249,480
Fuel cost	**52,096,470**	24,469,324	24,299,842
Insurance	**27,466,338**	10,151,631	7,996,096
Commissions	**9,686,288**	13,057,150	8,096,975
Repairs and maintenance	**9,075,116**	10,869,034	14,100,851
Taxes and licenses	**6,902,507**	5,871,088	3,224,122
Outside services	**2,651,151**	1,268,152	1,268,843
Transportation and travel	**257,951**	23,824,212	18,607,935
Others	**24,354,053**	587,714	10,325,835
	₱535,493,389	₱404,526,169	₱347,923,582

Operating expenses consist of:

	2023	2022	2021
Salaries, wages and employee benefits (Note 22)	**₱462,901,033**	₱347,040,443	₱262,348,562
Utilities	**228,144,642**	136,737,400	84,926,823
Depreciation and amortization (Notes 14, 15 and 30)	**172,837,830**	170,886,909	160,879,035
Advertising, marketing and management fee (Note 30)	**168,253,796**	129,279,596	94,978,399
Shipping and delivery expenses	**122,724,609**	125,034,606	96,400,481
Repairs and maintenance	**110,548,597**	67,321,569	41,843,014
Taxes and licenses	**97,338,997**	74,963,797	90,916,131
Professional and directors' fees	**61,059,591**	62,323,136	25,274,180
Transportation and travel	**48,457,123**	50,266,466	32,264,886
Insurance	**37,216,181**	26,822,760	26,084,688
Commissions	**36,845,930**	27,408,445	27,212,971
Security services	**30,655,408**	21,306,153	19,182,366
Communications	**15,254,367**	14,444,211	14,102,634
Association dues	**13,926,186**	8,624,847	8,400,598
Donation and contribution	**12,152,600**	14,742,214	12,940,389
Office supplies	**11,722,874**	18,472,462	18,925,461
Computer programming	**10,104,655**	3,838,143	3,166,553
Entertainment, amusement and recreation	**8,091,840**	5,030,562	6,054,664
Meetings and conferences	**7,434,728**	7,611,742	8,255,195
Trainings	**6,455,677**	5,382,846	2,428,179
Medical expenses	**6,430,014**	7,629,053	4,262,816
Others	**68,453,925**	48,689,949	51,132,446
	₱1,737,010,603	₱1,373,857,309	₱1,091,980,471

In 2023 and 2022, the Company paid bonus to its non-executive directors amounting to ₱18.1 million and ₱19.3 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

	2023	2022	2021
Salaries and wages	**₱603,880,806**	₱481,002,471	₱372,619,250
Social security premiums and other employee benefits	**90,258,214**	93,259,786	62,179,760
Pension costs (Notes 23 and 24)	**14,511,904**	16,012,174	23,169,533
	₱708,650,924	₱590,274,431	₱457,968,543

In 2023 and 2022, the Group declared and paid bonuses to its executive officers amounting to ₱91.6 million and ₱78.8 million, respectively (nil in 2021).

An 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 by the Board of Directors in 2004.

23. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2023	2022	2021
Cash and cash equivalents (Note 8)	**₱51,436,960**	₱24,918,106	₱6,235,233
Debt instruments (Notes 9 and 12)	**20,742,464**	25,807,800	32,197,278
Notes receivable (Note 27)	**19,331,002**	15,393,943	15,043,868
Others	**359,688**	1,342,020	57,711
	₱91,870,114	₱67,461,869	₱53,534,090

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.8 million, ₱0.3 million, and ₱0.2 million in 2023, 2022 and 2021, respectively.

Interest expense arose from the following:

	2023	2022	2021
Long-term debt (Note 19)	**₱58,597,678**	₱1,943,829	₱7,135,812
Lease liabilities (Note 30)	**1,637,027**	2,379,491	1,890,962
Notes payable (Note 17)	**–**	347,493	1,054,460
Others	**2,245,282**	16,864	178,452
	₱62,479,987	₱4,687,677	₱10,259,686

Other income (charges) - net consists of:

	2023	2022	2021
Rental income (Note 30)	**₱13,718,182**	₱13,228,239	₱12,809,631
Retirement benefit income	**–**	1,321,427	–
Provision for impairment losses on receivables (Note 10)	**(1,418,536)**	(906,550)	(29,731,764)
Recovery of impairment losses (Note 10)	**87,331**	81,496	–
Impairment loss on investment properties (Note 15)	**–**	–	(24,812,188)
Trading Income	**18,475,662**	–	–
Fuel Surcharge	**14,954,000**	–	552,786
Reimbursement	**2,811,144**	3,291,769	–
Gain on disposal of PPE	**1,227,513**	(69,643)	129,464
Others - net	**854,874**	5,304,773	(12,656,219)
	₱50,710,170	₱22,251,511	(₱53,708,290)

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.

As at December 31, 2023 and 2022, the Company's defined benefit retirement fund (the 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 ₱742.6 million and ₱575.8 million as at December 31, 2023 and 2022, 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 ₱146.72 million and ₱61.04 million in 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Fund's fair value amounted to ₱1,082.3 million and ₱839.9 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.

	2023	2022	2021
Retirement benefit cost:			
Current service cost	**₱19,687,831**	₱19,185,398	₱24,193,146
Net interest income	**(5,175,927)**	(4,494,651)	(1,023,613)
Net benefit expense (Notes 22 and 23)	**₱14,511,904**	₱14,690,747	₱23,169,533
Actual return on plan assets	**₱250,281,932**	₱107,014,499	₱160,279,066

Changes in net retirement plan asset are as follows:

	2023	2022	2021
Net retirement plan assets, beginning	**₱122,351,083**	₱147,141,624	₱91,612,330
Current service cost	**(7,036,429)**	(9,314,406)	(13,409,755)
Net interest income	**6,776,901**	6,681,667	2,910,178
	(259,528)	(2,632,739)	(10,499,577)
Actuarial changes arising from:			
Changes in financial assumptions	**(5,304,655)**	(13,603,079)	12,608,462

(Forward)

	2023	2022	2021
Experience adjustments	**15,654,040**	26,120,992	14,654,816
Changes in the effect of asset ceiling	**(164,334,396)**	(124,421,947)	(113,372,593)
Remeasurement of plan assets	**203,537,923**	81,047,994	143,381,265
Changes in demographic adjustments	**–**	836,842	1,033,745
	49,552,912	(30,019,198)	58,305,695
Contribution	**7,723,176**	8,219,373	7,723,176
Transfer to net retirement payable	**–**	(357,977)	–
Net retirement plan assets, end	**₱179,367,643**	₱122,351,083	₱147,141,624

Changes in net retirement benefits payable are as follows:

	2023	2022	2021
Net retirement benefits payable, beginning	**(₱39,931,355)**	(₱48,147,054)	(₱56,895,050)
Current service cost	**(12,651,402)**	(9,870,992)	(10,783,391)
Net interest cost	**(1,600,974)**	(2,187,016)	(1,886,565)
	(14,252,376)	(12,058,008)	(12,669,956)
Actuarial changes arising from:			
Changes in financial assumptions	**(3,177,929)**	12,435,292	14,172,068
Experience adjustments	**615,651**	(3,206,968)	(4,452,910)
Remeasurement of plan assets	**(7,293,180)**	(7,128,106)	(2,801,571)
Changes in demographic adjustments	**–**	–	39,289
Changes in the effect of asset ceiling	**31,525**	–	(3,004)
	(9,823,933)	2,100,218	6,953,872
Contribution	**41,398,042**	17,815,512	14,464,080
Transfer from net retirement assets	**–**	357,977	–
Net retirement benefits payable, end	**(₱22,609,622)**	(₱39,931,355)	(₱48,147,054)

Changes in the present value of defined benefit obligation:

	2023	2022
Defined benefit obligation, beginning	**₱505,613,269**	₱482,724,903
Current service cost	**14,511,904**	19,185,398
Interest cost	**33,153,794**	22,398,989
Remeasurement in other comprehensive income:		
Actuarial gain (loss) - changes in financial assumptions	**7,730,675**	(33,621,857)
Actuarial gain- experience adjustments	**5,359,922**	28,515,892
Actuarial gain (loss) - changes in demographic assumptions	**(15,654,040)**	107,278
Benefits paid from plan assets	**(59,319,468)**	(13,697,334)
Defined benefit obligation, ending	**₱491,396,056**	₱505,613,269

Changes in the fair value of plan assets:

	2023	2022
Fair value of plan assets, beginning	**₱839,922,864**	₱720,570,814
Interest income	**52,522,161**	33,094,611
Contributions	**47,841,494**	26,034,885
Remeasurement gain	**196,244,743**	73,919,888
Business combinations/disposals	**5,067,587**	–
Benefits paid from plan assets	**(59,319,468)**	(13,697,334)
Fair value of plan assets, ending	**₱1,082,279,381**	₱839,922,864

Changes in the effect of asset ceiling:

	2023	2022
Beginning balance	**₱252,889,704**	₱138,851,339
Changes in the effect of asset ceiling	**(164,334,396)**	107,835,361
Interest on the effect of asset ceiling	**345,565,352**	6,203,004
Ending balance	**₱434,120,660**	₱252,889,704

The fair value of plan assets as at December 31 are as follows:

	2023	2022
Debt instruments	**₱353,220,657**	₱224,485,094
Equity instruments	**653,897,385**	384,920,021
Unit investment trust funds	**67,329,763**	18,815,551
Cash and cash equivalents	**7,657,238**	195,832,140
Others	**174,338**	15,870,058
	₱1,082,279,381	₱839,922,864

The financial instruments with quoted prices in active market amounted to ₱616.4 million and ₱533.2 million as at December 31, 2023 and 2022, 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:

2023	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	+100 bps	**(₱7,824,053)**
	-100 bps	**9,103,344**
Future salary increases	+100 bps	**10,835,390**
	-100 bps	**(9,704,310)**

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)

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:

2023	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	+100 bps	**(₱8,667,448)**
	-100 bps	**9,520,264**
Future salary increases	+100 bps	**9,547,139**
	-100 bps	**(8,850,312)**

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)

The Group expects to make contributions amounting to ₱22.1 million to its defined benefit pension plans in 2024.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2023	2022
Discount rate	**6.01% to 6.10%**	5.21% to 7.19%
Future salary increases	**3.00% to 5.00%**	3.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2023 and 2022 ranges from 2.8 to 5.9 years and 3.5 to 8.1 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2023:

Year	Amount
2024	₱252,847,716
2025	21,359,815
2026	23,359,270
2027	81,120,750
2028	23,177,849
2029 to 2033	190,934,605

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:

	2023	2022	2021
Current	**₱308,322,710**	₱338,153,898	₱327,071,822
Deferred	**59,677,335**	(95,998,699)	53,080,192
	₱368,000,045	₱242,155,199	₱380,152,014

As at December 31, 2023 and 2022, tax credits or refunds included in "other current assets" amounted to ₱253.4 million and ₱201.9 million, respectively.

The components of the net deferred income tax assets (liabilities) are as follows:

	2023		2022	
	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	**₱66,809,534**	**₱–**	₱66,674,274	₱–
Allowance for inventory obsolescence and losses	**23,134,206**	**–**	23,130,697	–
Net retirement benefits payable	**13,284,792**	**–**	16,393,630	–
Unamortized past service cost	**9,162,158**	**–**	3,728,945	926,771
MCIT	**1,807,699**	**–**	–	–
NOLCO	**1,804,960**	**–**	–	–
Unrealized foreign exchange loss	**155,902**	**–**	505,747	–
Others	**10,713,715**	**–**	9,622,011	–
	126,872,966	**–**	120,055,304	926,771
Deferred income tax liabilities on:				
Unrealized foreign exchange gains	**(1,002,517)**	**(18,340,643)**	(262,065)	(32,715,001)
Net retirement plan assets	**–**	**(9,598,592)**	(50,628)	(9,278,564)
Fair value adjustment on equity investments	**–**	**(284,431,074)**	–	(292,426,401)
Market adjustment on FVPL investments	**(745,335)**	**(145,750,693)**	–	(62,559,448)
	(1,747,852)	**(458,121,002)**	(312,693)	(396,979,414)
	125,125,114	**(458,121,002)**	119,742,611	(396,052,643)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	**–**	**(201,873)**	–	1,061,311
Cumulative actuarial gains	**(6,883,930)**	**(35,243,319)**	(5,627,383)	(22,855,098)
	(6,883,930)	**(35,445,192)**	(5,627,383)	(21,793,787)
	₱118,241,184	**(₱493,566,194)**	₱114,115,228	(₱417,846,430)

[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:

	2023	2022
Deductible temporary differences on:		
Allowances for:		
Impairment losses	**₱1,040,969,632**	₱1,040,969,632
Expected credit losses	**567,537,073**	567,537,073
Accrued pension benefits and others	**65,361**	880,535
Carryforward benefits of:		
NOLCO	**61,820,195**	45,313,509
MCIT	**5,016,267**	6,293,385
Others	**217,612**	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 with the provision for income tax is as follows:

	2023	2022	2021
Provision for income tax at statutory tax rates	**₱754,298,933**	₱774,549,289	₱729,436,234
Additions to (reductions from) income taxes resulting from:			
Increase in market values of marketable equity securities and other investments subjected to final tax	**(301,244,721)**	(145,941,385)	(326,645,836)
Dividend income not subject to income tax	**(93,290,258)**	(66,751,373)	(90,948,354)
Interest income already subjected to final tax	**(4,020,168)**	(123,402)	(131,030)

(Forward)

	2023	2022	2021
Income tax at 5% GIT	**(₱4,012,024)**	(₱33,624,145)	(₱7,253,409)
Movement in unrecognized deferred income tax assets	**(2,678,391)**	191,691,568	38,363,894
Equity in net losses (earnings) of associates not subject to income tax	**(2,185,689)**	(6,659,881)	(2,852,401)
Change in income tax rate	**782,393**	–	15,507,248
Nontaxable income	**–**	(493,648,900)	–
Others	**20,349,970**	22,663,428	24,675,668
	₱368,000,045	₱242,155,199	₱380,152,014

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
2020	2021-2025	₱18,823,962	₱–	₱–	₱–	₱18,823,962
2021	2022-2026	10,987,867	–	–	–	10,987,867
2022	2023-2025	17,928,564	–	–	–	17,928,564
2023	2024-2026	–	15,884,762	–	–	15,884,762
		₱47,740,393	**₱15,884,762**	**₱–**	**₱–**	**₱63,625,155**

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
2020	2021-2023	₱1,713,931	₱–	₱–	(₱1,713,931)	₱–
2021	2022-2024	497,520	–	–	–	497,520
2022	2023-2025	2,556,521	–	–	–	2,556,521
2023	2024-2026	–	3,769,925	–	–	3,769,925
		₱4,767,972	**₱3,769,925**	**₱–**	**(₱1,713,931)**	**₱6,823,966**

26. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2023	2022	2021
Net income attributable to equity holders of the Parent	**₱2,552,017,983**	₱2,800,557,660	₱2,504,080,376
Total comprehensive income (loss) attributable to equity holders of the Parent	**₱2,671,031,153**	₱2,728,710,415	₱2,680,681,495
Weighted average number of shares	**1,227,570,239**	1,227,570,239	1,227,570,239

(Forward)

	2023	2022	2021
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	**₱2.08**	₱2.28	₱2.04
Basic/diluted, for comprehensive income attributable to equity holders of the Parent	**₱2.10**	₱2.22	₱2.18

The Company does not have potentially dilutive common stock equivalents in 2023, 2022 and 2021.

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 12 months are 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):

	2023	2022	2021
Short-term employee benefits (Notes 21 and 22)	**₱195.4**	₱205.9	₱106.8
Retirement benefits (Notes 21, 22 and 24)	**5.1**	4.4	4.4
Total	**₱200.5**	₱210.3	₱111.2

On March 29, 2023, PDPI sold and issued shares to a key officer representing 3% of its outstanding shares of stock for ₱35.6 million. At date of sale, the Group recognized the corresponding NCI and the related adjustment as a charge against the Additional Paid-in Capital in the consolidated financial statements amounting to ₱135.0 million.

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 ₱652.9 million and ₱506.2 million as at December 31, 2023 and 2022, respectively. On February 28, 2024, the loan term was extended for another nine years effective November 3, 2024.

The balance of the loan, which is presented as “Notes receivable” in the consolidated statements of financial position, amounted to ₱198.8 million and ₱245.9 million as at December 31, 2023 and 2022, respectively.

On August 10, 2023, the Company entered into an agreement with AIMP for ₱218.0 million convertible note (“Note”), with interest rate of 8% per annum. The principal is payable on the third year anniversary of the Note issuance, while the interest is payable monthly. The Notes are convertible on or after the occurrence of an event of default. As at December 31, 2023 there has been no event of default and the Company intends to hold the Note until maturity. Accordingly, the Note was included under “Notes receivable” and accounted for at amortized cost.

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 composed of 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:

	2023	2022
Cash in banks	**₱1,138,681,881**	₱1,333,555,278
Cash equivalents	**1,888,257,182**	1,613,714,139
FVPL investments - bonds	**147,453,547**	162,948,774
FVOCI investments - bonds	**57,636,746**	41,453,401
Advances	**566,637,017**	567,408,113
	3,798,666,373	3,719,079,705
Receivables:		
Trade	**2,262,546,217**	2,312,815,653
Notes receivable	**416,774,404**	245,854,878
Receivable from villa owners	**77,279,674**	100,880,108
Interest receivable	**12,744,830**	9,101,583
Others	**29,418,074**	31,007,558
	2,798,763,199	2,699,659,780
	₱6,597,429,572	₱6,418,739,485

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, 2023	**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% - 0.02%**	**0%- 0.20%**	**0%-0.47%**	**0% - 96.35%**	**98.91%**	
Estimated total gross carrying amount at default	**₱1,402,081,696**	**₱392,216,755**	**₱163,807,399**	**₱24,709,838**	**₱23,488,179**	**₱256,242,350**	**₱2,262,546,217**
Expected credit loss	**₱–**	**₱54,167**	**₱250,751**	**₱90,690**	**₱17,912,308**	**₱194,813,414**	**₱213,121,330**

		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

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.

2023	**12-month ECL**	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Cash in banks	**₱1,138,681,881**	**₱–**	**₱–**	**₱1,138,681,881**
Cash equivalents	**1,888,257,182**	**–**	**–**	**1,888,257,182**
FVOCI investments	**57,636,746**	**–**	**–**	**57,636,746**
Receivables:				
Notes receivable	**416,774,404**	**–**	**–**	**416,774,404**
Receivable from villa owners	**77,279,674**	**–**	**–**	**77,279,674**
Interest receivable	**12,153,735**	**–**	**591,095**	**12,744,830**
Others	**28,418,851**	**–**	**999,223**	**29,418,074**
Advances	**1,837,017**	**–**	**564,800,000**	**566,637,017**
	₱3,621,039,490	**₱–**	**₱566,390,318**	**₱4,187,429,808**

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	8,510,488	–	591,095	9,101,583
Others	30,008,335	–	999,223	31,007,558
Advances	2,608,113	–	564,800,000	567,408,113
	₱3,376,584,740	₱–	₱566,390,318	₱3,942,975,058

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, 2023	**Within 6 Months**	**Over 6 to 12 Months**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Total**
Cash on hand and in banks	**₱1,139,149,381**	**₱–**	**₱–**	**₱–**	**₱1,139,149,381**
Cash equivalents	**1,888,257,182**	–	–	–	**1,888,257,182**
FVPL investments - bonds	–	–	**14,515,661**	**132,937,886**	**147,453,547**
FVOCI investments - bonds	–	–	**29,622,064**	**28,014,682**	**57,636,746**
Receivables*	**2,167,277,147**	–	**416,774,404**	–	**2,584,051,551**
	₱5,194,683,710	**₱–**	**₱460,912,129**	**₱160,952,568**	**₱5,816,548,407**
Accounts payable and accrued expenses**	**₱1,286,569,613**	**₱–**	**₱–**	**₱–**	**₱1,286,569,613**
Lease liabilities	–	**17,152,948**	**39,869,521**	–	**57,022,469**
Long-term debt	–	–	**484,848,485**	**515,151,515**	**1,000,000,000**
Dividends payable	**570,375,761**	–	–	–	**570,375,761**
	₱1,856,945,374	**₱17,152,948**	**₱524,718,006**	**₱515,151,515**	**₱2,913,967,843**

**Including notes receivable amounting to ₱416.7 million.*
*** Excluding non-financial liabilities amounting to ₱98.7 million.*

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**	₱1,251,042,651	₱–	₱–	₱–	₱1,251,042,651
Lease liabilities	7,053,815	7,053,814	6,569,093	–	20,676,722
Long-term debt	–	–	–	–	–
Dividends payable	501,959,779	–	–	–	501,959,779
	₱1,760,056,245	₱7,053,814	₱6,569,093	₱–	₱1,773,679,152

** Including notes receivable amounting to ₱245.8 million.*
*** Excluding non-financial liabilities amounting to ₱92.1 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)
2023	**+0.25**	**₱2.1**

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, 2023 and 2022. 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)**	
2023	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	+100	**₱–**	**(₱1.93)**
	-100	**–**	**(2.05)**
FVPL investments	+100	**(₱1.30)**	**₱–**
	-100	**1.38**	**–**

	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)	–

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)
2023	**+14.75%**	**₱942.29**
	-14.75%	**(942.29)**
2022	+20.49%	₱1,050.13
	-20.49%	(1,050.13)

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 +/-14.75% and +/-20.49% in 2023 and 2022, 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)
2023	**+10.00%**	**₱259.19**
	-10.00%	**(259.19)**
2022	+10.00%	₱224.17
	-10.00%	(224.17)

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):

US Dollar	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
2023	**+7.80%**	**₱412.15**
	-7.80%	**(412.15)**
2022	+7.44%	₱15.36
	-7.44%	(15.36)

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 ₱516.9 million, with an average quantity of about 1,103 metric tons in 2023 and ₱638.0 million, with an average quantity of about 1,255 metric tons in 2022.

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)**
2023	**+4.83**	**(₱53.4)**
	-4.83	**53.4**
2022	+4.13	(₱45.13)
	-4.13	45.13

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, 2023, 2022 and 2021.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2023	**At Amortized Cost**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents	**₱3,027,406,563**	**₱–**	**₱–**	**₱3,027,406,563**
FVPL investments	**–**	**13,186,171,800**	**–**	**13,186,171,800**
FVOCI investments	**–**	**–**	**57,636,746**	**57,636,746**
Receivables*	**2,584,051,551**	**–**	**–**	**2,584,051,550**
	₱5,611,458,114	**₱13,186,171,800**	**₱57,636,746**	**₱18,855,266,660**

**Including notes receivable amounting to ₱416.7 million.*

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.*

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 (income approach). 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 this unquoted equity investment.

- 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, 2023	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱7,026,985,641**	**₱7,026,985,641**	**₱–**	**₱–**
Unquoted equity shares	**2,921,429,748**	**–**	**1,993,994,470**	**927,435,278**
Funds and equities	**2,459,415,391**	**–**	**2,459,415,391**	**–**
Proprietary shares	**625,177,073**	**–**	**625,177,073**	**–**
Bonds	**147,453,547**	**147,453,547**	**–**	**–**
Others	**5,710,400**	**5,710,400**	**–**	**–**
	13,186,171,800	**7,180,149,588**	**5,078,586,934**	**927,435,278**
FVOCI investments	**57,636,746**	**57,636,746**	**–**	**–**
	₱13,243,808,546	**₱7,237,786,334**	**₱5,078,586,934**	**₱927,435,278**

		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	2,732,294,685	–	1,710,585,612	1,021,709,073
Funds and equities	2,293,278,344	–	2,293,278,344	–
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	4,521,991,029	1,021,709,073
FVOCI investments	41,453,401	41,453,401	–	–
	₱12,088,257,403	₱6,544,557,301	₱4,521,991,029	₱1,021,709,073

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2023:

	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is ₱95.8 million with 4% annual increase	3% to 5%	3%: fair value of ₱833 5%: fair value of ₱1,047
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,043 30%: fair value of ₱812
		Cost of equity of 12.78%	11.78% to 13.78%	11.78%: fair value of ₱1,042 13.78%: fair value of ₱836

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	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

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, 2023 and 2022, the carrying value of the investment in KSA amounts to ₱927.4 million and ₱1,021.7 million, respectively. The Group recognized loss on fair value adjustment amounting to ₱94.3 million in 2023 (nil in 2022 and 2021).

For the years ended December 31, 2023, 2022 and 2021, 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 ₱13.7 million, ₱13.2 million, and ₱12.8 million in 2023, 2022 and 2021, respectively (see Notes 15 and 23).

IAI

a. 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.

	2023	2022
Cost		
Beginning/Ending balance	**₱17,652,622**	₱–
Additions	–	17,652,622
Ending balance	**17,652,622**	17,652,622
Accumulated Amortization		
Beginning balance	**5,884,207**	–
Amortization for the year	**5,884,208**	(5,884,207)
Ending balance	**11,768,415**	(5,884,207)
Net Book Value	**₱5,884,207**	₱11,768,415

Set out below is the carrying amount of lease liability and its movement:

	2023	2022
Beginning balance	₱12,221,196	₱–
Additions	–	17,652,621
Accretion of interest	532,022	760,575
Lease payments	(6,192,000)	(6,192,000)
	6,561,218	12,221,196
Less current portion of lease liability	6,561,218	5,845,738
Noncurrent portion of lease liability	₱–	₱6,375,458

The future aggregate minimum lease payments under the said lease are as follows:

	2023	2022
Not later than 1 year	₱6,569,093	₱6,377,760
More than 1 year but not later than 5 years	–	6,569,093
	₱6,569,093	₱12,946,853

b. 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.

c. On November 29, 2022, IAI entered into a purchase agreement with VAL to acquire two Twin Otter aircraft with a total purchase price ₱965.47 million (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. In 2023, these advances were applied upon the finalization of the purchase of the aircrafts.

d. In 2019, IAI and PRI entered into an agreement wherein IAI will provide regular air transport service. IAI will 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 and that in the event of increase in the prices of fuel, IAI and PRI shall revisit and review the contract for rate adjustment. The agreement has a duration of three (3) years. On May 7, 2022, the agreement was renewed for another three (3) years effective February 15, 2022. The duration of the contract may be extended upon such terms and condition as may be mutually agreed by both parties. In 2023, IAI entered into a new air service agreement with PRI to supersede its existing agreement. Under the new agreement, PRI shall guarantee IAI nine hundred ninety (990) Twin Otter revenue roundtrip flights yearly starting January 1, 2023. The new agreement shall have a duration of not less than three (3) years starting January 1, 2023, unless otherwise pre-terminated formally in writing by either party.

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. 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.

   Effective January 1, 2023, the Company charges a monthly fee amounting to ₱916,667, inclusive of VAT (eliminated in the consolidated statement of comprehensive income).

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 ₱117.07 million, ₱98.1 million and ₱75.1 million in 2023, 2022 and 2021, respectively.

e. 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 ₱4.07 million and ₱3.84 million in 2023 and 2022, respectively.

f. 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 ₱228.7 million, ₱193.0 million and ₱164.0 million in 2023, 2022 and 2021, 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, 2023 and 2022, the restricted fund amounted to ₱86.57 million and ₱82.72 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 16).

g. 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.

h. 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 2023, 2022 and 2021.

i. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2023 and 2022, total property development in progress mainly for Phase 4 villa development amounted to ₱18.7 million and ₱26.9 million, respectively.

PDIPI and Subsidiaries

a. The Company has a management contract with Phelps Dodge Philippines Energy Products Corporation (PDPEPC). Under the management agreement between the parties, the Company, as compensation to managerial and administrative services rendered to PDPEPC, shall bill the latter for management fees equivalent to 50% of 15% of audited income before tax and management and technical assistance fees of PDE (VAT inclusive). As per renewal of the agreement, amendments in the management fee billings has taken place in which the fixed fee is no longer available. Due from PDP Energy (eliminated in the consolidated balance sheets) amounted to ₱23.5 million and ₱44.7 million as at December 31, 2023 and 2022, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱99.4 million, ₱100.1 million, and ₱103.6 million in 2023, 2022 and 2021, respectively.

   A new management contract was executed effective January 1, 2022, that this agreement shall continue for a period of five years from the effective date.

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, 2023 and 2022, and the movement during the period.

	2023	2022
Cost		
Beginning/Ending balance	**₱35,792,042**	₱35,792,042
Additions	**49,093,056**	–
Ending balance	**84,885,098**	35,792,042
Accumulated Amortization		
Beginning balance	**30,140,668**	22,605,501
Amortization for the year	**8,106,027**	7,535,167
Ending balance	**38,246,695**	30,140,668
Net Book Value	**₱46,638,403**	₱5,651,374

Set out below is the carrying amount of lease liability and its movements in 2023 and 2022:

	2023	2022
Beginning balance	**₱6,995,116**	₱16,600,449
Additions	**49,093,056**	
Accretion of interest	**1,105,005**	1,618,916
Lease payments	**(9,694,869)**	(11,224,249)
	47,498,308	6,995,116
Less current portion of lease liability	**12,202,067**	4,288,032
Noncurrent portion of lease liability	**₱35,296,241**	₱2,707,084

Operating lease commitments- PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

	2023	2022
Not later than 1 year	**₱10,583,855**	₱7,729,869
More than 1 year but not later than 5 years	**39,869,521**	–
	₱50,453,376	₱7,729,869

31. Changes in Liabilities Arising from Financing Activities

December 31, 2023

	December 31, 2022	**Cash Flows for Availment**	**Cash Flows for Repayments**	**Dividend Declaration**	**Noncash Movement**	**Accretion of Interest**	**December 31, 2023**
Dividends payable	**₱501,959,779**	**₱–**	**(₱1,103,154,257)**	**₱1,227,570,239**	**(₱56,000,000)**	**₱–**	**₱570,375,761**
Long-term debt	–	**1,000,000,000**	–	–	–	–	**1,000,000,000**
Interest on long term debt	–	–	**(42,917,505)**	–	–	**58,597,678**	**15,680,173**
Lease liabilities	**19,216,312**	–	**(16,331,931)**	–	–	**1,717,702**	**4,602,083**
Total liabilities from financing activities	**₱521,176,091**	**1,000,000,000**	**(₱1,162,403,693)**	**₱1,227,570,239**	**(₱56,000,000)**	**₱60,315,380**	**₱1,590,658,017**

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)	–	–	–	–
Dividends 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, 2020
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

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, 2023 and 2022, 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 noncash investing activities in 2023 includes additions to property and equipment amounting to ₱247.3 million paid in 2022.

34. Subsequent Events

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On February 28, 2024, the Board of Directors (BOD) approved the declaration of cash dividend of ₱0.50 per common share, payable on March 25, 2024 to common stockholders of record as at March 14, 2024.

PDP

- On February 27, 2024, the BOD of PDIPI approved the declaration of ₱450.0 million cash dividend to its stockholders of record as of February 29, 2024 representing ₱5.08 per share, payable as follows:

  ₱350 million - payable on or before March 22, 2024
  ₱100 million - payable on or before July 31, 2024

- On February 27, 2024, the BOD of PD Energy approved the declaration of ₱450.0 million cash dividend to PDIPI representing ₱6.96 per share, payable as follows:

  ₱350 million - payable on or before March 19, 2024
  ₱100 million - payable on or before July 28, 2024

- On February 27, 2024, the BOD of PDEIC approved the declaration of ₱80.0 million cash dividend to PDPEPC representing ₱800 per share, payable on or before March 19, 2024.

Board of Directors

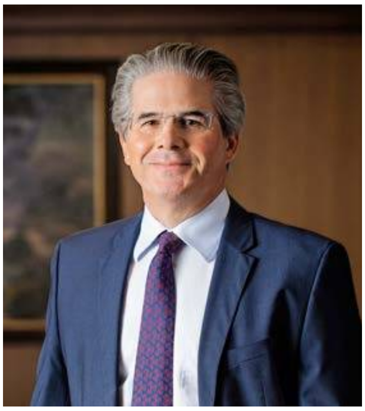
ANDRES SORIANO III
Chairman of the Board/
Chief Executive Officer

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 & Corporate Development Officer

ALFONSO S. YUCHENGCO III

Officers & Corporate Directory

CORPORATE DIRECTORY

Corporate Social Responsibility Arm
The Andres Soriano Foundation, Inc. (ASF)
Andrews Avenue, Pasay City
(632) 8831-99-41 • (632) 8851-55-07
www.asorianofoundation.org

Address
7th Floor Pacific Star Building
Makati Ave. cor Gil Puyat Ave. Extension
1209 Makati City, Philippines

Post Office Box
1304 Makati Central Post Office
1252 Makati City, Philippines

Websites
www.anscor.com.ph
www.sorianogroup.com.ph

Telephone Numbers
(632) 8819-02-51 to 60

Fax Number
(632) 8811-50-68

External Auditors
SyCip Gorres Velayo & Co.

Stock Transfer Agent
Stock Transfer Service, Inc.
34th Floor, Unit D, Rufino Pacific Tower
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 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
Third Prime Alpha Fund
Vicinetum Holdings, Inc.
Y-mAbs Therapeutics, Inc.

A. SORIANO CORPORATION

7th Floor Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Ext.
1209 Makati City, Philippines

COVER SHEET
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, 2023

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
May 11, 2023

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 11, 2023

Principal Financial/Accounting Officer/Controller:
Signature and Title

(Sgd.) NARCISA M. VILLAFLOR
VP - Comptroller

Date: May 11, 2023

SEC Form17-Q
May 11, 2023

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	March 31	December 31
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	**3,287,574**	2,948,402
Fair value through profit and loss (FVPL) investments	**12,663,297**	12,046,804
Receivables	**1,852,124**	2,240,424
Inventories	**1,883,382**	1,695,039
Prepayments	**250,595**	190,812
Other current assets	**226,103**	218,264
Total Current Assets	**20,163,075**	19,339,746
Noncurrent Assets		
FVOCI investments	**63,868**	41,453
Notes receivables	**220,879**	245,855
Investments and advances	**358,364**	357,031
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,752,923**	2,705,109
Investment properties	**471,559**	472,053
Retirement plan asset	**121,411**	122,351
Deferred tax assets	**113,320**	114,115
Right of use assets	**20,598**	17,420
Deposit to suppliers	**473,550**	296,417
Other noncurrent assets	**111,158**	124,409
Total Noncurrent Assets	**6,009,907**	5,798,489
TOTAL ASSETS	**26,172,982**	25,138,235

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**1,163,486**	1,343,102
Dividends payable	**1,079,518**	501,960
Income tax payable	**136,248**	90,713
Current portion of lease liability	**13,542**	10,134
Total Current Liabilities	**2,392,793**	1,945,908

(Forward)

	March 31 2023	December 31 2022
Noncurrent Liabilities		
Long-term debt	**513,500**	-
Lease liability - net of current portion	**9,742**	9,083
Deferred income tax liabilities - net	**425,767**	417,846
Retirement benefits payable	**29,992**	39,931
Other noncurrent liabilities	**114,107**	111,737
Total Noncurrent Liabilities	**1,093,108**	578,597
Total Liabilities	**3,485,901**	2,524,505
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	**134,741**	179,017
Unrealized valuation loss on FVOCI investments	**(1,066)**	(3,184)
Remeasurement on retirement benefits	**54,295**	54,423
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**12,896,538**	12,872,295
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	21,943,675	21,961,719
Noncontrolling interests	**743,406**	652,011
Total Equity	**22,687,081**	22,613,730
TOTAL LIABILITIES AND EQUITY	**26,172,982**	25,138,235

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings per Share)

	Periods Ended March 31	
	2023	2022
REVENUES		
Sale of goods - net	**2,413,750**	2,798,272
Services	**498,477**	211,122
Dividend income	**262,732**	149,144
Interest income	**20,557**	8,708
	3,195,515	3,167,245
INVESTMENT GAINS (LOSSES)		
Gain on increase in market values of FVPL investments	**345,459**	89,180
Loss on sale of FVOCI investments	**(2,946)**	(512)
Gain on sale of long term investments	**-**	2,208,757
	342,513	2,297,425
Equity in net earnings of associates	**909**	5,185
	3,538,937	5,469,856
Cost of goods sold	**(2,003,080)**	(2,267,843)
Services rendered	**(117,331)**	(88,220)
Operating expenses	**(535,761)**	(402,501)
Foreign exchange gain (loss)	**(81,136)**	47,448
Interest expense	**(580)**	(981)
Other expense (income) - net	**(937)**	225
	(2,738,825)	(2,711,872)
INCOME BEFORE INCOME TAX	**800,112**	2,757,983
PROVISION FOR INCOME TAX		
Current	**97,967**	94,952
Deferred	**7,215**	(42,489)
	105,182	52,463
NET INCOME	**694,930**	2,705,520

(Forward)

	Periods Ended March 31	
	2023	2022
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation loss on FVOCI investments	**(123)**	(1,247)
Realized loss on sale of FVOCI investments	**2,946**	512
Income tax effect	**(706)**	(367)
Cumulative translation adjustment	**(44,276)**	(182,107)
Remeasurement loss on retirement benefits	**(171)**	-
Income tax effect	**43**	-
OTHER COMPREHENSIVE LOSS	**(42,287)**	(183,210)
TOTAL COMPREHENSIVE INCOME	**652,643**	2,522,311
Net Income Attributable to:		
Equity holders of the parent	**638,028**	2,700,365
Minority interest	**56,902**	5,155
	694,930	2,705,520
Total Comprehensive Income Attributable to:		
Equity holders of the parent	**595,741**	2,517,156
Minority interest	**56,902**	5,155
	652,643	2,522,311
Earnings Per Share		
Basic/Diluted, for net income attributable to equity holders of the Parent	**0.52**	2.20
Earnings Per Share		
Basic/Diluted, for total comprehensive income attributable to equity holders of the Parent	**0.49**	2.05

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 12/31/2021	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 (loss)	-	-	-	(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
Balance at 12/31/2022	2,500,000	5,000	1,859,383	(3,184)	54,423	179,017	7,150,000	12,872,295	(2,655,215)	652,011	22,613,730
Comprehensive (loss) income	-	-	-	2,118	(129)	(44,276)	-	638,028	-	56,902	652,643
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	34,493	34,493
Balance at 03/31/2023	**2,500,000**	**5,000**	**1,859,383**	**(1,066)**	**54,295**	**134,741**	**7,150,000**	**12,896,538**	**(2,655,215)**	**743,406**	**22,687,081**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**800,112**	2,757,983
Adjustment for:		
Depreciation and amortization	**81,312**	78,703
Unrealized foreign exchange loss	**79,173**	37,037
Net retirement benefits expense	**4,427**	4,427
Loss on sale of FVOCI investments	**2,946**	512
Interest expense	**580**	981
Gain on increase in market values of FVPL investments	**(345,459)**	(89,180)
Dividend income	**(262,732)**	(149,144)
Interest income	**(20,557)**	(8,708)
Equity in net earnings of associates	**(909)**	(5,185)
Gain on sale of long term investment	**-**	(2,208,757)
Operating income before working capital changes	**338,894**	418,669
Decrease (increase) in:		
FVPL investments	**(365,943)**	(463,376)
Receivables	**385,276**	(415,326)
Inventories	**(188,343)**	39,576
Prepayments and other current assets	**(60,376)**	8,847
Decrease in accounts payable and accrued expenses	**(179,616)**	(101,705)
Net cash used in operations	**(70,107)**	(513,314)
Dividend received	**262,732**	149,144
Interest received	**20,557**	8,708
Income taxes paid	**(59,678)**	(19,109)
Retirement benefit contribution	**(13,598)**	(2,981)
Interest paid	**(580)**	(981)
Net cash flows from (used in) operating activities	**139,325**	(378,533)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
Long-term investment	**-**	1,974,596
FVOCI investments	**30,472**	30,368
Property and equipment	**880**	-

(Forward)

	Periods Ended March 31	
	2023	2022
Addition to:		
FVOCI investments	**(53,734)**	-
Investment properties	**(3,176)**	-
Property and equipment	**(126,337)**	(68,086)
Decrease (increase) in:		
Other noncurrent liabilities	**2,371**	636
Other noncurrent assets	**(163,882)**	20,678
Advances to affiliates	**(423)**	(4,985)
Net cash flows from (used) in investing activities	**(313,829)**	1,953,206
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of):		
Long-term debt	**513,500**	-
Cash dividends	**(8,227)**	(98,978)
Increase (decrease) in:		
Lease liabilities	**889**	32
Minority interest	**34,493**	(1)
Net cash flows from (used) in financing activities	**540,655**	(98,947)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(26,979)**	13,369
NET INCREASE IN CASH AND CASH EQUIVALENTS	**339,172**	1,489,094
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,948,402**	2,729,230
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,287,574**	4,218,325

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	March 31 2023	December 31 2022
ASSETS		
Cash and Cash Equivalents	**1,126,550**	1,046,347
Fair Value through Profit and Loss (FVPL) Investments	**10,188,605**	9,956,997
Fair value through Other Comprehensive Income (FVOCI) Investments	**63,868**	41,453
Receivables - net	**290,433**	313,812
Investments and Advances- net	**7,614,738**	7,044,805
Investment Properties	**219,850**	223,520
Property and Equipment - net	**10,061**	10,810
Retirement Plan Asset	**120,518**	120,518
Other Assets	**158,558**	153,335
TOTAL ASSETS	**19,793,182**	18,911,599

	March 31 2023	December 31 2022
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**160,810**	193,419
Dividends Payable	**1,079,518**	501,960
Deferred Income Tax Liabilities - net	**115,984**	106,065
Total Liabilities	**1,356,313**	801,443
Equity		
Capital Stock - 1 Par Value	**2,505,000**	2,505,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized Valuation Loss on FVOCI Investments	**(1,066)**	(3,184)
Remeasurement on Retirement Benefits	**68,565**	68,565
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**7,124,571**	6,799,975
Total Equity	**18,436,869**	18,110,156
TOTAL LIABILITIES AND EQUITY	**19,793,182**	18,911,599

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings Per Share)

	Periods Ended March 31	
	2023	2022
REVENUES		
Dividend income	**1,404,569**	1,129,300
Interest income	**15,824**	8,183
Management fees	**23,841**	29,332
	1,444,234	1,166,816
INVESTMENT GAINS (LOSSES)		
Gain on increase in market values		
of FVPL investments	**343,126**	177,557
Loss on sale of FVOCI investments	**(2,946)**	(512)
	340,179	177,045
	1,784,413	1,343,861
Operating expenses	**(134,735)**	(124,818)
Foreign exchange gain (loss)	**(70,705)**	46,435
Valuation allowance - net of reversal	**-**	440,408
Other income - net	**4,837**	4,679
	(200,604)	366,703
INCOME BEFORE INCOME TAX	**1,583,809**	1,710,564
PROVISION (BENEFIT FROM)		
INCOME TAX - NET	**9,213**	(40,490)
NET INCOME	**1,574,596**	1,751,054
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation loss on FVOCI investments	**(123)**	(1,247)
Realized loss on Sale of FVOCI investments	**2,946**	512
Income Tax Effect	**(706)**	(367)
OTHER COMPREHENSIVE INCOME (LOSS)	**2,118**	(1,102)
TOTAL COMPREHENSIVE INCOME	**1,576,713**	1,749,952
Earnings Per Share:		
Net income	**0.63**	0.70
Total comprehensive income	**0.63**	0.70

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 12/31/2021	2,500,000	5,000	1,589,800	273	93,172	7,150,000	7,023,097	18,361,342
Comprehensive income (loss)	-	-	-	(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
Balance at 12/31/2022	2,500,000	5,000	1,589,800	(3,184)	68,565	7,150,000	6,799,975	18,110,156
Comprehensive income	-	-	-	2,118	-	-	1,574,596	1,576,713
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 03/31/2023	**2,500,000**	**5,000**	**1,589,800**	**(1,066)**	**68,565**	**7,150,000**	**7,124,571**	**18,436,869**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	**1,583,809**	1,710,564
Adjustment for:		
Unrealized foreign exchange (gain) loss	**68,743**	(12,806)
Depreciation and amortization	**4,489**	4,488
Loss on sale of FVOCI investments	**2,946**	512
Net retirement benefits expense	**1,705**	1,705
Dividend income	**(1,404,569)**	(1,129,300)
Gain on increase in market values of FVPL investments	**(343,126)**	(177,557)
Interest income	**(15,824)**	(8,183)
Reversal of allowance - net	**-**	(440,408)
Operating loss before working capital changes	**(101,826)**	(50,985)
Decrease (increase) in:		
Receivables	**(4,621)**	(12,211)
FVPL investments	**60,886**	(101,848)
Other assets	**2,023**	(467)
Decrease in accounts payable and accrued expenses	**(32,608)**	(39,668)
Net cash used in operations	**(76,146)**	(205,179)
Dividend received	**297,539**	237,300
Interest received	**15,824**	8,183
Retirement benefits contribution	**(1,705)**	(1,705)
Income tax paid	**(7,246)**	(341)
Net cash flows from operating activities	**228,265**	38,258
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of FVOCI investments	**30,472**	30,368
Additions to:		
FVOCI investments	**(53,734)**	-
Long-term investments	**-**	(93,450)
Property and equipment	**(71)**	(92)
Increase in:		
Advances to affiliates	**(99,117)**	1,626,889
Net cash flows from (used in) investing activities	**(122,450)**	1,563,714

(Forward)

	Periods Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Cash dividends	**(8,227)**	(98,978)
Net cash flows used in financing activities	**(8,227)**	(98,978)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(17,386)**	12,356
NET INCREASE IN CASH AND CASH EQUIVALENTS	**80,203**	1,515,350
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,046,347**	557,227
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,126,550**	2,072,576

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**
03/31/2023							
REVENUE	2,413,750	458,922	2,243,946	1,784,413	6,901,031	(3,362,094)	**3,538,937**
TOTAL COMPREHENSIVE INCOME (LOSS)	227,009	135,109	2,068,072	1,576,713	4,006,903	(3,354,260)	**652,643**
TOTAL ASSETS	6,173,010	2,064,213	16,731,055	19,793,182	44,761,460	(18,588,478)	**26,172,982**
INVESTMENTS PORTFOLIO *	32,662	433,228	33,592,683	18,087,061	52,145,634	(38,588,546)	**13,557,088**
PROPERTY & EQUIPMENT	871,164	717,587	186,020	10,061	1,784,832	968,092	**2,752,923**
TOTAL LIABILITIES	858,285	871,142	2,513,668	1,356,313	5,599,408	(2,113,507)	**3,485,901**
DEPRECIATION AND AMORTIZATION	22,775	28,527	18,857	4,489	74,649	6,663	**81,312**

	Before Eliminations						After
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**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**

**** 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 that the Group has adopted the following new accounting pronouncements starting January 1, 2023. 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.

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, 2023 and December 31, 2022:

		Percentage of Ownership	
	Nature of Business	**2023**	2022
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
Sutton Place Holdings, Inc.	Holding	**100**	100
Summerside Corp.	Holding	**100**	40
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	**97**	100
Minuet Realty Corporation	Landholding	**97**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**97**	100
PD Energy International Corporation	Wire Manufacturing	**97**	100
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
Pamalican Utilities, Inc.	Utility Company	**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:

	Nature of Business	Percentage of Ownership 2023	2022
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
Fremont Holdings, Inc. (FHI)	Real Estate Holding	**25**	25
ATRAM Investment Management Partners Corp (AIMP)	Asset Management	**20**	20

** 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.

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.

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 March 31, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022.

(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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, included in this category are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

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.

<u>Impairment of Financial Assets</u>
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.

<u>Property Development in Progress</u>
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.

Earnings Per Share
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, 2023 and December 31, 2022.

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, 2023 and December 31, 2022, 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, 2023.

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, 2023:

		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	**₱6,512,939**	**₱6,512,939**	**₱–**	**₱–**
Unquoted equity shares	**2,697,882**	**–**	**1,676,173**	**1,021,709**
Funds and equities	**2,353,904**	**–**	**2,353,904**	**–**
Proprietary shares	**537,677**	**–**	**537,677**	**–**
Bonds and convertible note	**554,795**	**554,795**	**–**	**–**
Others	**6,100**	**6,100**	**–**	**–**
	12,663,297	**7,073,834**	**4,567,754**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**63,868**	**63,868**	**–**	**–**
	₱12,727,165	**₱7,137,702**	**₱4,567,754**	**₱1,021,709**

As of December 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	₱6,334,416	₱6,334,416	₱–	₱–
Unquoted equity shares	2,885,849	–	1,696,875	1,188,974
Funds and equities	2,139,724	–	2,139,724	–
Proprietary shares	518,127	–	518,127	–
Bonds and convertible note	162,949	162,949	–	–
Others	5,739	5,739	–	–
	12,046,804	6,503,104	4,354,726	1,188,974
FVOCI investments	41,453	41,453	–	–
	₱12,088,257	₱6,544,557	₱4,354,726	₱1,188,974

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2023 and 2022

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is ₱100.7 million 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

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 2022	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2022	1,021.7
Unrealized gain in profit or loss	–
As at 31 March 2023	**₱1,021.7**

For the period ended March 31, 2023 and December 31, 2022, 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, 2023 versus December 31, 2022.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash generated from operating and financing activities, partially offset by cash used in investing 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 increase in market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P345.5 billion and net additions of P365.9 million, partially offset by foreign exchange loss of P50.6 million.

Receivables

The decrease in receivables was mainly due to collection of trade receivables by the wire manufacturing and the resort subsidiaries.

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

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 increase in this account amounted to P22.4 million. The increase can be attributed to net addition in investments of P23.3 million, partially offset by the decrease in market value of the FVOCI investments and foreign exchange loss.

Notes Receivables

The decrease was attributable to the collection of advances decreased by accrued interest on advances by the Parent company to Anscor Retirement Trust Fund.

Property and Equipment - net

The increase can be traced to net acquisition of property and equipment of P126.3 million offset by depreciation amounting to P77.6 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

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

Increase in the account balance pertained to deposit to supplier for the purchase of new aircraft of the aviation subsidiary.

Other noncurrent assets

Change in the account balance can be attributed to transfer of fund by the resort subsidiary to Pamalican Utilities, Inc. for future capex requirements of utility assets.

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 March 1, 2023, the Parent Company approved the declaration of cash dividends of P0.50 per share to shareholders amounting to P585.8 million (net of share of Anscor Consolidated Corporation), which was paid on April 10, 2023.

Income Tax Payable

Movement in the account was attributable to provision for income tax by the resort and wire manufacturing subsidiaries, reduced by income tax paid during the period by the Group.

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.

Long-term Debt (current and noncurrent)

The long-term debt pertained to IAI bank loan. The loan proceed was used to purchase new aircraft of the aviation subsidiary.

Deferred Income Tax Liabilities

Movement in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments.

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

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. CTA balance decreased by P44.3 million, due to appreciation of Philippine peso vis-à-vis US dollar.

Unrealized valuation loss on FVOCI investments (equity portion)
Movement in the account is attributable to the realized loss from the decline in market values of FVOCI investments, mainly bonds, from January 1 to March 31, 2023.

Others
There were no commitments for major capital expenditures in 2023.

8. 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 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	
	2023	2022
Revenues (excluding investment gains or losses)	**1,444,234**	1,166,816
Investment Gains	**340,179**	177,045
Total Comprehensive Income	**1,576,713**	1,749,952
Earnings Per Share		
Net Income	**0.63**	0.70
Total Comprehensive Income	**0.63**	0.70
Market Price Per Share (PSE)	**10.24**	9.00

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues

This year's consolidated gross revenues of P3.5 billion was lower from last year's revenue of P5.5 billion. Revenue in the first quarter of 2022 includes nonrecurring gain on sale of investment in AGP of P2.2 billion. Higher gain on increase in market value of FVPL investments by P256.0 million and increased dividend and interest income were registered in the first quarter of 2023. Lower sales of PDP was offset by significant increase in revenues of the resort subsidiary.

Cost of Goods Sold

Decrease in cost of goods sold was due to the lower sales volume of the wire manufacturing subsidiary.

Cost of Services Rendered

Increase in cost of services rendered was mainly due to higher volume of business by the resort and aviation subsidiaries.

Operating Expenses

The Group reported an increase in consolidated operating expenses for three months of 2023 due to higher overhead of the parent company (from bonus paid based on higher net income in 2022) and rise in operating expenses of the resort and wire manufacturing subsidiaries due to their higher volume of business.

Foreign Exchange Loss

This can be traced to foreign exchange loss on dollar-denominated investments as a result of appreciation of the Philippine peso vs US dollar.

Provision for income tax

The tax provision of the Group was higher than last year mainly due to improved performance of the resort subsidiary. The previous year's provision for income tax was reduced by the benefit from deferred income tax 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.

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 2023.
- 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	
	2023	2022
Volume sold (MT)	**3,444**	3,977
Revenue	**2,413,750**	2,745,379
Net Income	**227,009**	271,675

PDP Energy's revenue declined in 2023 as against 2022's revenues mainly due to lower sales volume in the first quarter of 2023.

PDP posted a net income of P227.0 million for 2023, slightly lower than the P271.6 million profit recorded last year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 65% for the first quarter of 2023, versus the average occupancy rate of 35% in 2022. Average room rate was P88,519 from last year's average room rate of P69,630. Total hotel revenues amounted to P458.9 million, an increase from last year's revenues of P222.0 million.

Seven Seas reported a consolidated net income of P135.1 million in 2023, a significant increase from last year's consolidated net profit of P17.0 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			03/31/2023		03/31/2022	
i	Current Ratio	Total Current Assets / Total Current Liabilities	**20,163,075** / **2,392,793**	8.43 : 1	**20,498,803** / **2,367,203**	8.66 : 1
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets / Total Current Liabilities	**17,802,995** / **2,392,793**	7.44 : 1	**18,857,757** / **2,367,203**	7.97 : 1
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization / Total Liabilities	**719,340** / **3,485,901**	20.64%	**2,779,068** / **3,015,355**	92.16%
iv	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	**3,485,901** / **21,943,675**	0.16 :1	**3,015,355** / **22,363,949**	0.13 : 1
v	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	**26,172,982** / **21,943,675**	1.19	**25,980,986** / **22,363,949**	1.16
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes) / Interest Expense	**800,692** / **580**	1,380.36	**2,758,965** / **981**	2,811.07

			03/31/2023		03/31/2022	
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent	**638,028**	2.91%	**2,700,365**	12.07%
		Equity Attributable to Equity Holders of the Parent	**21,943,675**		**22,363,949**	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**638,028**	2.44%	**2,700,365**	10.39%
		Total Assets	**26,172,982**		**25,980,986**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**638,028**	18.03%	**2,700,365**	51.58%
		Total Revenues	**3,538,937**		**5,235,694**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**21,943,675**	17.88	**22,363,949**	18.22
		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

	03/31/2023	03/31/2022
1. Volume	**3,444**	3,977
2. Revenue	**2,413,750**	2,745,379
3. Net income	**227,009**	271,675

Seven Seas Group

In Thousand Pesos

	03/31/2023	03/31/2022
1. Occupancy rate	**65.2%**	35.4%
2. Hotel revenue	**458,922**	222,039
3. Gross operating profit (GOP)	**255,930**	80,087
4. GOP ratio	**55.8%**	35.9%
5. Net income	**135,109**	17,034

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, 2023

2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216-0000

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

88190251
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 9, 2023

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 9, 2023

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: August 9, 2023

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	June 30 2023	December 31 2022
ASSETS		
Current Assets		
Cash and cash equivalents	**2,949,659**	2,948,402
Fair value through profit and loss (FVPL) investments	**12,774,474**	12,046,804
Receivables	**2,005,383**	2,240,424
Inventories	**1,584,476**	1,695,039
Prepayments	**210,307**	190,813
Other current assets	**227,931**	218,264
Total Current Assets	**19,752,230**	19,339,746
Noncurrent Assets		
FVOCI investments	**64,881**	41,453
Notes receivables	**223,702**	245,855
Investments and advances	**361,857**	357,031
Goodwill	**1,302,276**	1,302,276
Property and equipment	**3,740,855**	2,705,109
Investment properties	**470,072**	472,053
Retirement plan asset	**120,909**	122,351
Deferred tax assets	**113,594**	114,115
Right of use assets	**17,577**	17,420
Deposit to suppliers	**36,837**	296,417
Other noncurrent assets	**136,524**	124,409
Total Noncurrent Assets	**6,589,084**	5,798,489
TOTAL ASSETS	**26,341,314**	25,138,235
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**1,028,697**	1,343,102
Dividends payable	**527,310**	501,960
Income tax payable	**85,646**	90,713
Current portion of lease liability	**10,561**	10,134
Total Current Liabilities	**1,652,214**	1,945,909

(Forward)

	June 30 2023	December 31 2022
Noncurrent Liabilities		
Long-term debt - net of current portion	**1,000,000**	0
Lease liability - net of current portion	**9,742**	9,082
Deferred income tax liabilities - net	**480,262**	417,846
Retirement benefits payable	**20,538**	39,931
Other noncurrent liabilities	**117,067**	111,737
Total Noncurrent Liabilities	**1,627,609**	578,596
Total Liabilities	**3,279,823**	2,524,505
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	**167,497**	179,017
Unrealized valuation loss on FVOCI investments	**(1,270)**	(3,184)
Remeasurement on retirement benefits	**54,294**	54,423
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**13,317,418**	12,872,295
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	22,397,107	21,961,719
Noncontrolling interests	**664,384**	652,011
Total Equity	**23,061,491**	22,613,730
TOTAL LIABILITIES AND EQUITY	**26,341,314**	25,138,235

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
REVENUES				
Sale of goods - net	**4,811,093**	5,269,218	**2,397,343**	2,470,946
Services	**984,459**	528,646	**485,982**	317,525
Dividend income	**309,474**	215,420	**46,742**	66,276
Interest income	**37,292**	24,328	**16,736**	15,619
	6,142,318	6,037,612	**2,946,803**	2,870,366
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**512,194**	(1,340,913)	**166,735**	(1,430,093)
Loss on sale of FVOCI investments	**(2,946)**	(512)	**-**	-
Gain on sale of long term investments	**-**	2,208,757	**-**	-
	509,248	867,332	**166,735**	(1,430,093)
Equity in net earnings of associates	**4,971**	25,812	**4,062**	20,627
	6,656,537	6,930,756	**3,117,600**	1,460,900
Cost of goods sold	**(4,009,433)**	(4,270,217)	**(2,006,353)**	(2,002,374)
Services rendered	**(378,093)**	(203,369)	**(260,762)**	(115,149)
Operating expenses	**(855,313)**	(709,157)	**(319,552)**	(306,656)
Foreign exchange gain (loss)	**(27,267)**	255,324	**53,869**	207,876
Interest expense	**(24,395)**	(1,276)	**(23,815)**	(294)
Other income - net	**16,404**	21,458	**17,341**	21,233
	(5,278,097)	(4,907,237)	**(2,539,271)**	(2,195,364)
INCOME (LOSS) BEFORE INCOME TAX	**1,378,440**	2,023,519	**578,328**	(734,464)
PROVISION FOR INCOME TAX				
Current	**176,205**	185,265	**78,237**	90,313
Deferred	**61,777**	(103,470)	**54,563**	(60,981)
	237,982	81,795	**132,800**	29,332
NET INCOME (LOSS)	**1,140,458**	1,941,724	**445,528**	(763,796)

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation loss on FVOCI investments	**(395)**	(4,462)	**(272)**	(3,215)
Realized loss on sale of FVOCI investments, net of impairment losses	**2,946**	512	**-**	-
Income tax effect	**(637)**	988	**68**	1,355
Cumulative translation adjustment	**(11,520)**	(74,532)	**32,756**	107,575
Remeasurement loss on retirement benefits	**(171)**	-	**-**	-
Income tax effect	**42**	-	**-**	-
OTHER COMPREHENSIVE INCOME (LOSS)	**(9,735)**	(77,494)	**32,552**	105,715
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,130,723**	1,864,230	**478,080**	(658,081)
Net Income (Loss) Attributable to:				
Equity holders of the parent	**1,058,908**	1,903,465	**420,880**	(796,901)
Minority interest	**81,550**	38,259	**24,648**	33,105
	1,140,458	1,941,724	**445,528**	(763,796)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**1,049,173**	1,825,971	**453,432**	(691,186)
Minority interest	**81,550**	38,259	**24,648**	33,105
	1,130,723	1,864,230	**478,080**	(658,081)
Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**0.86**	**1.55**	**0.34**	(0.65)
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**0.85**	**1.49**	**0.37**	(0.56)

A. SORIANO CORPORATION AND SUBSIDIARIES

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 12/31/2021	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 (loss)	-	-	-	(2,962)	-	(74,532)	-	1,903,465	-	38,259	1,864,230
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Balance at 06/30/2022	2,500,000	5,000	1,859,383	(2,689)	75,656	151,642	7,150,000	12,588,987	(2,655,215)	634,787	22,307,551
Balance at 12/31/2022	2,500,000	5,000	1,859,383	(3,184)	54,423	179,017	7,150,000	12,872,295	(2,655,215)	652,011	22,613,730
Comprehensive (loss) income	-	-	-	1,914	(129)	(11,520)	-	1,058,908	-	81,550	1,130,723
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(69,177)	(69,177)
Balance at 06/30/2023	**2,500,000**	**5,000**	**1,859,383**	**(1,270)**	**54,294**	**167,497**	**7,150,000**	**13,317,418**	**(2,655,215)**	**664,384**	**23,061,491**

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	**1,378,440**	2,023,519	**578,328**	(734,464)
Adjustment for:				
Depreciation and amortization	**164,489**	150,492	**83,177**	71,789
Interest expense	**24,395**	1,276	**23,815**	294
Unrealized foreign exchange loss (gain)	**15,130**	(87,737)	**(64,043)**	(124,773)
Net retirement benefits expense	**9,236**	9,503	**4,583**	5,076
Loss on sale of FVOCI investments	**2,946**	512	**-**	-
Loss (gain) on decrease (increase) in market values of FVPL investments	**(512,194)**	1,340,913	**(166,735)**	1,430,093
Dividend income	**(309,474)**	(215,420)	**(46,742)**	(66,276)
Interest income	**(37,292)**	(24,327)	**(16,736)**	(15,619)
Equity in net earnings of associates	**(4,971)**	(25,812)	**(4,062)**	(20,627)
Gain on sale of property and equipment	**(2,034)**	(127)	**(2,034)**	(127)
Gain on sale of long term investment	**-**	(2,208,757)	**-**	-
Operating income before working capital changes	**728,671**	964,035	**389,551**	545,366
Decrease (increase) in:				
Receivables	**229,195**	33,388	**(156,082)**	448,714
Inventories	**110,563**	(363,555)	**298,906**	(403,131)
FVPL investments	**(234,765)**	(669,075)	**131,177**	(205,699)
Increase (decrease) in:				
Accounts payable and accrued expenses	**(314,405)**	(63,266)	**(134,789)**	38,438
Prepayments and other current assets	**(17,906)**	(13,534)	**42,470**	(22,381)
Net cash generated from (used in) operations	**501,353**	(112,007)	**571,233**	401,307
Dividend received	**309,474**	215,420	**46,742**	66,276
Interest received	**37,292**	24,327	**16,736**	15,619
Income taxes paid	**(192,527)**	(220,329)	**(132,849)**	(201,220)
Retirement benefit contribution	**(27,358)**	(10,379)	**(13,535)**	(7,398)
Interest paid	**(24,395)**	(1,276)	**(23,815)**	(294)
Net cash flows from (used in) operating activities	**603,839**	(104,244)	**464,512**	274,290

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**30,544**	30,368	**71**	-
Property and equipment	**5,026**	127	**4,146**	127
Long-term investment	**-**	1,974,596	**-**	-
Addition to:				
Property and equipment	**(1,195,887)**	(186,393)	**(1,069,551)**	(118,307)
FVOCI investments	**(53,972)**	(26,987)	**(238)**	(26,987)
Investment properties	**(5,359)**	-	**(2,183)**	-
Decrease (increase) in:				
Other noncurrent assets	**247,465**	53,334	**411,347**	32,656
Other noncurrent liabilities	**5,331**	1,324	**2,960**	688
Advances to affiliates	**145**	(6,098)	**568**	(1,113)
Net cash flows from (used in) investing activities	**(966,707)**	1,840,271	**(652,880)**	(112,936)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from (payment of):				
Long-term debt	**1,000,000**	(75,714)	**486,500**	(75,714)
Cash dividends	**(560,435)**	(650,195)	**(552,208)**	(551,216)
Notes payable	**-**	(23,166)	**-**	(23,166)
Increase (decrease) in:				
Minority interest	**(69,177)**	-	**(103,670)**	-
Lease liabilities	**930**	32	**41**	-
Net cash flows from (used in) financing activities	**371,318**	(749,043)	**(169,337)**	(650,096)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(7,193)**	85,177	**19,790**	71,808
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,257**	1,072,160	**(337,916)**	(416,934)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,948,402**	2,729,230	**3,287,574**	4,218,325
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,949,659**	3,801,391	**2,949,659**	3,801,391

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	June 30	December 31
	2023	2022
ASSETS		
Cash and Cash Equivalents	**812,147**	1,046,347
Fair Value through Profit and Loss		
(FVPL) Investments	**10,360,019**	9,956,997
Fair value through other comprehensive income		
(FVOCI) investments	**64,881**	41,453
Receivables - net	**284,915**	313,812
Investments and Advances- net	**7,227,179**	7,044,805
Investment Properties	**216,180**	223,520
Property and Equipment - net	**13,937**	10,810
Retirement Plan Asset	**120,518**	120,518
Other Assets	**163,701**	153,337
TOTAL ASSETS	**19,263,477**	18,911,599

LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**129,555**	193,418
Dividends Payable	**527,310**	501,960
Deferred Income Tax Liabilities - net	**172,478**	106,065
Total Liabilities	**829,343**	801,443
Equity		
Capital Stock - 1 Par Value	**2,505,000**	2,505,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized Valuation Loss on FVOCI Investments	**(1,270)**	(3,184)
Remeasurement on Retirement Benefits	**68,565**	68,565
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**7,122,039**	6,799,975
Total Equity	**18,434,134**	18,110,156
TOTAL LIABILITIES AND EQUITY	**19,263,477**	18,911,599

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
REVENUES				
Dividend income	**1,440,658**	1,195,495	**36,089**	66,194
Interest income	**27,002**	19,631	**11,178**	11,448
Management fees	**46,313**	53,962	**22,471**	24,630
	1,513,973	1,269,088	**69,738**	102,272
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**320,163**	(1,356,303)	**(22,963)**	(1,533,861)
Loss on sale of FVOCI investments	**(2,946)**	(512)	**-**	-
	317,217	(1,356,815)	**(22,963)**	(1,533,861)
	1,831,190	(87,727)	**46,775**	(1,431,589)
Operating expenses	**(181,276)**	(165,157)	**(46,540)**	(40,339)
Foreign exchange gain (loss)	**(21,152)**	250,575	**49,553**	204,140
Interest expense	**(1,918)**	-	**(1,918)**	-
Valuation allowance - net of reversal	**-**	440,408	**-**	-
Others - net	**10,995**	16,450	**6,160**	11,772
	(193,351)	542,276	**7,255**	175,573
INCOME (LOSS) BEFORE INCOME TAX	**1,637,839**	454,549	**54,030**	(1,256,016)
PROVISION FOR INCOME TAX				
Current	**-**	109	**-**	109
Deferred	**65,775**	(99,472)	**56,562**	(58,983)
	65,775	(99,363)	**56,562**	(58,874)
NET INCOME (LOSS)	**1,572,064**	553,912	**(2,532)**	(1,197,142)

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation loss on FVOCI investments	**(395)**	(4,462)	**(272)**	(3,215)
Realized loss on Sale of FVOCI investments	**2,946**	512	**-**	-
Income Tax Effect	**(637)**	988	**68**	1,355
OTHER COMPREHENSIVE INCOME (LOSS)	**1,914**	(2,962)	**(204)**	(1,860)
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,573,978**	550,950	**(2,736)**	(1,199,002)
Earnings Per Share:				
Net income (loss)	**0.63**	**0.22**	**(0.001)**	(0.48)
Total comprehensive income (loss)	**0.63**	**0.22**	**(0.001)**	(0.48)

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 12/31/2021	2,500,000	5,000	1,589,800	273	93,172	7,150,000	7,023,097	18,361,342
Comprehensive income (loss)	-	-	-	(2,962)	-	-	553,912	550,950
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 06/30/2022	2,500,000	5,000	1,589,800	(2,689)	93,172	7,150,000	6,327,009	17,662,292
Balance at 12/31/2022	2,500,000	5,000	1,589,800	(3,184)	68,565	7,150,000	6,799,975	18,110,156
Comprehensive income	-	-	-	1,914	-	-	1,572,064	1,573,978
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 06/30/2023	**2,500,000**	**5,000**	**1,589,800**	**(1,270)**	**68,565**	**7,150,000**	**7,122,039**	**18,434,134**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**1,637,839**	454,549	**54,030**	(1,256,015)
Adjustment for:				
Unrealized foreign exchange loss (gain)	**9,015**	(242,617)	**(59,727)**	(229,811)
Depreciation and amortization	**9,334**	10,028	**4,845**	5,540
Net retirement benefits expense	**3,862**	3,862	**1,931**	1,931
Loss on sale of FVOCI investments	**2,946**	512	**-**	-
Interest expense	**1,918**	-	**1,918**	-
Dividend income	**(1,440,658)**	(1,195,495)	**(36,089)**	(66,194)
Loss (gain) on decrease (increase) in market values of FVPL investments	**(320,163)**	1,356,303	**22,963**	1,533,861
Interest income	**(27,002)**	(19,631)	**(11,178)**	(11,448)
Reversal of allowance - net	**-**	(440,408)	**-**	-
Operating loss before working capital changes	**(122,909)**	(72,897)	**(21,307)**	(22,136)
Decrease (increase) in:				
Receivables	**897**	15,638	**5,518**	27,849
Other assets	**891**	(514)	**(1,133)**	(46)
FVPL investments	**(90,629)**	42,791	**(151,515)**	144,639
Decrease in accounts payable and accrued expenses	**(63,863)**	(33,532)	**(31,255)**	6,136
Net cash generated from (used in) operations	**(275,613)**	(48,514)	**(199,692)**	156,442
Dividend received	**804,458**	435,495	**506,919**	198,194
Interest received	**27,002**	19,631	**11,178**	11,448
Income tax paid	**(11,255)**	(7,991)	**(4,009)**	(7,650)
Retirement benefits contribution	**(3,862)**	(3,862)	**(1,931)**	(1,931)
Interest paid	**(1,918)**	-	**(1,918)**	-
Net cash flows from operating activities	**538,812**	394,759	**310,547**	356,503

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of				
FVOCI investments	**30,544**	30,368	**71**	-
Additions to:				
FVOCI investments	**(53,972)**	(26,987)	**(238)**	(26,987)
Property and equipment	**(5,121)**	(9,177)	**(5,051)**	(9,084)
Long-term investments	**-**	(93,450)	**-**	-
Decrease (increase) in advances to affiliates	**(182,388)**	1,525,141	**(83,271)**	(101,748)
Net cash flows from (used in) investing activities	**(210,937)**	1,425,895	**(88,489)**	(137,819)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of cash dividends	**(560,435)**	(650,195)	**(552,208)**	(551,216)
Net cash flows used in financing activities	**(560,435)**	(650,195)	**(552,208)**	(551,216)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(1,640)**	81,907	**15,747**	69,549
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(234,200)**	1,252,366	**(314,403)**	(262,983)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,046,347**	557,227	**1,126,550**	2,072,576
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**812,147**	1,809,593	**812,147**	1,809,593

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**
06/30/2023							
REVENUE	4,811,093	836,447	3,338,671	1,831,190	10,817,401	(4,160,864)	**6,656,537**
TOTAL COMPREHENSIVE INCOME (LOSS)	440,921	183,524	3,058,262	1,573,978	5,256,685	(4,125,962)	**1,130,723**
TOTAL ASSETS	5,985,876	1,808,115	18,341,884	19,263,477	45,399,352	(19,058,038)	**26,341,314**
INVESTMENTS PORTFOLIO *	32,662	130,352	35,397,701	17,868,259	53,428,974	(39,757,690)	**13,671,284**
PROPERTY & EQUIPMENT	962,565	731,563	1,071,361	13,937	2,779,426	961,429	**3,740,855**
TOTAL LIABILITIES	457,239	566,629	3,124,097	829,343	4,977,308	(1,697,485)	**3,279,823**
DEPRECIATION AND AMORTIZATION	52,440	50,636	38,753	9,334	151,163	13,326	**164,489**

	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**

**** 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 that the Group has adopted the following new accounting pronouncements starting January 1, 2023. 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.

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, 2023 and December 31, 2022:

		Percentage of Ownership	
	Nature of Business	**2023**	2022
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
Sutton Place Holdings, Inc.	Holding	**100**	100
Summerside Corp.	Holding	**100**	40
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	**97**	100
Minuet Realty Corporation	Landholding	**97**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**97**	100
PD Energy International Corporation	Wire Manufacturing	**97**	100
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
Pamalican Utilities, Inc.	Utility Company	**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:

	Nature of Business	Percentage of Ownership **2023**	2022
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
Fremont Holdings, Inc. (FHI)	Real Estate Holding	**25**	25
ATRAM Investment Management Partners Corp (AIMP)	Asset Management	**20**	20

The principal business location of AIMP, VHI and FHI is the Philippines. Prople Limited is based in Hong Kong.

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.

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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022.

(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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, 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.

<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.

Earnings Per Share
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, 2023 and December 31, 2022.

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, 2023 and December 31, 2022, 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 June 30, 2023.

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 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, 2023:

		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	**₱6,394,773**	**₱6,394,773**	**₱–**	**₱–**
Unquoted equity shares	**2,904,744**	**–**	**1,883,035**	**1,021,709**
Funds and equities	**2,619,580**	**–**	**2,619,580**	**–**
Proprietary shares	**601,027**	**–**	**601,027**	**–**
Bonds and convertible note	**248,453**	**248,453**	**–**	**–**
Others	**5,897**	**5,897**	**–**	**–**
	12,774,474	**6,649,123**	**5,103,642**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**64,881**	**64,881**	**–**	**–**
	₱12,839,355	**₱6,714,004**	**₱5,103,642**	**₱1,021,709**

As of December 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	₱6,334,416	₱6,334,416	₱–	₱–
Unquoted equity shares	2,885,849	–	1,696,875	1,188,974
Funds and equities	2,139,724	–	2,139,724	–
Proprietary shares	518,127	–	518,127	–
Bonds and convertible note	162,949	162,949	–	–
Others	5,739	5,739	–	–
	12,046,804	6,503,104	4,354,726	1,188,974
FVOCI investments	41,453	41,453	–	–
	₱12,088,257	₱6,544,557	₱4,354,726	₱1,188,974

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2023 and 2022

	Valuation Technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
KSA	DCF Model	Dividend payout is ₱100.7 million 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

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 2022	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2022	1,021.7
Unrealized gain in profit or loss	–
As at 30 June 2023	**₱1,021.7**

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of June 30, 2023 versus December 31, 2022.

Fair Value Through Profit and Loss (FVPL) Investments

The increase in the account can be attributed to the increase in market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P512.2 billion and net additions of P234.8 million, partially offset by foreign exchange loss of P7.8 million.

Receivables

The decrease in receivables was mainly due to collection of trade receivables by the wire manufacturing and the resort subsidiaries.

Inventories

The decrease is traced to finished goods sold by the wire manufacturing subsidiary and the spare parts and supplies utilized for six months by the aviation and resort subsidiaries.

Prepayments

Increase in this account can be attributed mainly to prepaid expenses related to manufacturing, resort and aviation operations.

Other current assets

Movement in the account is mainly due to increase in the creditable withholding taxes of parent company related to management fees charged to the resort and manufacturing subsidiaries.

Fair value through other comprehensive income (FVOCI) investments

Net increase in this account amounted to P23.4 million. The increase can be attributed to net addition in investments of P20.5 million and increase in market value of the FVOCI investments of P2.6 million.

Notes Receivables

The decrease was attributable to the collection of advances, reduced by accrued interest on advances by the Parent company to Anscor Retirement Trust Fund.

Property and Equipment - net

The increase can be traced to net acquisition of property and equipment of P1.2 million offset by depreciation amounting to P157.1 million, mainly attributable to purchase of two (2) new Twin Otter aircraft by the aviation subsidiary.

Deposit to suppliers

Decrease in the account balance pertained to reclassification by the aviation subsidiary of the deposit to aircraft supplier to property and equipment.

Other noncurrent assets

Change in the account balance can be attributed to the increase 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

During the period, the Parent Company paid cash dividends of P0.50 per share to shareholders amounting to P585.8 million (net of share of Anscor Consolidated Corporation). Balance of P527.3 million as of June 30, 2023, represents accumulated cash dividend of stockholders with problematic addresses, which increased from P502.0 million as of December 31, 2022.

Income Tax Payable

Movement in the account was attributable to income tax paid during the period by the Group partially offset by provision for income tax by the resort and wire manufacturing subsidiaries.

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.

Long-term Debt (noncurrent)

The long-term debt pertained to IAI's 10-year term loan. The loan proceed was used to purchase two (2) new aircraft of the aviation subsidiary.

Deferred Income Tax Liabilities

Movement in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments.

Retirement Benefits Payable

Decrease resulted from payment of contribution to the plan.

Other noncurrent liabilities

Movement in the account can be traced to the increase in fund to be used for future maintenance and capex requirements for the back of house facilities.

Cumulative Translation Adjustment (CTA)

This account includes translation adjustments of Anscor International, Inc., and IQHPC. CTA balance decreased by P11.5 million, due to appreciation of Philippine peso vis-à-vis US dollar.

Unrealized valuation loss on FVOCI investments (equity portion)

Movement in the account is attributable to the realized loss from the decline in market values of FVOCI investments, mainly bonds, from January 1 to June 30, 2023.

Others

There were no commitments for major capital expenditures in 2023.

8. 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 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	
	2023	2022
Revenues (excluding investment gains or losses)	**1,513,973**	1,269,088
Investment Gains (Loss)	**317,217**	(1,356,815)
Total Comprehensive Income	**1,573,978**	550,950
Earnings Per Share		
Net Income	**0.63**	0.22
Total Comprehensive Income	**0.63**	0.22
Market Price Per Share (PSE)	**10.88**	8.99

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year's consolidated gross revenues of P6.7 billion was lower from last year's revenue of P6.9 billion. Revenue in the first six months of 2022 includes nonrecurring gain on sale of investment in AGP of P2.2 billion. Gain on increase in market value of FVPL investments and higher dividend and interest income were registered in the first semester of 2023. Lower sales of PDP, offset by significant increase in revenues of the resort subsidiary.

Cost of Goods Sold
Decrease in cost of goods sold was due to the lower sales volume of the wire manufacturing subsidiary.

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

Operating Expenses
The Group reported an increase in consolidated operating expenses for six months of 2023 due to higher overhead of the parent company (from bonus paid based on higher net income in 2022) and rise in operating expenses of the resort and wire manufacturing subsidiaries due to their higher volume of business.

Interest Expense
The amount was higher in 2023 due to interest expense on the long-term loan of the aviation subsidiary.

Foreign Exchange Loss
This can be traced to appreciation of the Philippine peso vs US dollar from dollar-denominated investments of the Group.

Provision for income tax
The tax provision of the Group was higher than last year mainly due to deferred income tax of the parent company related to unrealized gain on increase in market value of its FVPL investments. The previous year's credit balance of provision for income can be attributed to the Parent Company's 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.

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 2023.
- 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	
	2023	2022
Volume sold (MT)	**6,829**	7,353
Revenue	**4,811,093**	5,152,285
Net Income	**440,921**	502,002

PDP Energy's sales were lower in 2023 as against 2022's revenues due to decline in volume sold, mainly from its dealers nationwide. Weakness in retail demand was experienced due to fewer construction activities.

PDP posted a net income of P440.9 million for 2023, lower than the P502.0 million profit recorded last year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 58% for the first six months of 2023, versus the average occupancy rate of 50% in 2022. Average room rate increased to P85,566 from last year's average of P66,293. Total hotel revenues amounted to P806.5 million, an increase from last year's revenues by 47%.

Seven Seas reported a consolidated net income of P183.5 million in 2023, doubled last year's profit of P91.8 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			06/30/2023		06/30/2022	
i	Current Ratio	Total Current Assets	**19,752,230**	11.96 : 1	**19,002,329**	11.70 : 1
		Total Current Liabilities	**1,652,214**		**1,624,287**	
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets	**17,729,516**	10.73 : 1	**16,935,772**	10.43 : 1
		Total Current Liabilities	**1,652,214**		**1,624,287**	
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization	**1,223,397**	37.30%	**2,053,957**	93.02%
		Total Liabilities	**3,279,823**		**2,208,179**	
iv	Debt-to-Equity Ratio	Total Liabilities	**3,279,823**	0.15 :1	**2,208,179**	0.10 : 1
		Equity Attributable to Equity Holders of the Parent	**22,397,107**		**21,672,764**	
v	Asset-to-Equity Ratio	Total Assets	**26,341,314**	1.18	**24,515,730**	1.13
		Equity Attributable to Equity Holders of the Parent	**22,397,107**		**21,672,764**	
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	**1,402,835**	57.51	**2,024,795**	1,586.83
		Interest Expense	**24,395**		**1,276**	

			06/30/2023		06/30/2022	
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent	**1,058,908**	4.73%	**1,903,465**	8.78%
		Equity Attributable to Equity Holders of the Parent	**22,397,107**		**21,672,764**	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**1,058,908**	4.02%	**1,903,465**	7.76%
		Total Assets	**26,341,314**		**24,515,730**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**1,058,908**	15.91%	**1,903,465**	27.46%
		Total Revenues	**6,656,537**		**6,930,756**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**22,397,107**	18.25	**21,672,764**	17.66
		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

	06/30/2023	06/30/2022
1. Volume	**6,829**	7,353
2. Revenue	**4,811,093**	5,152,285
3. Net income	**440,921**	502,002

Seven Seas Group

In Thousand Pesos

	06/30/2023	06/30/2022
1. Occupancy rate	**58.15%**	49.99%
2. Hotel revenue	**806,512**	547,656
3. Gross operating profit (GOP)	**385,628**	238,617
4. GOP ratio	**47.8%**	43.6%
5. Net income	**183,525**	91,791

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							

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 September 30, 2023

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216-0000

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

88190251
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: August 9, 2023

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: August 9, 2023

SEC Form17-Q
August 9, 2023

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	September 30 2023	December 31 2022
ASSETS		
Current Assets		
Cash and cash equivalents	**3,426,769**	2,948,402
Fair value through profit and loss (FVPL) investments	**12,528,725**	12,046,804
Receivables	**1,990,392**	2,240,424
Inventories	**1,535,227**	1,695,039
Prepayments	**320,599**	190,813
Other current assets	**245,526**	218,264
Total Current Assets	**20,047,238**	19,339,746
Noncurrent Assets		
FVOCI investments	**55,779**	41,453
Notes receivables	**446,392**	245,855
Investments and advances	**334,606**	357,031
Goodwill	**1,302,276**	1,302,276
Property and equipment	**3,759,975**	2,705,109
Investment properties	**466,910**	472,053
Retirement plan asset	**121,468**	122,351
Deferred tax assets	**114,163**	114,115
Right of use assets	**14,556**	17,420
Deposit to suppliers	**44,429**	296,417
Other noncurrent assets	**128,859**	124,409
Total Noncurrent Assets	**6,789,413**	5,798,489
TOTAL ASSETS	**26,836,651**	25,138,235
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**1,128,084**	1,343,102
Dividends payable	**527,488**	501,960
Income tax payable	**87,431**	90,713
Current portion of lease liability	**7,401**	10,134
Total Current Liabilities	**1,750,404**	1,945,909

(Forward)

	September 30 2023	December 31 2022
Noncurrent Liabilities		
Long-term debt - net of current portion	**1,000,000**	-
Lease liability - net of current portion	**9,742**	9,082
Deferred income tax liabilities - net	**487,724**	417,846
Retirement benefits payable	**6,967**	39,931
Other noncurrent liabilities	**118,856**	111,737
Total Noncurrent Liabilities	**1,623,289**	578,596
Total Liabilities	**3,373,693**	2,524,505
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	**223,156**	179,017
Unrealized valuation loss on FVOCI investments	**(1,698)**	(3,184)
Remeasurement on retirement benefits	**54,294**	54,423
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**13,683,390**	12,872,295
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	22,818,310	21,961,719
Noncontrolling interests	**644,648**	652,011
Total Equity	**23,462,958**	22,613,730
TOTAL LIABILITIES AND EQUITY	**26,836,651**	25,138,235

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
REVENUES				
Sale of goods - net	**7,302,198**	7,952,579	**2,491,105**	2,683,361
Services	**1,235,380**	715,360	**250,921**	186,714
Dividend income	**350,109**	245,521	**40,636**	30,100
Interest income	**60,063**	41,608	**22,770**	17,281
	8,947,750	8,955,068	**2,805,432**	2,917,456
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**580,593**	(1,948,782)	**68,399**	(607,869)
Gain (loss) on sale of FVOCI investments	**(3,135)**	764	**(189)**	1,276
Gain on sale of long term investments	**-**	2,208,757	**-**	-
	577,458	260,739	**68,210**	(606,593)
Equity in net earnings of associates	**5,390**	26,469	**419**	657
	9,530,598	9,242,276	**2,874,061**	2,311,520
Cost of goods sold	**(6,066,293)**	(6,558,206)	**(2,056,860)**	(2,287,989)
Services rendered	**(566,676)**	(299,979)	**(188,583)**	(96,610)
Operating expenses	**(1,132,412)**	(1,013,736)	**(277,099)**	(304,579)
Foreign exchange gain	**49,817**	518,235	**77,085**	262,911
Interest expense	**(44,220)**	(1,227)	**(19,825)**	49
Other income - net	**34,151**	34,960	**17,747**	13,501
	(7,725,633)	(7,319,953)	**(2,447,535)**	(2,412,717)
INCOME (LOSS) BEFORE INCOME TAX	**1,804,965**	1,922,323	**426,526**	(101,197)
PROVISION FOR INCOME TAX				
Current	**248,889**	252,801	**72,685**	67,536
Deferred	**69,382**	(35,837)	**7,605**	67,633
	318,271	216,964	**80,290**	135,169
NET INCOME (LOSS)	**1,486,694**	1,705,359	**346,236**	(236,366)

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation loss on FVOCI investments	**(1,153)**	(4,585)	**(758)**	(123)
Realized loss (gain) on sale of FVOCI investments, net of impairment losses	**3,135**	(764)	**189**	(1,276)
Income Tax Effect	**(496)**	1,337	**142**	350
Cumulative Translation Adjustment	**44,139**	74,014	**55,659**	148,547
Remeasurement loss on retirement benefits	**(171)**	-	**-**	-
Income Tax Effect	**42**	-	**-**	-
OTHER COMPREHENSIVE INCOME	**45,496**	70,002	**55,232**	147,498
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,532,190**	1,775,361	**401,468**	(88,868)
Net Income (Loss) Attributable to:				
Equity holders of the parent	**1,424,880**	1,675,190	**365,972**	(228,275)
Minority interest	**61,814**	30,169	**(19,736)**	(8,091)
	1,486,694	1,705,359	**346,236**	(236,366)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**1,470,376**	1,745,192	**421,204**	(80,777)
Minority interest	**61,814**	30,169	**(19,736)**	(8,091)
	1,532,190	1,775,361	**401,468**	(88,868)
Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**1.16**	**1.36**	**0.30**	(0.19)
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**1.20**	**1.42**	**0.34**	(0.07)

A. SORIANO CORPORATION AND SUBSIDIARIES

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 12/31/2021	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 (loss)	-	-	-	(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
Balance at 12/31/2022	2,500,000	5,000	1,859,383	(3,184)	54,423	179,017	7,150,000	12,872,295	(2,655,215)	652,011	22,613,730
Comprehensive income (loss)	-	-	-	1,486	(129)	44,139	-	1,424,880	-	61,814	1,532,190
Cash dividends - net	-	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(69,177)	(69,177)
Balance at 09/30/2023	**2,500,000**	**5,000**	**1,859,383**	**(1,698)**	**54,294**	**223,156**	**7,150,000**	**13,683,390**	**(2,655,215)**	**644,648**	**23,462,958**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,804,965**	1,922,323	**426,526**	(101,197)
Adjustment for:				
Depreciation and amortization	**249,578**	230,900	**85,089**	80,408
Net retirement benefits expense	**13,845**	14,303	**4,610**	4,800
Interest expense	**44,220**	1,227	**19,825**	(49)
Loss (gain) on sale of FVOCI investments	**3,135**	(764)	**189**	(1,276)
Loss (gain) on decrease (increase) in market values of FVPL investments	**(580,593)**	1,948,782	**(68,399)**	607,869
Dividend income	**(350,109)**	(245,521)	**(40,636)**	(30,100)
Interest income	**(60,063)**	(41,608)	**(22,770)**	(17,281)
Unrealized Foreign exchange gain	**(52,752)**	(175,949)	**(67,882)**	(88,212)
Equity in net earnings of associates	**(5,390)**	(26,469)	**(419)**	(657)
Gain on sale of property and equipment	**(3,199)**	(222)	**(1,166)**	(95)
Gain on sale of long term investment	**-**	(2,208,757)	**-**	-
Operating income before working capital changes	**1,063,637**	1,418,245	**334,967**	454,210
Decrease (increase) in:				
FVPL investments	**204,610**	(1,563,594)	**439,375**	(894,519)
Receivables	**23,433**	(327,339)	**(205,762)**	(360,567)
Inventories	**159,812**	71,474	**49,250**	435,029
Increase (decrease) in:				
Accounts payable and accrued expenses	**(215,019)**	89,097	**99,386**	152,363
Prepayments and other current assets	**(141,859)**	9,033	**(123,953)**	22,567
Net cash generated from (used in) operations	**1,094,614**	(303,084)	**593,263**	(190,917)
Dividend received	**377,568**	245,521	**68,095**	30,100
Interest received	**58,125**	41,608	**20,832**	17,281
Interest paid	**(44,220)**	(1,227)	**(19,825)**	49
Retirement benefit contribution	**(46,098)**	(18,514)	**(18,740)**	(8,134)
Income taxes paid	**(267,360)**	(309,863)	**(74,833)**	(89,694)
Net cash flows from (used in) operating activities	**1,172,629**	(345,559)	**568,792**	(241,315)

	Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
Long-term investment	**-**	1,974,596	**-**	-
FVOCI investments	**41,022**	31,730	**10,478**	1,363
Property and equipment	**5,311**	2,115	**286**	1,988
Addition to:				
FVOCI investments	**(54,227)**	(27,163)	**(256)**	(176)
Investment properties	**(5,867)**	(1,211)	**(508)**	(1,211)
Property and equipment	**(1,295,546)**	(361,588)	**(99,659)**	(175,195)
Decrease (increase) in:				
Other noncurrent assets	**247,538**	(119,138)	**73**	(172,472)
Other noncurrent liabilities	**7,120**	2,204	**1,789**	880
Advances to affiliates	**357**	(5,133)	**212**	965
Net cash flows from (used in) investing activities	**(1,054,292)**	1,496,412	**(87,585)**	(343,858)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**1,000,000**	(75,714)	**-**	-
Cash dividends	**(560,257)**	(650,195)	**178**	-
Notes payable	**-**	(23,166)	**-**	-
Increase (decrease) in:				
Lease liabilities	**790**	32	**(140)**	-
Minority interest	**(69,177)**	-	**-**	-
Net cash flows from (used in) financing activities	**371,356**	(749,043)	**38**	-
CHANGES IN CASH AND EFFECT OF EXCHANGE RATE CASH EQUIVALENTS	**(11,326)**	160,287	**(4,135)**	75,109
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**478,367**	562,097	**477,110**	(510,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,948,402**	2,729,230	**2,949,659**	3,801,391
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,426,769**	3,291,327	**3,426,769**	3,291,327

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	September 30 2023	December 31 2022
ASSETS		
Cash and Cash Equivalents	**1,179,832**	1,046,347
Fair Value through Profit and Loss (FVPL) Investments	**9,977,319**	9,956,997
Fair value through other comprehensive income (FVOCI) investments	**55,779**	41,453
Receivables - net	**501,787**	313,812
Investments and Advances- net	**7,240,100**	7,044,805
Investment Properties	**212,510**	223,520
Property and Equipment - net	**13,000**	10,810
Retirement Plan Asset	**120,518**	120,518
Other Assets	**165,105**	153,337
TOTAL ASSETS	**19,465,950**	18,911,599
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**132,579**	193,418
Dividends Payable	**527,488**	501,960
Deferred Income Tax Liabilities - net	**181,939**	106,065
Total Liabilities	**842,006**	801,443
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	**(1,698)**	(3,184)
Remeasurement on Retirement Benefits	**68,565**	68,565
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**7,312,277**	6,799,975
Total Equity	**18,623,944**	18,110,156
TOTAL LIABILITIES AND EQUITY	**19,465,950**	18,911,599

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings Per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
REVENUES				
Dividend income	**1,473,269**	1,220,301	**32,610**	24,806
Management fees	**72,671**	73,533	**26,358**	19,571
Interest income	**40,618**	34,725	**13,616**	15,094
	1,586,558	1,328,559	**72,584**	59,471
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**406,249**	(1,972,626)	**86,086**	(616,323)
Gain (loss) on sale of FVOCI investments	**(3,135)**	764	**(189)**	1,276
	403,114	(1,971,862)	**85,897**	(615,047)
	1,989,672	(643,303)	**158,481**	(555,576)
Operating expenses	**(223,696)**	(198,344)	**(42,420)**	(33,187)
Foreign exchange gain	**56,722**	506,969	**77,874**	256,394
Interest expense	**(1,918)**	(8)	**-**	(8)
Valuation allowance - net of reversal	**-**	440,408	**-**	-
Others - net	**17,433**	21,271	**6,438**	4,820
	(151,459)	770,296	**41,892**	228,019
INCOME (LOSS) BEFORE INCOME TAX	**1,838,213**	126,993	**200,373**	(327,557)
PROVISION FOR INCOME TAX				
Current	**532**	421	**532**	311
Deferred	**75,379**	(29,840)	**9,603**	69,632
	75,911	(29,419)	**10,135**	69,943
NET INCOME (LOSS)	**1,762,302**	156,412	**190,238**	(397,500)

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation loss on FVOCI investments	**(1,153)**	(4,585)	**(758)**	(123)
Realized loss on Sale of FVOCI investments	**3,135**	(764)	**189**	(1,276)
Income Tax Effect	**(495)**	1,337	**142**	350
OTHER COMPREHENSIVE INCOME (LOSS)	**1,486**	(4,012)	**(427)**	(1,049)
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,763,788**	152,400	**189,811**	(398,549)
Earnings Per Share:				
Net income (loss)	**0.70**	**0.06**	**0.08**	(0.16)
Total comprehensive income (loss)	**0.71**	**0.06**	**0.08**	(0.16)

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock		Additional Paid-in Capital	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings		Total
	Common	Preferred				Appropriated	Unappropriated	
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 (loss)	-	-	-	(4,012)	-	-	156,412	152,400
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	5,929,509	17,263,742
Balance at 12/31/2022	2,500,000	5,000	1,589,800	(3,184)	68,565	7,150,000	6,799,975	18,110,156
Comprehensive income	-	-	-	1,486	-	-	1,762,302	1,763,788
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 09/30/2023	**2,500,000**	**5,000**	**1,589,800**	**(1,698)**	**68,565**	**7,150,000**	**7,312,277**	**18,623,944**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**1,838,213**	126,993	**200,373**	(327,557)
Adjustment for:				
Depreciation and amortization	**13,671**	13,622	**4,337**	3,594
Net retirement benefits expense	**5,792**	5,792	**1,931**	1,931
Loss (gain) on sale of FVOCI investments	**3,135**	(764)	**189**	(1,276)
Interest expense	**1,918**	8	**-**	8
Dividend income	**(1,473,269)**	(1,220,301)	**(32,610)**	(24,806)
Loss (gain) on decrease (increase) in market values of FVPL investments	**(406,249)**	1,972,626	**(86,086)**	616,323
Unrealized foreign exchange gain	**(59,656)**	(484,125)	**(68,671)**	(241,508)
Interest income	**(40,618)**	(34,725)	**(13,616)**	(15,094)
Reversal of allowance - net	**-**	(440,408)	**-**	-
Gain on sale of property and equipment	**-**	70	**-**	70
Operating gain (loss) before working capital changes	**(117,063)**	(61,212)	**5,847**	11,685
Decrease (increase) in:				
Receivables	**(214,037)**	43,877	**(214,934)**	398
FVPL investments	**447,726**	(437,743)	**538,355**	(480,534)
Other assets	**2,887**	(659)	**1,997**	(145)
Increase (*d*ecrease) in accounts payable and accrued expenses	**(60,841)**	(40,888)	**3,023**	(7,356)
Net cash generated (used in) operations	**58,672**	(496,625)	**334,288**	(475,952)
Dividend received	**837,069**	585,301	**32,610**	149,806
Interest received	**38,680**	34,725	**11,678**	15,094
Interest paid	**(1,918)**	(8)	**-**	(8)
Retirement benefits contribution	**(5,792)**	(5,792)	**(1,931)**	(1,931)
Income tax paid	**(15,189)**	(11,838)	**(3,933)**	(4,007)
Net cash flows from (used in) operating activities	**911,522**	105,763	**372,712**	(316,998)

(Forward)

	For the Periods Ended September 30		Quarters Ended September 30	
	2023	2022	**2023**	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**41,022**	31,730	**10,478**	1,363
Property and equipment	**-**	1,823	**-**	1,823
Additions to:				
Long term investments	**-**	(93,450)	**-**	-
FVOCI investments	**(54,227)**	(27,163)	**(256)**	(176)
Property and equipment	**(4,852)**	(8,887)	**270**	289
Increase in:				
Advances to affiliates	**(195,309)**	1,390,196	**(12,921)**	(134,945)
Net cash flows from (used in) investing activities	**(213,366)**	1,294,249	**(2,429)**	(131,646)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Cash dividends	**(560,257)**	(678,195)	**178**	-
Net cash flows from (used in) financing activities	**(560,257)**	(678,195)	**178**	-
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(4,414)**	161,485	**(2,776)**	79,580
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**133,485**	883,302	**367,685**	(369,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,046,347**	557,227	**812,147**	1,809,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,179,832**	1,440,529	**1,179,832**	1,440,529

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**
09/30/2023							
REVENUE	7,302,198	1,042,638	3,663,739	1,989,672	13,998,247	(4,467,649)	**9,530,598**
TOTAL COMPREHENSIVE INCOME	696,895	127,456	3,273,084	1,763,788	5,861,223	(4,329,033)	**1,532,190**
TOTAL ASSETS	6,259,534	1,818,371	18,681,257	19,465,950	46,225,112	(19,388,461)	**26,836,651**
INVESTMENTS PORTFOLIO *	32,662	131,059	36,308,782	17,485,708	53,958,211	(40,572,191)	**13,386,020**
PROPERTY & EQUIPMENT	985,711	737,454	1,069,044	13,000	2,805,209	954,766	**3,759,975**
TOTAL LIABILITIES	474,923	632,953	3,198,858	842,005	5,148,740	(1,775,047)	**3,373,693**
DEPRECIATION AND AMORTIZATION	82,810	74,370	58,739	13,671	229,590	19,988	**249,578**

	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	690,075	78,598	2,641,855	152,400	3,562,928	(1,787,567)	**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**

**** 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 that the Group has adopted the following new accounting pronouncements starting January 1, 2023. 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.

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, 2023 and December 31, 2022:

		Percentage of Ownership	
	Nature of Business	**2023**	2022
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
Sutton Place Holdings, Inc.	Holding	**100**	100
Summerside Corp.	Holding	**100**	40
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	**97**	100
Minuet Realty Corporation	Landholding	**97**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**97**	100
PD Energy International Corporation	Wire Manufacturing	**97**	100
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
Pamalican Utilities, Inc.	Utility Company	**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:

	Nature of Business	Percentage of Ownership 2023	2022
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
Fremont Holdings, Inc. (FHI)	Real Estate Holding	**25**	25
ATRAM Investment Management Partners Corp (AIMP)	Asset Management	**20**	20

The principal business location of AIMP, VHI and FHI is the Philippines. Prople Limited is based in Hong Kong.

<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 September 30, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022.

(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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, 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.

<u>Impairment of Financial Assets</u>
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.

<u>Property Development in Progress</u>

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.

Earnings Per Share
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, 2023 and December 31, 2022.

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, 2023 and December 31, 2022, 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 September 30, 2023.

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 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, 2023:

		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	**₱6,275,028**	**₱6,275,028**	**₱–**	**₱–**
Unquoted equity shares	**3,069,780**	**–**	**2,048,071**	**1,021,709**
Funds and equities	**2,353,576**	**–**	**2,353,576**	**–**
Proprietary shares	**615,927**	**–**	**615,927**	**–**
Bonds and convertible note	**209,169**	**209,169**	**–**	**–**
Others	**5,245**	**5,245**	**–**	**–**
	12,528,725	**6,489,442**	**5,017,574**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**55,779**	**55,779**	**–**	**–**
	₱12,584,504	**₱6,545,221**	**₱5,017,574**	**₱1,021,709**

As of December 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	₱6,334,416	₱6,334,416	₱–	₱–
Unquoted equity shares	2,885,849	–	1,696,875	1,188,974
Funds and equities	2,139,724	–	2,139,724	–
Proprietary shares	518,127	–	518,127	–
Bonds and convertible note	162,949	162,949	–	–
Others	5,739	5,739	–	–
	12,046,804	6,503,104	4,354,726	1,188,974
FVOCI investments:				
Bonds and convertible note	41,453	41,453	–	–
	₱12,088,257	₱6,544,557	₱4,354,726	₱1,188,974

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2023 and 2022

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is ₱100.7 million 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

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 2022	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2022	1,021.7
Unrealized gain in profit or loss	–
As at 30 September 2023	**₱1,021.7**

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of September 30, 2023 versus December 31, 2022.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash generated from operating and financing activities, partially offset by cash used in investing 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 higher market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P580.6 million and foreign exchange gain of P105.9 million, offset by net disposal of P204.6 million.

Receivables

The decrease in receivables was mainly due to collection of trade receivables by the wire manufacturing and the resort subsidiaries.

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

Increase in this account can be attributed mainly to prepaid expenses related to manufacturing, resort and aviation operations.

Other current assets

Movement in the account is mainly due to increase in the creditable withholding taxes of parent company related to management fees charged to the resort and manufacturing subsidiaries.

Fair value through other comprehensive income (FVOCI) investments

Net increase in this account amounted to P14.3 million due to net addition in investments of P10.1 million, increase in market value of the FVOCI investments of P2.0 million and foreign exchange gain of P2.2 million.

Notes Receivables

The increase was attributable to the P218.0 million advances by the Parent company to ATRAM Investment Management Partners Corporation (AIMP). The advances is a 3-year term convertible note with an annual interest of 8%.

Investments and Advances

The decrease was mainly due to the P27.5 million cash dividend received from AIMP offset by the share in the equity earnings of the associates amounting to P5.4 million.

Property and Equipment - net

The increase can be traced to net acquisition of property and equipment of P1.3 billion offset by depreciation amounting to P238.6 million, mainly attributable to purchase of two (2) new Twin Otter aircraft by the aviation subsidiary.

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. The decrease pertained to depreciation of the asset/property used.

Deposit to suppliers

Decrease in the account balance pertained to reclassification by the aviation subsidiary of the deposit to aircraft supplier to property and equipment.

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

During the period, the Parent Company paid cash dividends of P0.50 per share to shareholders amounting to P585.8 million (net of share of Anscor Consolidated Corporation). Balance of P527.5 million as of September 30, 2023, represents accumulated cash dividend of stockholders with problematic addresses, which increased from P502.0 million as of December 31, 2022.

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.

Long-term Debt (noncurrent)

The long-term debt pertained to IAI’s 10-year term loan. The loan proceed was used to purchase two (2) new aircraft of the aviation subsidiary.

Deferred Income Tax Liabilities

Movement in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments and unrealized foreign exchange gain.

Retirement Benefits Payable

Decrease resulted from payment of contribution to the plan.

Other noncurrent liabilities
Movement in the account can be traced to the increase in fund to be used for future maintenance and capex requirements for the back of house facilities.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. CTA balance increased by P44.1 million, due to depreciation of Philippine peso vis-à-vis US dollar.

Unrealized valuation loss on FVOCI investments (equity portion)
Movement in the account is attributable to the realized loss from the decline in market values of FVOCI investments, mainly bonds, from January 1 to September 30, 2023.

Others
There were no commitments for major capital expenditures in 2023.

8. 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 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	
	2023	2022
Revenues (excluding investment gains or losses)	**1,586,558**	1,328,559
Investment Gains (Loss)	**403,114**	(1,971,862)
Total Comprehensive Income	**1,763,788**	152,400
Earnings Per Share		
Net Income	**0.70**	0.06
Total Comprehensive Income	**0.71**	0.06
Market Price Per Share (PSE)	**11.08**	8.95

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year's consolidated gross revenues of P9.5 billion slightly increased from last year's revenue of P9.2 billion. Revenue in the first nine months of 2022 included nonrecurring gain on sale of investment in AGP of P2.2 billion. Gain on increase in market value of FVPL investments and higher dividend and interest income were registered in 2023. Lower sales of PDP was offset by a significant increase in revenues of the resort subsidiary.

Cost of Goods Sold
Decrease in cost of goods sold was due to the lower sales volume of the wire manufacturing subsidiary.

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

Operating Expenses
The Group reported an increase in consolidated operating expenses for nine months of 2023 due to higher overhead of the parent company (from bonus paid based on higher net income in 2022) and rise in operating expenses of the resort.

Foreign Exchange Gain
This can be traced to depreciation of the Philippine peso vs US dollar from dollar-denominated investments of the Group. Gain in 2023 was lower than 2022.

Interest Expense
The amount was higher in 2023 due to interest expense on the long-term loan of the aviation subsidiary.

Provision for income tax
The tax provision of the Group was higher than last year mainly due to deferred income tax of the parent company related to unrealized gain on increase in market value of its FVPL investments and unrealized foreign exchange gain. The previous year's credit balance of provision for income can be attributed to the Parent Company's 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.

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 2023.
- 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	
	2023	2022
Volume sold (MT)	**10,439**	11,052
Revenue	**7,302,198**	7,790,249
Net Income	**696,895**	690,075

PDP Energy's sales were lower in 2023 as against 2022's revenues due to decline in volume sold, mainly from its dealers nationwide. Weakness in retail demand was experienced due to fewer construction activities.

PDP posted a net income of P696.9 million for 2023, slightly higher than the P690.1 million profit recorded last year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 48.2% for the nine months of 2023, versus the average occupancy rate of 45.2% in 2022. Average room rate increased to P82,263 from last year's average of P65,063. Total hotel revenues amounted to P993.8 million, an increase from last year's revenues by 33.9%.

Seven Seas reported a consolidated net income of P127.5 million in 2023, higher by 62.2% from last year's profit of P78.6 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			09/30/2023		09/302022	
i	Current Ratio	Total Current Assets / Total Current Liabilities	**20,047,238** / **1,750,404**	11.45 : 1	18,841,269 / 1,758,500	10.71 : 1
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets / Total Current Liabilities	**17,945,886** / **1,750,404**	10.25 : 1	17,232,307 / 1,758,500	9.80 : 1
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization / Total Liabilities	**1,674,458** / **3,373,693**	49.63%	1,906,090 / 2,406,411	79.21%
iv	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	**3,373,693** / **22,818,310**	0.15 :1	2,406,411 / 21,591,985	0.11 : 1
v	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	**26,836,651** / **22,818,310**	1.18	24,625,093 / 21,591,985	1.14
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes) / Interest Expense	**1,849,185** / **44,220**	41.82	1,923,550 / 1,227	1,567.69
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent / Equity Attributable to Equity Holders of the Parent	**1,424,880** / **22,818,310**	6.24%	1,675,190 / 21,591,985	7.76%

			09/30/2023		09/302022	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**1,424,880**	5.31%	1,675,190	6.80%
		Total Assets	**26,836,651**		24,625,093	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**1,424,880**	14.95%	1,675,190	18.13%
		Total Revenues	**9,530,598**		9,242,276	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**22,818,310**	18.59	21,591,985	17.59
		Outstanding Nnumber 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

	09/30/2023	09/30/2022
1. Volume	**10,439**	11,052
2. Revenue	**7,302,198**	7,790,249
3. Net income	**696,895**	690,075

Seven Seas Group

In Thousand Pesos

	09/30/2023	09/30/2022
1. Occupancy rate	**48.2%**	45.2%
2. Hotel revenue	**993,786**	742,116
3. Gross operating profit (GOP)	**363,153**	282,930
4. GOP ratio	**36.5%**	38.1%
5. Net income	**127,457**	78,598

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, 2023:

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.	97%	Holding Company	Philippines
Minuet Realty Corporation	97%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	97%	Wire Manufacturing	Philippines
PD Energy International Corporation	97%	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, 2023 and 2022

Prepared By:	Approved By:
SALOME BUHION	**NARCISA VILLAFOR**

ANSCOR INTERNATIONAL INC.
(A Wholly Owned Subsidiary of A. Soriano Corporation)
BALANCE SHEETS

	December 31	
	2023	2022
ASSETS		
Cash and Cash Equivalents	**$ 245,678**	$ 484,864
Fair Value Through Profit or Loss (FVPL) Investments (Note 5)	**39,325,067**	34,953,582
Investment and advances (Note 6)	**-**	-
Receivables	**1,004,175**	842,336
TOTAL ASSETS	**$ 40,574,920**	$ 36,280,782
LIABILITIES AND CAPITAL DEFICIENCY		
Liabilities		
Accounts Payable and Accrued Expenses	**$ 2,564,970**	$ 2,649,895
Due to Stockholder (Note 8)	**33,161,281**	28,796,690
Total Liabilities	**35,726,251**	31,446,585
Equity		
Capital Stock	**1**	1
Retained Earnings	**4,848,668**	4,834,196
Total Equity	**4,848,669**	4,834,197
TOTAL LIABILITIES AND EQUITY	**$ 40,574,920**	$ 36,280,782

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
(A Wholly Owned Subsidiary of A. Soriano Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
REVENUES		
Dividend income	**$ 164,470**	$ 275,756
Gain (loss) on increase (decrease) in market value of FVPL investments (Note 5)	**1,861,715**	(5,776,665)
Interest income	**306**	1,409
Gain on sale of noncurrent asset held for sale (Note 6)	**-**	38,500,149
	2,026,491	33,000,649
Operating expenses (Note 7)	**(2,012,019)**	(644,354)
NET INCOME	**14,472**	32,356,295
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME	**$ 14,472**	$ 32,356,295

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
(A Wholly Owned Subsidiary of A. Soriano Corporation)
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Deficit	Total
BALANCE AT JANUARY 1, 2022	$ 1	($ 27,522,099)	($ 27,522,098)
Total comprehensive loss for the year	-	32,356,295	32,356,295
BALANCE AT DECEMBER 31, 2022	1	4,834,196	4,834,197
Total comprehensive income for the year	-	14,472	14,472
BALANCE AT DECEMBER 31, 2023	**$ 1**	**$ 4,848,668**	**$ 4,848,669**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
(A Wholly Owned Subsidiary of A. Soriano Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income (loss)	**$ 14,472**	$ 32,356,295
Adjustments for:		
Gain (loss)on increase (decrease) in market value of FVPL investments	**(1,861,715)**	5,776,665
Dividend income	**(164,470)**	(275,756)
Interest income	**(306)**	(1,409)
Gain on sale of noncurrent asset held for sale	**-**	(38,500,149)
Operating loss before working capital changes	**(2,012,019)**	(644,354)
Increase in:		
FVPL investments	**(2,509,770)**	(14,068,265)
Receivables	**(161,839)**	(411,001)
Increase in accounts payable and accrued expenses	**(84,925)**	543,183
Net cash used in operations	**(4,768,553)**	(14,580,437)
Dividend received	**164,470**	275,756
Interest received	**306**	1,409
Net cash flows used in operating activities	**(4,603,777)**	(14,303,272)
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	**4,364,591**	(27,273,058)
Net cash flows from (used in) financing activities	**4,364,591**	(27,273,058)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(239,186)**	(3,076,181)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**484,864**	3,561,045
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 245,678**	$ 484,864

See accompanying Notes to Financial Statements.

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 debt and equity securities that have been measured at fair value. The accompanying financial statements are presented in US dollar ($), which is the Company's functional and presentation currency, and rounded to the nearest dollar, except otherwise stated.

3. Summary of Material Accounting and Financial Reporting 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 at December 31:

Name of Subsidiary/Associates	**Principal Activities**	**Country of Incorporation**	**% Equity Interest**	
			2023	2022
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

<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

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 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.

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, 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, *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 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 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 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, 2023 and 2022, 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, 2023 and 2022, the Company has designated as FVPL all equity investments, amounting to $39.3 million and $35.0 million, respectively. No financial liability at FVPL is outstanding as at December 31, 2023 and 2022.

(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, 2023 and 2022, 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, 2023 and 2022, included in this category are the Company's accounts payable and accrued expenses.

Impairment of Financial Assets

The Company 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 Company 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 debt instruments at FVOCI, the Company applies low credit risk simplification. At every reporting date, the Company 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 Company reassessed the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company'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 Company'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 Company 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 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.

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.

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.

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.

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.

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.

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, 2023 and 2022, 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, 2023 and 2022.

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 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 $36.0 million and $31.8 million as December 31, 2023 and 2022, respectively.

5. Fair Value Through Profit & Loss Investments (FVPL)

	2023	2022
Quoted equity shares		
Y-mAbs Therapeutics, Inc.	**$ 3,054,460**	$ 2,868,796
Unquoted equity shares		
Sierra Madre Philippines I L.P.	**9,752,650**	8,931,260
Navegar II L.P.	**8,213,383**	5,135,870
Asia Partners I	**6,208,266**	6,529,639
Blue Voyant	**3,299,999**	2,999,999
AP I Tycho Co-Invested Ltd	**2,059,748**	2,059,748
Asia Partners II	**1,709,128**	2,023,309
Third Prime (Kafene B)	**1,514,213**	1,514,122
Navegar I L.P.	**1,344,550**	896,296
Third Prime Alpha III-A	**1,102,756**	590,156
Third Prime (Kafene B-1)	**807,488**	-
Wholesome Spirits Inc.	**-**	750,000
Medifi	**-**	350,000
	36,012,181	31,780,399
Fund and Equities	**258,426**	304,387
	$ 39,325,067	$ 34,953,582

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 2023 and 2022, the Company recognized a gain (loss) on fair value adjustment in its investment in Y-mAbs amounting to $1.2 million and ($6.6 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 2023 and 2022, the Company made additional investments to Sierra Madre amounting to $0.2 million and $3.2 million, respectively. In 2022, the Company received return distribution notice amounting to $0.9 million.

   In 2023 and 2023, the Company recognized gain (loss) on fair value adjustment of $0.6 million and ($0.7 million), respectively.

   As of December 31, 2023 and 2022, the Company's remaining capital commitment to be called for Sierra Madre amounted to $0.5 million and $0.6 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 2023 and 2022, AI made investment to Asia Partners amounting to $0.1 million and $4.0 million, respectively.

   In 2023 and 2022, AI recognized gain (loss) on fair market value adjustment in its investment in Asia Partners amounting to ($0.6 million) and $1.3 million, respectively.

As of December 31, 2023 and 2022, the Company's remaining capital commitment to be called for Asia Partners amounted to $9.0 million.

d. In 2019, AI committed to invest US$10.0 million in Navegar II LP. AI invested $1.8 million and $1.7 million in 2023 and 2022, respectively.

   In 2023 and 2022, AI recognized gains (loss) on fair market value adjustment in its investment in Navegar II amounting to $1.3 million and ($0.2 million), respectively.

   As of December 31, 2023 and 2022, the Company's remaining capital commitment to be called for Navegar II amounted to $3.8 million and $5.6 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 $0.4 million in 2023 and 2022, respectively.

   As of December 31, 2023 and 2022, the Company's remaining capital commitment to be called for Navegar I amounted to $0.03 million and $0.04 million, respectively.

f. In 2023 and 2022, AI invested $0.3 million and $3.0 million, respectively 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 in 2023 and 2022.

g. Third Prime Alpha III-A, Third Prime (Kafene B) and Third Prime (Kafene B-1) (collectively Third Prime Series)

   In 2023 and 2022, AI invested $0.5 million and $0.6 million in Third Prime Alpha III-A, respectively, a venture firm focused primarily on the FinTech, PropTech and Crypto sectors. In 2022, AI also invested US$1.5 million in Third Prime (Kafene B). In 2023, AI invested $0.8 million in Third Prime (Kafene B-1).

   In 2023 and 2022, the Company recognized fair market value gain (loss) adjustment in its investment in Third Prime series amounting to $12.2 thousand and ($11.7 thousand), respectively.

   As at December 31, 2023 and 2022, the AI remaining capital commitment to be called for Third Prime Alpha III-A amounted to $0.9 million and $1.5 million, respectively.

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, 2023 and 2022, 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.

   The carrying value of the investment amounted to nil as at December 31, 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 2023 and 2022 follow:

<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 $5.1 million. The carrying value of the investment amounted to nil as at December 31, 2023 and 2022.

<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, 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.

BehaviorMatrix, LLC (BM)

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 unit 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, 2021. On December 31, 2022, the said investment was sold with a consideration of $1.

7. Operating Expenses

Operating expenses consist of:

	2023	2022
Professional fees	**$ 1,290,595**	$ 102,171
Pension costs	**240,806**	-
Transportation and travel	**179,750**	239,562
Insurance	**131,132**	126,138
Employee benefits	**115,584**	140,040
Entertainment, amusement and recreation	**47,274**	27,963
Communications	**5,796**	6,762
Others	**1,082**	1,718
	$ 2,012,019	$ 644,354

8. 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			
	2023	2022	**2023**	2022	Terms	Condition
A. Soriano Corporation	**$4,364,591**	($27,273,058)	**$33,161,281**	$28,796,690	Non-interest bearing	Unsecured

9. 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, 2023 and 2022.

A. SORIANO CORPORATION

2023 SUSTAINABILITY REPORT

An ASF Technical Staff regularly monitors the survival of new-growth mangrove trees. Mangrove planting is a regular community activity that is done at least twice a year and facilitated by the Foundation.

ON THE COVER
The old-growth mangrove forest in Caseledan Lagoon, Manamoc Island. Mangroves are trees and shrubs with characteristically intricate, exposed roots that form a type of tropical forest typically located near bodies of water. Mangrove forests can store up to four times more carbon than other tropical forests; more importantly, they host the most diverse, beautiful, and resource-abundant ecosystems. Mangroves provide natural infrastructure to help protect nearby populated areas by reducing erosion and absorbing storm surge impacts during extreme weather events such as super typhoons. However, the rise in deforestation and the looming danger of sea-level rise have threatened the mangroves' habitat, putting the area's biodiversity as well as local communities at risk. The project of the Andres Soriano Foundation on Coastal Resource Management viewed Mangrove Reforestation and Protection as an important initiative to ensure food security and manage climate change risks such as flooding and erosion of geographically isolated and disadvantaged island and coastal communities.

Contents

ABOUT THIS REPORT

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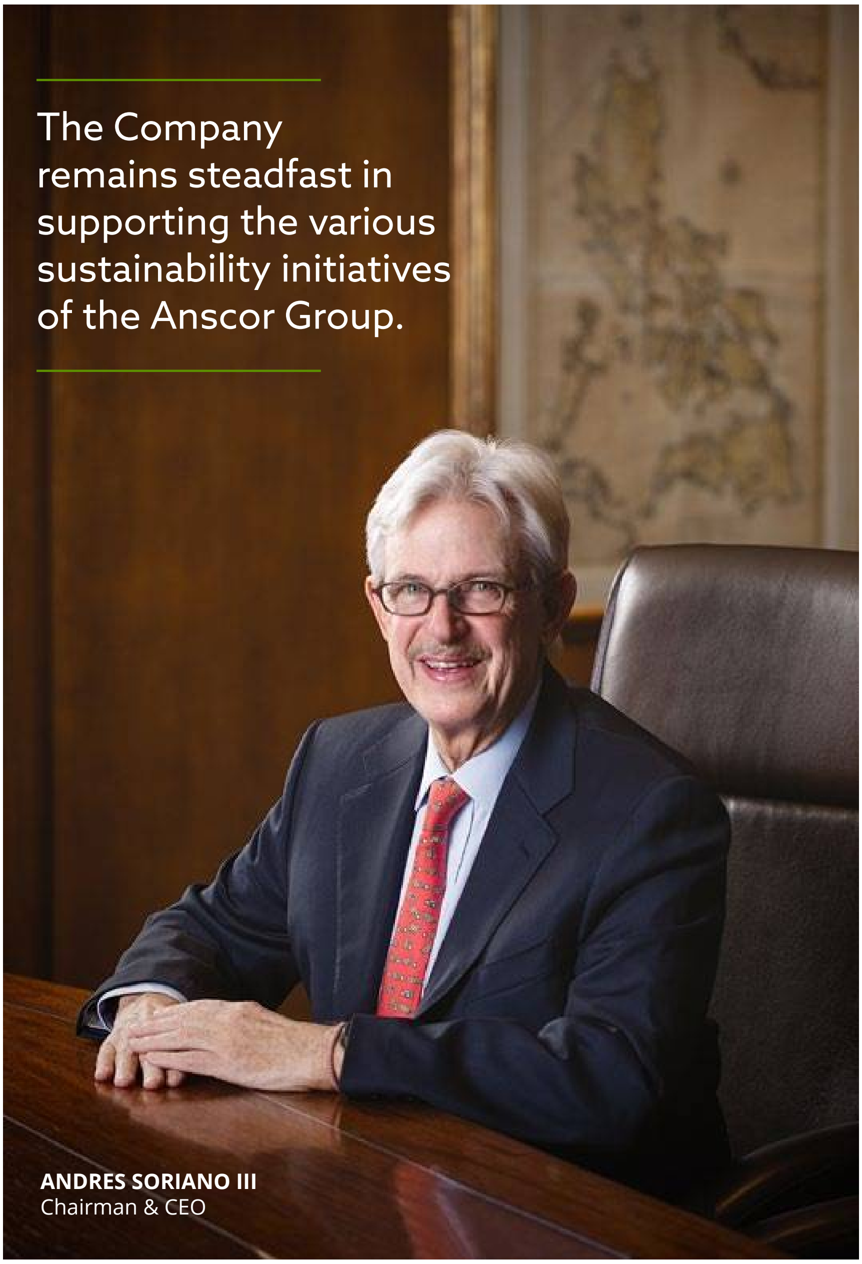
This 2023 Sustainability Report (SR) covers A. Soriano Corporation's (Anscor or the Company) financial and non-financial performance and includes in scope two of its subsidiaries, Phelps Dodge Philippines Energy Products Corporation (PDP) and Seven Seas Resorts and Leisure, Inc. (SSRLI or Amanpulo or the Resort), and its corporate social responsibility arm, The Andres Soriano Foundation (ASF), collectively the Anscor Group.

Anscor prepared this SR with reference to the Global Reporting Initiative (GRI) Standards. The reporting period covers January 1, 2023, to December 31, 2023, and follows the annual reporting cycle of the Company.

Chairman's Message

In our fifth year, the Anscor Group's sustainability framework continues to be our cornerstone, serving as our constant guide that ensures our commitment and dedication to integrating the four pillars of sustainability: transparency and accountability in governance, balanced and inclusive growth, responsive social relationships, and environmental stewardship.

By measuring our operational impact, we effectively fine-tune our activities, accomplishing key milestones for the Company while also advancing the Global Goals and the 2030 Agenda for Sustainable Development of the United Nations. We have pledged support for 14 out of 17 SDGs, aligning with the agenda's three fundamental core elements of economic growth, social inclusion, and environmental protection, which resonates with Anscor's sustainability mandate.



The Company remains steadfast in supporting the various sustainability initiatives of the Anscor Group.

ANDRES SORIANO III
Chairman & CEO

We acknowledge sustainability as a global imperative today, and pledge to our stakeholders responsible corporate growth, eco-friendly products and services, an inclusive, diverse, and safe workplace, and continued stewardship of the areas where the Company operates.

The Company remains steadfast in supporting the various sustainability initiatives of the Anscor Group. Both PDP and SSRLI will commence to utilize renewable energy, in particular, solar, to fulfill their energy needs.

In the area of corporate social responsibility, the Company through ASF with the support of SSRLI remains committed in making a positive impact by addressing the basic needs of the island communities it serves. ASF has created livelihood opportunities for inclusive growth, protected natural coastal habitats that ensure food security, and promoted the health and well-being of residents of the island communities. In addition, ASF with assistance from PDP continues to support efforts in cancer prevention and cure.

We sincerely thank you, our valued stakeholders, for your continued trust and confidence in Anscor. Together, we are prepared to embrace both the challenges and the opportunities that sustainable operations in 2024 will present.

2023 COMPANY HIGHLIGHTS

Anscor

- Celebrated its 50th anniversary as a publicly listed company in the Philippines
- Generated P2.55 billion in net income
- Paid total dividends of P1 per share to its shareholders

PDP

- Generated sales volume of 14,069 metric tons valued at P9.78 billion and net income of P963 million
- Initiated sustainability activities such as installation of roof top solar panels in its manufacturing plant and supported ASF in its cancer prevention and cure program
- Sustained its ISO certifications on environmental management system and occupational health and safety

SSRLI

- Continued to garner awards and accolades such as "World's Leading Dive Resort 2023","Asia's Leading Private Island Resort 2023", "Best Island Spa in Asia", etc.
- Two brand new Twin Otter airplanes entered into service to give Amanpulo's guests comfortable ride designed to upgrade the travel experience
- Continued to provide positive impacts to local communities by substantially increasing its procurement spending from local suppliers, sustaining commitment on local employee hire at 60%, and recommencing its immersion program for senior high school students of Manamoc National High School
- Embarked on solar power project in Pamalican Island intended to meet 60% of the energy requirements of Amanpulo

ASF

- Received plaque of appreciation from the Department of Education recognizing its contribution to the latter's Basic Education Development Plan
- Resumed its Annual Health Caravan and Medical Mission after three years of absence because of the pandemic
- Received donation commitment of five machines worth P3.15 million from the Department of Trade and Industry under its Shared Services Facility Program designed to boost livelihood incomes of local communities
- Sustained membership and active participation in Department of Social Welfare and Development-led and various NGO national networks

GENERAL DISCLOSURES 2021

GRI 2

1 The Organization and its Reporting Practices

Organizational details about the Company and entities included in this report

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A. SORIANO CORPORATION

About the Company

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Anscor is a domestic corporation incorporated on February 13, 1930. It is a publicly listed holding company with diverse investments. Its core operating investments include the cable and wire manufacturing of PDP and hospitality industry services through SSRLI which owns Amanpulo Resort. It has a number of other investments in companies engaged in a wide range of activities in the Philippines such as aviation, real estate, and education, among others. Likewise, the Company has investments in equities traded in the Philippine Stock Exchange, private equity funds, foreign currency-denominated bonds, and offshore hedge funds.

The companies included in the SR are Anscor, PDP, SSRLI, and ASF. 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.

The list of companies included in the audited consolidated financial statements (FS) of Anscor but excluded in the SR is found on page 33 of the 2023 Annual Report of the Company in this link: https://www.anscor.com.ph/financials.

PDP, a wholly owned subsidiary of Anscor is the leading domestic manufacturer of quality wires and cables for more than 67 years, delivering safe and strong connections for communities and businesses. Its product line is composed principally of copper-based wires and cables, aluminum wires, cables, and accessories. PDP's principal office is at 2/F BCS Prime Bldg., 2297 P. Tamo Ext., Makati City while its manufacturing plant is located at Luisita Industrial Park, San Miguel, Tarlac City. For more information about PDP, please click the link: *https://phelpsdodge.com.ph*

SSRLI owns the world-renowned Amanpulo Resort. The Company's holdings comprise 62% ownership of SSRLI. Managed by Aman, Amanpulo is situated 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 is the Company's corporate social responsibility arm. Its mission is to provide the necessary foundation and infrastructure to help local communities develop sustainably. ASF is registered with the Securities and Exchange Commission (SEC) as a private non-stock, non-profit, and non-government organization (NGO). 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. For more information on ASF's programs and services, please click the link: *https://www.asorianofoundation.org*

Reporting period, frequency, and contact point

2-3

The Company is required to prepare and submit annually an SR. This 2023 SR covers the period from January 1, 2023, to December 31, 2023. The audited FS 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).

Restatements of Information

2-4

Some figures for 2022 on Direct Economic Value Generated and Distributed were corrected, the amounts, however, are not significant. Please see Table 201-1.

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 the Company prior to its submission to the SEC.

2 Activities and Workers

Activities, value chain, and other business relationships

2-6

ANSCOR

Anscor is a holding company and has investments in various companies and investible funds. It does not produce nor manufacture any products.

PDP

PDP is a domestic company engaged in the manufacturing of wire and cable products, serving multiple sectors including industrial, commercial, infrastructure, power and telecommunications, and residential. PDP's diverse product range and manufacturing expertise enable it to cater to a wide array of customers' needs, from large-scale industrial applications to residential wiring solutions.

PDP's value chain process demonstrated below describes the full range of both primary and secondary activities that are required to bring its product from conception, undergoing various stages of production including physical transformation of raw material to a definitive product up to delivery to final consumers. This high-level overview of PDP's value chain shows a strategic process that significantly contributes to its profitability and competitive advantage in the market. Each stage, from securing raw materials to delivering services, is carefully managed to optimize efficiency, quality, and customer satisfaction.

PDP VALUE CHAIN PROCESS

Primary Activities

Inbound Logistics

PDP's value chain begins with inbound logistics involving activities such as securing, shipment, and storage of raw materials, especially copper rods at preferential rates. The ability to negotiate favorable terms is largely attributed to PDP's strong relationships and capital with suppliers.

Production Operations

The wires manufacturing process involves heavy drawing, multi-drawing, stranding, bunching, extrusion/insulating, and packaging. Emphasizing lean methodologies and high employee engagement, these operations are essential for maintaining high standards of quality and efficiency.

Outbound Logistics

PDP manages its finished goods with a first-in first-out (FIFO) system, from storage to delivery through third-party contractors. This system is key to efficient distribution and is crucial in maintaining customer satisfaction. Commitment to delivery monitoring and client feedback underscores the importance of this phase.

Marketing & Sales

PDP's marketing and sales efforts, which include detailed market research, strategic account management, and targeted promotions, are pivotal in maintaining market presence and driving sales. These efforts are integral to PDP's success in the market.

Service Delivery

The service component of PDP's value chain, encompassing product presentations, training, and various customer support activities, is vital for fostering brand loyalty and repeat business. This aspect cements PDP's relationship with its clients, ensuring their satisfaction and continued partnership.

Critical Secondary Activities

Infrastructure

Characterized by a flat organizational structure, allowing for quick decision-making and adaptability

Human Resource Management

Operating independently across locations, focusing on effective talent management and staff development

Technology Development

Driven by PDP's internal IT team and product innovation initiatives, essential for operational efficiency and market adaptability.

Procurement

Plays a crucial role in maintaining cost-effectiveness and quality in the supply chain

For 2023, PDP sold a total of 14,069 metric tons of products, translating to a monetary value of P9.8 billion compared to last year's 14,700 MT valued at P10.4 billion. The slightly lower performance was due to weak demand at the retail level and delays and postponement of various infrastructure projects. Notably, PDP's product offerings do not include any items that are banned in certain markets or that have been the subject of stakeholder concerns or public debate.

PDP's market reach extends across the Philippines, with some customers in the United States. The company's customer base is diverse, broadly categorized into two segments: direct sales customers and distribution customers. Direct sales customers mainly consist of the purchasing and technical teams of developers and contractors handling large-scale projects valued above P50 million. Influencers such as architects and electrical designers also play a pivotal role in PDP's market, often having a significant impact on the brand choice for projects.

The distribution segment is characterized by approximately 11,300 retail outlets nationwide, encompassing a range of stores such as electrical supply, traditional hardware, modern trade and general trade stores. These stores are catered to by PDP distributors and dealers and caters to a varied clientele, including electricians, homeowners, and small to medium-sized contractors. This distribution highlights PDP's strategic focus on catering to a wide array of market needs, from large-scale infrastructure projects to individual consumer requirements.

Market Demographic

Market by Distribution Segment	2023	2022
Retail	52 %	54%
Projects	38%	31%
Utilities (Power & Communication)	10%	15%

PDP's supply chain on the other hand, is composed of a diverse array of suppliers that are crucial components to PDP's operational process, such as the provision of raw materials, machines, and finished goods which are integral to the manufacturing and distribution of PDP's products. It engages brokers for insurance needs and consultants for various professional services specific to different projects and activities such as logistics providers for transportation and warehousing as well as manufacturers for specialized components or machinery, janitorial and security services essential for maintaining the operational efficiency, and safety of PDP's facilities. Consulting services provide expertise and advice on various aspects of the business.

Supply Chain

	Number of Suppliers	
	2023	2022
In-Country (Local) Suppliers	542	523
Foreign Suppliers	81	98
Total Number of Suppliers	**623**	**621**

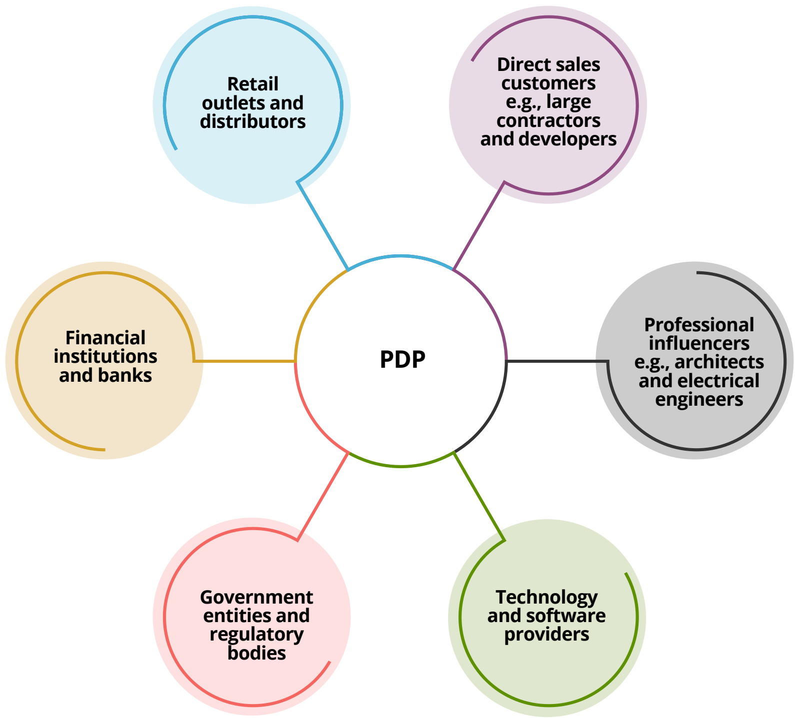
It is important to note that PDP does not categorize suppliers based on tier levels. This approach suggests a more direct or flat supply chain structure, focusing on immediate and essential suppliers without extensive categorization. Business relationships with suppliers vary: for contractors, the company engages in contractual agreements often defined by specific projects or time frames, in contrast, relationships with suppliers such as those providing raw materials or finished goods are generally conducted on a per-order basis, indicating a more transactional and flexible approach. Given the nature of PDP's operations in manufacturing wire and cable products, the supply chain is capital-intensive, focusing significantly on the procurement of raw materials like copper and insulation materials. The manufacturing process itself is technology-driven with a significant emphasis on quality control, requiring suppliers to adhere to strict standards and consistent delivery schedules.

PDP's downstream entities primarily consist of customers who fall into different categories: these include direct sales customers such as purchasing and technical teams of developers and large-scale contractors, as well as a diverse distribution segment encompassing different retail outlets. PDP has also some transactional customers in the United States indicating the international reach of its downstream activities.

PDP's business relationships with various entities are key to maintaining its efficiency and up-to-date operations. These entities are primarily located throughout the Philippines and having widespread geographical presence reflects PDP's strong market penetration across the country.

A PDP employee inspects the company's finished goods warehouse.

PDP's Business Relationships



As a significant business in the manufacturing sector, PDP is a member of various industry associations and trade groups. These affiliations provide networking opportunities, insights into industry trends, and avenues for influencing policy and standards. It actively engages with local communities, NGOs, or other entities as part of its corporate social responsibility initiatives. These engagements are crucial for community development enhancing the company's relational capital and reputation.

There were no significant changes in PDP's operations, value chains, and other business relationships.

SSRLI

SSRLI's value chain process as a hotel includes marketing and sales of its services to securing room bookings of guests, providing concierge services from the international airport to bringing guests to the company's airport lounge, and finally, flying them into its exclusive island using private air charter services of Island Aviation, Inc. Other services offered on the island requiring inbound logistics include Food & Beverage and Housekeeping, where food-related items and housekeeping supplies such as linens and cleaning agents and equipment are transported to the island resort through cargo flights and by sea using barge/cargo boats. The Resort has also adopted farm-to-table practices on other locally-grown produce. Local community suppliers from nearby island that normally supplies fresh seafood or other island-grown or produced products. The company helps the community through its cooperative and from other direct local suppliers that have legal business documents.

AMANPULO VALUE CHAIN

Primary Activities

Inbound Logistics

Amanpulo's value chain begins with inbound logistics involving concierge services from the international airport bringing guests to the company's airport lounge and flying them into its exclusive island using private air charter services; other activities such as securing, shipment, and storage include food-related items and housekeeping supplies and equipment

Production Operations

When it comes to the resort's operation, Amanpulo ensures that all departments work in unison providing guests a wholesome expeirence from casita accommodation, food and beverage service; club car allowing guests to explore the whole island at their leisurely time; well-prepared sea sports and island tour activities

Outbound Logistics

Guests coming in and out of the Resort are provided with on-time air charter services provided by its airline service partner, Island Aviation, Inc.

Marketing & Sales

Amanpulo's marketing and sales efforts are integral to Amanpulo's success in the market. These include detailed market research, guest's account portfolio management, and tourism promotions during travel fairs, locally and abroad to secure room bookings of guests

Service Delivery

The service component of Amanpulo's value chain compose of presenting the resort's anticipated guest's needs and services and outstanding amenities; the uniqueness of the island resort's setting with its pristine turquoise blue sea, powdery sand and intact flora and fauna. These are important aspects in nurturing loyalty to Amanpulo brand and repeat guests

Critical Secondary Activities

Infrastructure

Amanpulo, unlike other resorts, has an exceptional infrastructure designed to provide its guests the privacy they require by having a stand-alone room detached from other guests

Human Resource Management

Regular staff training and development guarantee that the Resort's staff are well-trained to provide an excellent service experience to its guests

Technology Development

Amanpulo's in-house IT team plays a pivotal role in the operational efficiency of the company and its market flexibility

Procurement

In sourcing its supplies requirement, it gives importance to local suppliers rather than foreign brands supporting inclusive business while maintaining cost-efficiency and quality of supplies and materials

Amanpulo Products and Services

	2023			2022			2021		
		No. of Guests Served	Value of Products Sold (in Million Pesos)		No. of Guests Served	Value of Products Sold (in Million Pesos)		No. of Guests Served	Value of Products Sold (in Million Pesos)
Rooms Sold	7,241 room nights (49.60% occupancy rate)	17,369 guests	P611	6,880 room nights (47.12% occupancy rate)	17,451 guests	P477	5,834 room nights (39.96% occupancy rate)	15,883 guests	P327
Food & Beverage	Average F&B spending per customer: P4,639		P380	Average F&B spending per customer: P3,419		P295	Average F&B spending per customer: P2,728		P245
Spa, Water Sports, guest laundry, and retail			P394			P119			P93

Amanpulo's Market Demographic

Country	Distribution in % (2023)
Philippines	25%
US	18%
Hong Kong	6%
Japan	5%
South Korea	5%
Various countries in smaller number	41%
Total	100%

There was a significant increase in the number of foreign guests' arrivals in 2023 at 75% compared to last year's 30% ratio of foreign to local guests.

Supply Chain

Amanpulo's supply chain management plays an important role in ensuring operational effectiveness and efficiency. Supply chains allow it to provide customized services to its customers while at the same time, contributing to better performance and coordination of operations among various departments. The Resort's upstream and downstream supply chains include the following:

	No. of Suppliers	
	2023	%
In-Country (Philippine) Suppliers		
Distributor	154	39%
Manufacturer	70	18%
Customized	54	14%
Seller-dealers	49	12%
Project-based	39	10%
Retailers	18	4%
Importers (Foreign Supplies)	10	3%
Total Number of Suppliers	394	100%

Brand New Planes for An Upgraded Travel Experience

Amanpulo's airline partner, Island Aviation Inc. (IAI) added two new aircraft to its fleet. The two new airplanes provide guests with a smoother, more seamless ride, thus upgrading the travel experience. The twin-engine turboprop has excellent short take-off and landing capabilities, designating it as the optimal multi-functional aircraft for remote locations. With newer and a larger fleet, IAI is better positioned to service the growing requirements of the resort.

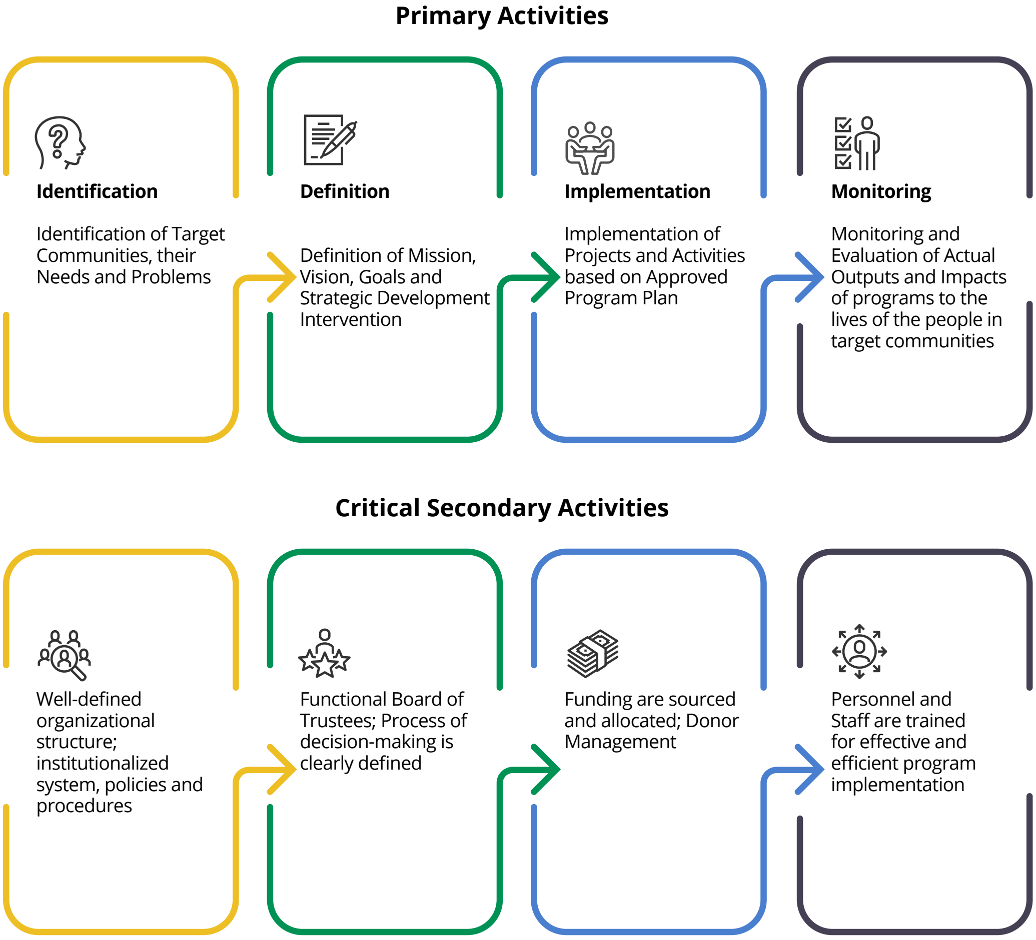
Geographic location of Suppliers	2023 Estimated Number of Suppliers	Ratio
Manila and other Provinces (Philippines)	365	93%
Foreign Suppliers (Through Importers)	21	5%
Local Community (where the Resort Operates)	8	2%
TOTAL	394	100%

While the local community suppliers comprised only 2% of the total number of suppliers for the year, there was a dramatic increase in the volume of transactions with these local suppliers. See page 27 for the proportion of spending under GRI 204-1 on Procurement 2016.

ASF

ASF's value chain as an NGO starts with the primary activities involving the identification of the needs and problems of target communities, the definition of strategic social development intervention aptly referred to as programs and services, and the implementation of various development activities with active participation of the identified client system. Supporting the delivery of its programs and services are the institutionalized systems, policies and procedures, and organizational structure in which line and staff functions and process of decision-making are clearly defined, funding requirements are sourced and allocated, and personnel and staff are trained for effective implementation.

ASF VALUE CHAIN



ASF operations involve the implementation of its social development programs and services in low-income communities. These programs and services include health services, education assistance, environment protection, and enterprise development/livelihood generation. The upstream entities involving ASF include 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 as program beneficiaries and local government partners.

Its business relationships include NGO program partners, corporate and individual donors, local government units, and government line agencies ensuring compliance with established standards. During the period, ASF amended its Articles of Incorporation and By-laws in order to increase the number of its Trustees from seven to nine. There were no notable changes in ASF's value chains and other business relationships.

ASF's Social Enterprise program continues to make excellent progress for the communities' income security through sustained handicraft production, and improved product quality. Local knowledge and skills in handicraft weaving are complemented by ASF with various product development training and capacity-building workshops. The Department of Trade and Industry – Region 4-B has donated to ASF a Hat Pressing Machine to improve the quality of beach hats that the weavers are producing.

Employees

2-7

Reporting period: January 01, 2023 to December 31, 2023

a. Total number of employees (headcount / Full Time Equivalent [FTE]), by gender and by region):

Company	BY GENDER				TOTAL		BY REGION				TOTAL	
	Female	Male	Other*	Not Disclosed	2023	2022	NCR	Luzon	Visayas	Mindanao	2023	2022
Anscor	17	13			30	29	30				30	29
PDP	50	244	-	-	294	286	54	230	4	6	294	286
SSRLI	96	263	-	-	359	350	79	270	10	-	359	350
ASF	14	8	-	-	22	19	6	16	-	-	22	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	2023	2022	NCR	Luzon	Visayas	Mindanao	2023	2022
Anscor	Number of employees (headcount / Full Time Equivalent [FTE])	17	13			30	29	30				30	29
	Number of permanent employees (headcount / FTE)	17	13			30	29	30				30	29
	Number of full-time employees (headcount / FTE)	17	13			30	29	30				30	29

Company	By Employment Type	BY GENDER				TOTAL		BY REGION				TOTAL	
		Female	Male	Other*	Not Disclosed	2023	2022	NCR	Luzon	Visayas	Mindanao	2023	2022
PDP	Number of employees (headcount / Full Time Equivalent [FTE])	50	244	-	-	294	286	54	230	4	6	294	286
	Number of permanent employees (headcount / FTE)	50	244	-	-	294	286	54	230	4	6	294	286
	Number of temporary employees (headcount / FTE)	-	-	-	-	-	-	-	-	-	-	-	-
	Number of non-guaranteed hours employees (headcount / FTE)	-	-	-	-	-	-	-	-	-	-	-	-
	Number of full-time employees (headcount / FTE)	50	244	-	-	294	286	54	230	4	6	294	286
	Number of part-time employees (headcount / FTE)	-	-	-	-	-	-	-	-	-	-	-	-
SSRLI/ Amanpulo	Number of employees (head count / FTE)	96	263			359	350	79	270	10	-	359	350
	Number of permanent employees (head count / FTE)	96	263			359	350	79	270	10	-	359	350
	Number of temporary employees (head count / FTE)	37	61			98	120	25	70	2	1	98	120
	Number of non-guaranteed hours employees (head-count / FTE)	-	-	-	-	-	-	-	-	-	-	-	-
	Number of full time employees (head count / FTE)	96	263	-	-	359	350	79	270	10	-	359	350
	Number of part-time employees (head count / FTE)	-	-	-	-	-	-	-	-	-	-	-	-
ASF	Number of employees (headcount / Full Time Equivalent [FTE])	14	8	-	-	22	19	6	16	-	-	22	19
	Number of permanent employees (headcount / FTE)	10	4	-	-	14	12	5	9	-	-	14	12
	Number of temporary employees (headcount / FTE)	2	2	-	-	4	7	1	3	-	-	4	7
	Number of non-guaranteed hours employees (headcount / FTE)	-	-	-	-	0	0	-	-	-	-	0	0
	Number of full-time employees (headcount / FTE)	12	6	-	-	18	16	6	12	-	-	18	16
	Number of part-time employees (headcount / FTE)	2	2	-	-	4	3	-	4	-	-	4	3

** Temporary employees whose works are not controlled by the companies and where employer-employee relationships do not exist are not reported in the total head count of employees.*

In general, the number of employees reported is based on headcount and full-time equivalent which means that the employee reports for work for 8 hours a day and 5 days a week and is directly employed by the company. However, SSRLI due to its business activity, extends its working days to six while ASF employs part-time project workers who report for work at least twice a week. The information provided is consolidated at the end of the year, which coincides with the reporting period of this SR.

Any gender differences in employment are not intentional but is the result of the nature of available positions appealing more to one gender. Regional differences in employment are attributed to the location of operations. There are no significant fluctuations in employee numbers during the reporting period or between reporting periods.

PDP employee associates ensure that the packaging of the wires are up to standard.

Workers who are not employees

2-8

Anscor does not have workers who are not employees and whose work is controlled by Anscor. However, Anscor engages third-party agencies to provide the Company with janitorial/messenger and security services. There are four (4) janitorial workers and four (4) security guards assigned to the office premises of Anscor. The agencies provide the tools and control and supervise the workers assigned to render janitorial/ messenger and security services for the Company. The workers merely report to the office premises of Anscor.

PDP

PDP does not have non-employee workers whose works are controlled by the organization. In 2023, there were 271 workers (252 workers in 2022) whose works were controlled by contractors engaged by PDP. These non-employee workers hired by contractors predominantly performed tasks that included janitorial services, security services, and other ancillary activities that are not directly related to PDP's core business operations.

SSRLI/Amanpulo

SSRLI has 200 workers perform work for the organization under the control of independent third party contractors. These workers are composed of security personnel, groundkeepers, and stevedores.

ASF

The organization has no workers who are not employees and whose work is controlled by the organization.

3 Governance

Governance structure and composition

2-9

The highest governing body of Anscor is the Board of Directors (the Board). The Board is primarily responsible for the governance of the Corporation to foster its long-term success, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and stakeholders.

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.

The following are the Members of the Board of Directors:

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

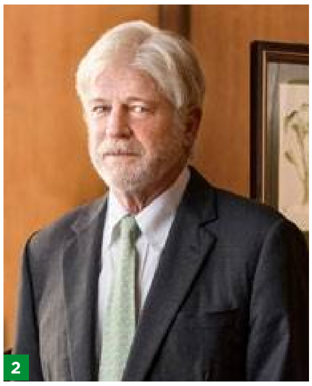
3 **ERNEST K. CUYEGKENG**
President & Chief Operating Officer
Age 76 Director since 2009

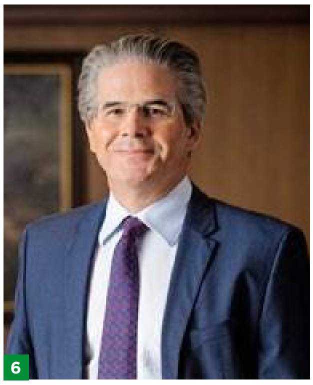
4 **JOHNSON ROBERT G. GO, JR.**
Independent Director
Age 58 Independent Director since 2022

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





The following are the members of the Executive, Audit, Compensation and Nomination Committees:

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**

Anscor Celebrates its Golden Listing Anniversary

On October 25, 2023, Anscor celebrated its 50th anniversary as a publicly listed company in the Philippines. The momentous occasion was marked with a Bell Ringing Ceremony at the Philippine Stock Exchange (PSE). Executives of the Company, led by its Vice Chairman, Mr. Eduardo J. Soriano attended the event hosted by the PSE.

Mr. Eduardo J. Soriano delivered a message on behalf of the Chairman of the Company, Mr. Andres Soriano III. In his remarks, Mr. Soriano recounted Anscor's history and its contributions to Philippine nation-building over the past few decades.

Please see link for PSE's article on the occasion. https://www.pse.com.ph/a-soriano-corporation-celebrates-golden-listing-anniversary/

As significant as the occasion may be, in less than six years, Anscor will mark an even more historic event: its 100th founding anniversary on February 13, 2030.

Nomination and selection, and Chair of the highest governance body

2-10, 2-11

There are no changes in the procedure for the nomination and selection of the Board of Directors, the highest governance body of Anscor. There are also no changes in the roles and functions of the Chair of the highest governance body.

Please see the 2022 SR for further information on the subject. The 2022 SR of the Company may be dowloaded at this link https://www.anscor.com.ph/corporate-governance/sustainability-reports/

Role of the highest governance body in overseeing the management of impacts; Delegation of responsibility for managing impacts and; Role of the highest governance body in sustainability reporting

2-12, 2-13, 2-14

The Company does not have a formal procedure for elevating matters to the Board of Directors but is evaluated on a case-by-case basis depending on materiality. If a material impact should occur, Management or Senior Executives are expected to report the same to the Board and recommend solutions for approval of the Board of Directors.

The Company's Executive Directors who are likewise members of the Board of Directors, including the Chairman of the Board review and approve the Company's SR.

Conflicts of interest

2-15

To ensure that conflicts of interest are prevented or mitigated, the Company has an existing Policy on Material Related Party Transactions adopted in accordance with Memorandum Circular 10-2019 issued by the SEC. The Policy is posted in the Company's website at this link https://www.anscor.com.ph/corporate-governance/

Communication of critical concerns

2-16

No critical concerns were communicated to the Board of Directors during the covered period. Management did not also receive critical concerns raised through grievance mechanisms and other processes.

The collective knowledge of the highest governance body

2-17

The Company provides annual corporate governance seminars for its Board of Directors with varying topics. In previous years, sustainable development has been a topic. For the reporting period, the topics selected are (1) Culture of Innovation Beyond the Why: What, When, How, and Where of the Innovation Culture, and (2) Digital Transformation.

Evaluation of the performance of the highest governance body

2-18

The Company engaged an independent third party, the Institute of Corporate Directors (ICD) to conduct an evaluation or an assessment of the Board of Directors' performance during the covered period. The summary of findings are as follows:

"Based on the self –evaluation survey made and conducted by the ICD Philippines, the evaluation reveals a highly proficient Anscor Board of Directors garnering an overall rating of 89%.

The evaluation found the Board composition and structure of Anscor to be competent with the appropriate mix of knowledge, skills and experience for optimum performance. In relation to this, the Board demonstrates a good grasp of their role to carry out their responsibilities.

Based on the assessment, the Board dynamics are at a good and positive level. Members are supportive and open to important business discussions. They are well-informed about business operations, and receives timely information from prepared materials to be used for boardroom discussion.

With that said, the main points of recommendation are the following:

- Elevate Boardroom discussions by exploring topics related to strategic initiatives and direction, succession-planning, technology, cybersecurity, and future trends;
- Make use of a board portal or a governance software, where directors may find all materials needed including voting tools and note-taking, to facilitate secure and more efficient digital communication and collaboration among Board Members;
- Provide sufficient time for Board Review by submitting all materials five (5) days prior to the board meetings;
- Designate a lead Independent Director, following the recommendation of the SEC, to facilitate board room discussions, and
- Adopt a policy on board diversity."

Please refer to the GRI content index for reasons of omission on the below disclosures:

Remuneration policies

2-19

Process to determine remunerations

2-20

Annual total compensation ratio

2-21

4 Strategy, Policies and Practices

Statement on Sustainable Development Strategy

2-22

The Sustainability Framework summarizes the Anscor Group's commitment to sustainability. It defines the Group's focus on sustainability and its strategies are in tune with the United Nations Sustainable Development Goals 2030 (UN SDGs).

Please see the 2022 SR for further information on Sustainable Development Strategy.

PDP

PDP's priorities include reducing carbon footprint, enhancing employee well-being, and engaging in responsible sourcing. These priorities are in alignment with authoritative inter-governmental standards and instruments, reflecting PDP's commitment to global sustainability goals.

SSRLI/Amanpulo

VISION: Establish a symbiotic relationship with the host community and the environment.

MISSION: Our Sustainability strategy encompasses the four pillars that have been part of our DNA since the origin of AMAN: Local Heritage, Local Culture, Environmental Protection, and Social Responsibility using the UN SDGs as a platform

In observance of World Food Day and World Youth Day, Amanpulo through its HR Department conducted a series of activities on October 15, 2023, at Manamoc Senior High School including a sit-down session with the learners discussing the concept of Sustainability concerning food security and the role and involvement of the youth in sustainable initiatives.

Policy commitments

2-23

ANSCOR

The Company has laid down its core values which are reflective of its commitment to responsible business conduct in its Mission, Vision, and Values statement. These values are Trust, Integrity, Fairness, Transparency, and Responsibility to Society.

The policies are approved by the Chairman of the Board of Directors 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 on the Company's website: *https://www.anscor.com.ph/corporate-governance/companys-policies/*

Please see the 2022 SR for further information on Policy Commitments.

PDP

PDP's policy commitments are anchored on its core values of integrity and strong customer orientation emphasizing a culture of ethical conduct and accountability. The United Nations Guiding Principles on Business and Human Rights or the UN Rio Declaration on Environment and Development while not directly referenced, parallels PDP's commitment to responsible business practices, including aspects of environmental protection and human rights.

While there is no specific policy for conducting due diligence in terms of assessing impacts on society and the environment, PDP is committed to monitoring and enhancing its business practices.

PDP takes proactive measures to prevent harm, especially in situations where there is a risk of serious or irreversible damage. Respect for human rights is imbued in its policies involving its personnel ensuring that its operations do not infringe on the human rights of its employees, communities, and other stakeholders. Its strict stance against child labor demonstrates its alignment with global standards for the protection of children's rights.

PDP's policies, except Data Privacy Policy, are internal documents and are not publicly available as these are proprietary information and are part of PDP's internal governance framework.

All policy commitments of PDP are approved up to the level of its CEO/President and are subject to annual review to ensure that the policies remain effective and relevant.

Policy commitments are applicable across in all of PDP's organizational activities and business relationships. These policies are communicated to new employees as part of the onboarding process. The use of bulletin boards strategically placed throughout the facilities also provides employees with easy access to policy information. Annual refresher seminars are held as well with the goal of ensuring that every member of our team has a comprehensive understanding of the policy commitments, thereby fostering an environment of informed compliance and shared ethical standards.

SSRLI/Amanpulo

SSRLI's sustainability strategy focuses on the Triple Bottom Line of People, Planet, and Profit. This embodies profitable operation combined with attention to the people who work with and use the hotel with a focus on vigilant stewardship of resources. Along with this, Amanpulo aligns its business operation with the UN SDGs aiming to become the benchmark for the hospitality industry. It embraces the Spirit of Aman by way of creating a comprehensive guest experience that is not only fulfilling and genuine but also brings true benefits to the communities in which it operates.

Thirty-two years after Amanpulo was founded, the spirit of AMAN lives on as it quietly established itself as a pioneer in a new approach to hospitality where its philosophy thrived from providing a unique connection with the destination's culture and community, and with unparalleled sensitivity and compassion to the environment. It establishes a symbiotic relationship with the host community concerning safety and security, supply of local/organic produce, environment protection, employment opportunities, and education support for local schools. Amanpulo has always led the way celebrating its co-existence with the local community while protecting the natural environment.

ASF

ASF's policy commitments in the conduct of its business stipulate respect for human rights and dignity and are described in its manual of operations. *Please see the 2022 SR for further information on ASF's policy commitments.*

These policy statements are approved by its Board of Trustees and applies to all of the organization's programs, projects, and activities and its business relationships at all levels. These are communicated during the annual review for employees and, community orientations especially at 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 departments/units of the Company are expected to oversee the implementation of policies related to that department or unit.

PDP

The Management Committee (Mancom) has oversight and accountability for the implementation of these policy commitments. This ensures that responsible business conduct is not only a top priority but also seamlessly integrated with PDP's strategic direction. The responsibility to implement these policies is delegated to team leaders and supervisors across various departments. Each department has clear reporting lines to higher decision-making levels within the organization.

The commitments are measured by tracking specific indicators like safety incidents and safety training hours. These measurements are included in the scorecards of team leaders and supervisors, linking employee performance to the company's commitments. Daily work rules further support these measurements, ensuring as an example, a reduction in accidents thereby protecting employees.

SSRLI/Amanpulo

SSRLI's policy statements are approved by its Board of Directors and effected through the Resort's General Manager. These policy statements are cascaded for direct implementation to various operating departments by the Environmental, Safety, and Sustainability Manager who has the responsibility of overseeing the intent, realization, and effective implementation of the policies. The latter reports every month all metrics and data to a reporting system that captures all initiatives and practices for sustainability.

A team composed of the General Manager and/or the Resort Manager and the Environmental, Safety, and Sustainability Manager has overall responsibility to implement stopgap measures for a particular environmental concern using communication measures ranging from employee self-service bulletins, email communication, memorandums, morning briefing reminders or discussions, and other ways and means to address concerns. All department team leaders are responsible for synchronizing the efforts in policy implementation.

The policies apply to all individuals working at all levels and grades, including the planning committee directors, managers, consultants, contractors, trainees, part-time and fixed-term employees, and casual and agency staff. It likewise covers all its upstream and downstream supply chains such as vendors and suppliers that have an environmental impact on the business operations.

Amanpulo's policy commitment to reducing plastic waste:

- deliver plastic-free packaging without compromising the quality and safety of the product
- preference to using biodegradable or compostable options, such as cardboard or wooden boxes, for packaging. If this type of packaging is not possible, the Resort recommends that suppliers employ a take-back program, where containers such as cleaning products or food containers are returned to them empty and refilled. Take-back program allows the resort to reduce waste and allows suppliers to reduce packaging costs
- sustainable sourcing of natural, compostable materials or high-quality reusable materials

ASF

ASF's Management is responsible for ensuring that these policy commitments are stipulated in project contracts and program designs. The Project staff are assigned to implement development initiatives in identified communities, ensuring the integration of these policy commitments. An annual review of the policy commitments is conducted during program planning and evaluation workshops.

Processes to remediate negative impacts and mechanisms for seeking advice and raising concerns

2-25, 2-26

ANSCOR

Please see the 2022 SR for information on Anscor's processes on the subject.

PDP

PDP is committed to cooperating in the remediation of negative impacts that the organization may have caused or contributed to. PDP holds regular general assemblies and dialogues. These platforms provide employees and other stakeholders with the opportunity to express their concerns and seek guidance on ethical matters.

Further, PDP has implemented an Employees' Hotline, a channel dedicated for employees to seek guidance or report potential violations of the Code of Ethics and policies while remaining anonymous if they choose to do so. This hotline connects directly to the HR department, the Chief Operating Officer, or the President, through email or phone calls. Calls to the Employees' Hotline ranges from seeking guidance to reporting violations or complaints. PDP maintains strict confidentiality on calls made to the Employees' Hotline. Once actionable complaints are received, HR submits reports to relevant department managers and executives for review. If investigations are warranted, a committee composed of the respondent's team leader, department head, and HR conducts the investigative process. Employees involved are informed about alleged offenses, providing them with the opportunity to explain their side of the story. Corrective actions are implemented when necessary to address any violations or deviations from company policies.

SSRLI/Amanpulo

SSRLI employs consistent stakeholder engagement through dialogues, monitoring of the effectiveness of programs, partnerships, and collaboration and reporting as part of corporate policies. Its "Speak Up" policy encourages a culture of openness and accountability and are essential to prevent the occurrence of risks and address them when they do occur.

These processes collectively demonstrate the commitment of Amanpulo to proactively identify and address negative impacts through data and metrics gathering and analysis of program effectiveness.

Further, Amanpulo is committed to conducting business fairly, honestly, with transparency, and in compliance with all legal and regulatory obligations and maintaining the highest standards of ethical conduct. Amanpulo's Code of Conduct & Ethics establishes the standards and values which it is committed to uphold and helps ensure that its reputation for honesty, quality, and integrity remain intact.

ASF

Please see the 2022 SR for information on ASF's processes on the subject

Compliance with laws and regulations

2-27

There were no instances of non-compliance with laws and regulations and no fines were paid during the reporting period.

Membership associations

2-28

Anscor

- A co-founding member of the Philippine Business for Social Progress (PBSP), a non-profit organization under the civil society sector known among businesses at the national level with strong corporate citizenship advocacies.

PDP

- Philippine Wire Manufacturers' Association in which PDP holds the 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.
- In addition, PDP's collaboration with the Department of Trade and Industry's Bureau of Product Standards showcases its emphasis on quality and regulatory compliance.

SSRLI/Amanpulo

- Amanpulo is certified and accredited by the Department of Tourism (DOT) and is granted the accreditation as a resort, with accreditation number DOT-R4B-RES-00676-2022
- In 2023, Amanpulo continued its winning streak in the World Travel Awards having been named as:
  » 'World's Leading Dive Resort 2023',
  » 'Asia's Leading Private Island Resort 2023',
  » 'Philippines' Leading Luxury Hotel Villa 2023' and
  » 'Philippines' Leading Resort 2023'.
- On the other hand, Travel + Leisure Southeast Asia Luxury Awards Asia Pacific declared Amanpulo as winner in the 'Beach Island Upcountry Resorts' in 2023 while the Amanpulo Spa wins 'Best Island Spa in Asia' in the Haute Grandeur Global Award.

ASF

- Association of Foundations Philippines, Inc.
- League of Corporate Foundations, Inc.
- Philippine Council for NGO Certification, Inc.

ASF's programs are accredited by the Department of Social Welfare and Development (DSWD). ASF is also an active member of the DSWD-led Area-based Standards Network where ASF sits as Chair of the Committee on Policy Review - Palawan Cluster and Chair of the Committee on Membership in MIMAROPA Region.


PCNC
The Philippine Council for NGO Certification
awards this
CERTIFICATE OF ACCREDITATION
to
The Andres Soriano Foundation, Inc.
a non-stock, non-profit organization duly registered with the Securities and Exchange Commission, for having met the criteria for accreditation for non-stock, non-profit corporations in accordance with the provisions of Revenue Regulations No. 13-98 dated December 8, 1998, and having passed the impartial scrutiny and verification of satisfactory compliance with the PCNC standards of NGO good governance, transparency and accountability.
This accreditation is valid for five (5) years, from January 25, 2023 through January 24, 2028.
Given at the City of Manila, Philippines, this 25th day of January 2023.
FELIX A. TONOG, Executive Director
MARIO A. DERIQUITO, Chairperson

In 2023, ASF received its fifth (5th) consecutive 5-year NGO Accreditation from PCNC for having passed the impartial scrutiny and verification of satisfactory compliance of PCNC standards on NGO good governance, transparency and accountability.


REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City
CERTIFICATE OF REGISTRATION
TO ALL WHOM IT MAY CONCERN:
THIS IS TO CERTIFY THAT The Andres Soriano Foundation, Inc., duly accredited by the Philippine Council for NGO Certification with address at A. Soriano Aviation Hangar, Andrews Avenue, Brgy. 191, Pasay City, 1300 did on ______ register as a donee institution in accordance with the provisions of Revenue Regulations No. 13-98 dated December 8, 1998, and donation/s received shall entitle the donor/s to FULL or LIMITED DEDUCTION pursuant to Section 34(H)(1) or (2), and EXEMPTION FROM DONOR'S TAX pursuant to Section 101 (A)(2) of the National Internal Revenue Code of 1997, as amended, subject to the representations and commitments set forth in the application for accreditation filed with the Philippine Council for NGO Certification (PCNC), the provisions of applicable rules and regulations of the Bureau of Internal Revenue and the terms and conditions set forth on the reverse side hereof.
This Certificate of Registration shall be valid until March 16, 2025 unless sooner revoked by this Office for violation of any provisions of Revenue Regulations No. 13-98, or upon withdrawal of the Certificate of Accreditation by PCNC.
In Testimony Whereof, I have hereunto set my hand at Quezon City, Philippines this ______.
LARRY M. BARCELO
Assistant Commissioner
Legal Service

ASF received its 5th consecutive Certificate of Registration from the Bureau of Internal Revenue as Donee Institution in accordance with the provisions of Revenue Regulation No. 13-98 dated December 8, 1998 that entitles ASF's Donors to Tax Incentives.

5 Stakeholder engagement

Approach to Stakeholder Engagement

2-29

Stakeholder	Key Topic and Concerns	Commitment	Engagement Channel
1. Stockholders/ Shareholders and Business Partners	• Financial performance • Return on investment/ profitability/ revenue growth • Annual accomplishments • Income-generating investments • Approval of budget and various actions done by the Company annually • Potential risks and challenges associated with its activities • Long-term sustainability	• Healthy return on investment • Sustainable business operations • Sustain/enhance value of shares	• Annual Stockholders Meeting • Annual face-to-face or virtual meetings • Digital platforms
2. Board of Directors/ Trustees and Management	• Policy formulation, review, and update • Capital/Fund sourcing • Impact of programs and projects on beneficiaries-stakeholders • Growth and sustainability of the business • Corporate governance practices, risk management procedures, and compliance with regulations • Strategic direction, including long-term goals and growth strategies	• Sustainable operations • Set corporate goals and strategies • Direction setting • Continue supporting CSR initiatives	• Management meets weekly to discuss the progress of operation and other issues • Regular in-person and online quarterly Board Meetings • Active use of online messaging channels;
3. Employees	• Job security • Employee's health • Competitive compensation • Labor rights issues and promote fair working conditions • Benefits, working hours, and workplace safety • Opportunities for career advancement, skill development, training, and mentorship • work-life balance, flexible working arrangements, and supportive workplace cultures • Organizational values, communication practices, and opportunities for feedback and recognition • Workplace safety • Fair treatment and respect • Access to information and support	• An employer of choice, offering competitive compensation and benefits, fostering a supportive work environment, and investing in employee development and well-being • Good working conditions and compensation. • Regular and transparent communication. • Employee/staff training and development • Compliance with labor laws • Equal treatment • Health and safety	• Monthly and annual general staff/assembly meetings • Individual supervision • Quarterly dialogues • Face-to-face and virtual safety shares and meetings • Community meetings, social media • Formation of employee resource groups to foster diversity, inclusion, and belongingness, providing forums for networking, support, and advocacy • Rest and recreation activities • Annual recognition of good performance and length of service • Surveys, interviews, focus groups, and workshops • Documentation of feedback received, decisions made, and actions taken
4. Suppliers	• Provision of essential materials and services • Improved quality of materials and supplies delivered • Preferred treatment on quality and quantity of supplies and timely deliveries.	• Fair dealings with suppliers • On-time payment • Transparent and honest business dealings • Ensuring preference in supply provision • Building strong relationships	• Regular face-to-face and virtual communication, and phone calls. • Supplier preference in supply provision

Stakeholder	Key Topic and Concerns	Commitment	Engagement Channel
5. Third Party Contractors	• Timely service delivery • Employment and workload-related concerns raised by their employees	• Ensure smooth delivery of contracted services • Transparent communication and on-time payment of services • Service delivery and related issues	• Quarterly face-to-face and virtual meetings for issue resolution with the general managers of third party contractors
6. Electricians/ Engineers	• Product safety and reputation	• Transparent communication and on-time payment of services • Service delivery and other issues	• Regular face-to-face and virtual interactions • Sales team interactions.
7. Customers/Clients/ Consumers	• Product specifications and timely delivery • Quality products and services • Sustain loyalty and brand patronage • Types of programs and projects in response to community needs	• High quality of service delivery • Excellent guest experience • Value-added services • Product meets specifications, quality, and delivery	• Business reviews • Checkpoint meetings • Communication channels such as face-to-face and online meetings • Customer feedback system • Infographics, videos, and podcasts • Language translation services • Suggestion boxes, surveys, and complaint hotlines
8. Community Beneficiaries	• Identification of community needs and problems • Matching needs and problems with proposed programs and projects • Active involvement and/or participation	• Ensure respect for human rights and dignity • Recognition of their capacities to decide for themselves	• Meetings, participatory planning • Community dialogue and/ or assemblies & feedback/ focus group discussions • Project monitoring
9. Donors	• Harness philanthropic interest in certain causes • Funding support to programs and projects	• Compliance with terms and conditions of donated funds	• Official communications; emails; annual operations and financial reports
10. Individual and Institutional Partners	• Sustaining partners' relationships • Collaboration on similar initiatives • Tap needed human resources for training and technical assistance	• Fair dealing • Timely submission of operations and fund utilization reports • Issue Certificate of Donations when required • Facilitate in-person visits to project sites	• In-person and online meetings, telephone calls;
11. Government Agencies	• Compliance with regulatory requirements of government agencies and LGUs affecting business operations	• Compliance with laws and statutory obligations • Submission of required reports and other documentation	• Face-to-face and online meetings; emails
12. Local Communities	• Access to economic opportunities; education and health services • Potential source of employees, customers, business • Employment opportunities • Contributions to local economies • Environmental effects of operation	• Possible hiring of employees; source of customers, business • Give priority to employment opportunities • Conduct capacity building activities • Support micro and small enterprises of local communities	• Face-to-face community engagement • Support and participation in community activities • Coordination and meeting with key formal and informal community leaders and duly organized associations • Conduct trainings and seminars

Stakeholder	Key Topic and Concerns	Commitment	Engagement Channel
13. Non-government Organizations	• Setting guidelines to follow when identifying conduit between the company and communities • Collaboration and partnerships for similar projects and activities • Sustainability practices • Community involvement	• Ensure that guidelines and agreements are complied with • Support NGO's causes that are aligned with the company's goals	• In-person/online meetings, phone calls, and emails • Face to face Interaction with Habitat for Humanity (PDP).
14. Industry Association	• Representing the various wire manufacturers' interests before government agencies	• Face-to-face or virtual engagements with other players to discuss industry issues. • Deal with the government and represent the various wire manufacturers' interests.	• Face-to-face and virtual engagement with industry players. • Leading the Philippine Electric Wire Manufacturer's Association.

Collective bargaining agreements

2-30

Please see the 2022 SR for information on the subject.

MATERIAL TOPICS 2021

GRI 3

The process of determining material topics

3-1

On its fifth year of preparing an SR, the Anscor Group continues to rely on its core committee, the SR Management Team composed of different officers from the Group in facilitating the annual evaluation of its material topics for reporting purposes as well as the data collection preparatory to writing the SR narrative. The process starts with a kick-off meeting around four months before the deadline for submission of the SR. During the meeting, the Team assessed the strengths and challenges faced by it during the first four years of preparing the SR and the continued relevance of the material topics identified from previous reporting periods.

During the meeting, it was highlighted that one member is new representing SSRLI which was viewed as both a strength, with the new member bringing in new perspectives and at the same time a challenge in terms of familiarizing with the SR process of the Anscor Group. The Team also noted that to keep abreast with new developments in SR standards, some members of the Team attended GRI training to ensure that the Team has up to date and adequate knowledge in preparing the SR based on GRI standards.

Material topics

3-2

All material topics from the previous reporting period were covered in this 2023 SR. No new material topic was identified for this reporting period.

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. Social
   - 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

ECONOMIC
Balanced & Inclusive Growth

ECONOMIC PERFORMANCE

201

Management of Material Topic

3-3

Please see the 2022 SR for information on the management of the material topic Economic Performance.

The Company has not identified involvement with any negative impacts as a result of its operation or caused by its business relationships. The Chairman and CEO reports the performance of the Company to its shareholders during its Annual Stockholders' Meeting.

Direct economic value generated and distributed

201-1

The Philippine economy missed its growth target for the year due to inflation and interest rate hikes that dampened consumer spending power. Despite the economic challenges in 2023, the Company's direct economic value generated (revenues) increased from P13.6 billion in 2022 to P13.8 billion in 2023. Major contributors are PDP and SSRLI, with PDP generating revenues amounting to P9.8 billion, 6% lower than last year but still registered a record net income of P963 million as against 2022's profit of P956 million. In 2023, the total revenues of SSRLI increased 27% from the previous year to P1.4 billion, and occupancy increased to 49.6%, resulting in a consolidated net income of P202.7 million from last year's profit of P143.5 million. Likewise, Anscor's financial holdings generated a P1.8 billion gain versus a P0.8 billion loss in 2022, driven by the strong performance of its domestic equity portfolio, despite the Philippine Stock Exchange index registering a 1.8% drop for the year.

Because of the lower volume sold by PDP in 2023, the total operating costs of the Group slightly decreased from P 10.1 billion to P10.0 billion in 2023 despite the rise in the cost of services and overhead of SSRLI. With the improved revenues and profitability of Anscor Group, taxes given to Government increased. Donations to ASF were lower in 2023 due to nonrecurring donations in 2022 for ASF's disaster relief operations.

Key to PDP's continuing profitability will be its innovative products, intensive search for new customers, expansion into retail markets, uncompromising health and safety standards, and a commitment to social responsibility.

With consumers' newfound preference for "experiences over things," travel demand remains robust, affording multi-awarded Amanpulo the opportunity to continue to define and exemplify nature tourism with its exceptional beauty and consistently authentic sustainability practices.

Direct Economic Value Generated and Distributed*
(In Million Pesos)

	2023	2022	2021
Direct Economic Value Generated	13,798.5	13,624.7	11,354.1
Direct Economic Value Distributed	12,400.6	12,301.2	9,825.8
Operating Costs	9,912.2	10,138.6	7,949.7
Employee Wages & Benefits	708.7	590.3	458.0
Dividends given to Stockholders and Interest Payments given to Loan Providers	1,290.1	1,232.2	930.9
Tax given to Government	477.6	325.3	474.3
Investment to Community	12.2	14.7	12.9
Direct Economic Value Retained	1,397.9	1,323.5	1,528.3

** The data presented are derived from the Audited Consolidated FS of A. Soriano Corporation and its Subsidiaries for the year ended December 31, 2023, in accordance with relevant Philippine Financial Reporting Standards, and include - Anscor, AFC Agribusiness Corporation, Anscor Consolidated Corporation, Anscor Holdings, Inc., Anscor International, Inc., IAI, Minuet Realty Corporation, Pamalican Resort, Inc., PD Energy International Corporation, Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corporation and SSRLI.*

Financial implications and other risks and opportunities due to climate change

201-2

Please see the 2022 SR for information on the subject.

For Amanpulo, some of the activities related to managing risks due to climate change included engaging a third party, AMH, to do a formal coastal study to design and implement mitigating measures against sand erosion for Pamalican Island and hiring a full-time Safety and Sustainability Manager.

Further, in August 2023, Amanpulo through its wholly owned utility company embarked on new solar power project intended to supply 60% of its power requirements with the start of land clearing operations for the facility. The solar farm is expected to be operational by August 2024.

Defined benefit plan obligations and other retirement plans

201-3

Please see the 2022 SR for information on the subject.

As of the end of December 2023, the fair value of Anscor's Retirement Fund assets amounted to P897,533,734 against the defined benefit obligation of P284,040,758.

Financial assistance received From Government

201-4

The Anscor Group did not receive any assistance in cash from the government in 2023. The Department of Trade and Industry will provide in the first quarter of 2024 additional machines to ASF related to the production of handcrafted products as part of livelihood opportunities program of ASF to the local communities that it serves.

PROCUREMENT PRACTICES 2016

204

Management of Material Topic

3-3

PDP

PDP acknowledges its role (whether direct or indirect) in generating both potential negative and positive impacts through its procurement activities and business relationships. Potential negative impacts may stem from the direct activities of its copper suppliers in the region having slack environmental regulations causing pollution or habitat destruction from activities such as resource extraction and ore processing. Additionally, PDP may have unknowingly entered into an agreement with subcontractors that may employ child labor or disregard worker safety standards.

PDP maintains a straightforward approach to procurement practices and is committed to prioritizing adherence to established laws and government regulations while at the same time, ensuring the quality of products sourced from suppliers as it aims to mitigate risks associated with non-compliance and ensure the reliability and performance of the materials and services acquired through its procurement activities. As such, its procurement team conducts supplier audits to ensure adherence to laws, regulations, and quality standards. These audits help track the effectiveness of its procurement practices while at the same time, identifying areas for improvement, which drive continuous enhancement of its practices.

In managing potential impacts, the PDP procurement team requires comprehensive descriptions from its business partners detailing the suppliers' activities associated with negative impacts. This includes specifying the types of activities conducted, their geographic locations, and the nature of the business relationships involving its suppliers of raw materials and/or subcontractors within the supply chain. This contextual information helps stakeholders understand the extent and nature of the impacts and underscores the organization's commitment to mitigating adverse effects throughout its procurement processes.

In 2023, Phelps Dodge allocated a substantial portion of its procurement budget to local suppliers. With a total of 623 suppliers categorized across various needs including raw materials, sales and marketing, IT systems, utilities, and contractors. PDP emphasizes the importance of local sourcing to ensure a stable local economy and foster community relations.

SSRLI

SSRLI has not identified any negative impact on its procurement activities during the reporting period. Nonetheless, SSRLI recognizes the need for initiatives that promote sustainable procurement practices. Some of these initiatives include advocacy campaigns to its supply chain as regards environmental hazards brought about by using single-use plastic and other packaging materials and supplies made from plastic. SSRLI has also been consistent with its guidelines for its local suppliers on standard sizing and quality of fresh sea foods delivered in order to ensure the protection and regeneration of local marine resources.

Some actual positive impacts generated by Amanpulo's procurement practices on local communities include:

- increase in procurement spending made from locally sourced products and services resulted to increase in income for the local communities
- with the community's increased earnings, there is a growing interest in supplying more local products to the Resort
- Amanpulo's commitment to inclusive business has opened opportunities for local communities to market a variety of quality local products and supplies, e.g., seafood, vegetables, and fruits intended for resort staff and guests alike.

Amanpulo's recorded spending on local suppliers in 2023 accounted for 12% of its spending, a significant increase from the previous year's 5% spending on local suppliers. The increase showed a positive impact on the livelihood incomes of the local communities. Further, the support shown by the Resort has encouraged local micro-entrepreneurs to make their businesses compliant with government regulations.

Proportion of spending on local suppliers

204-1

PDP

Supply Chain	Value and Proportion of Spending in %			
	2023		2022	
	Value	%	Value	%
(In-country) Local Suppliers	8.68 B	86%*	8.91 B	85%
Foreign Suppliers	1.42 B	14%	1.55 B	15%
Monetary Value Paid	10.1 B**	100%	10.46 B	100%

**The proportion of spending on local suppliers was substantially maintained as in the previous year with a slight decline in the number of foreign suppliers.*
***Owing to the lower market price of copper in 2023 ($8,375/MT from $8,812/MT in 2022) the monetary value paid to suppliers during the year is lower by 3.4% compared to last year's.*

SSRLI/Amanpulo

Supply Chain	Value and Proportion of Spending in %			
	2023		2022	
	Value	%	Value	%
NCR & Other Provinces	358,393,340.30	84%	518,431,484.85	93%
Palawan & Nearby Island Communities	50,552,252.92	12%	25,759,933.40	5%
Foreign Suppliers	16,064,568.48	4%	10,048,604.65	2%
Monetary Value Paid	425,010,161.70	100%	554,240,022.89	100%

The dramatic increase in the value and proportion of spending on local suppliers (Palawan and Island community where the Resort operates) shows Amanpulo's commitment to inclusive business by patronizing locally-made and sourced products from nearby communities.

ENVIRONMENT
Environmental Stewardship

During the period in review, more than 4,150 mangrove propagules were planted and a new nursery for mangrove seedlings was established to support the regular planting efforts. The active participation of the community partners – the public schools, LGUs, and community residents had helped propel the success of this initiative.

WATER AND EFFLUENTS 2018

303

Management of Material Topic and Interactions with water as a shared resource

3-3, 303-1

Please see the 2022 SR for information on the subjects.

Management of water discharge-related impacts

303-2

The monitoring and recording of the quality of effluent discharge continues to be regularly done by Amanpulo's Pollution Control Officers (PCOs). Water treatment involves physical, chemical, and/or biological processes that improve water quality by removing solids, pollutants, and organic matter from water and effluents. The Resort has an existing wastewater treatment facility (Sewage Treatment Plant [STP]) with a multi-level treatment process (comminution, aeration, settling, chlorination, and aerobic digestion). This effectively allows the Resort to have zero discharge of any gray water either out into the sea or by absorption in the ground.

All treated wastewater is reused for fire hydrants, in landscaping, and road watering to prevent dust. Further, wastewater samples are sent to certified laboratories to measure the physical, chemical, and biological characteristics of wastewater ensuring that water discharge does not affect groundwater and the ocean.

Water withdrawal

303-3

Water withdrawal in All Areas

303-3-a

Water withdrawal by source	ALL AREAS In Mega liters (2023)	ALL AREAS In Mega liters (2022)
Surface water (total)	0	0
Groundwater (total)	0	0
Seawater (total)	580	520
Produced water (total)	0	0
Third-Party Produced water (total)	0	0
Total third-party water withdrawal by withdrawal source	0	0
Surface water		
Groundwater		
Seawater		
Produced water		
Total water withdrawal in ALL AREAS Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	580	520

Water withdrawal in Areas with Water Stress

303-3-b

No water withdrawal was made in areas with water stress. The Resort only withdraws or sources its water from the sea.

Total Water Withdrawal from Each of the Sources in Mega liters by The Following Categories

303-3-c

Table 2

Water Withdrawal from Each of the Sources in Mega liters by the Following Categories	ALL AREAS (In Mega liters) 303-3-a		AREAS WITH WATER STRESS (In Mega liters) 303-3-b	
	2023	2022	2023	2022
Water withdrawal by source				
Surface water (total)	0	0	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)	0	0	0	0
Other water (>1,000 mg/L Total Dissolved Solids)	0	0	0	0
Groundwater (total)	0	0	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)	0	0	0	0
Other water (>1,000 mg/L Total Dissolved Solids)	0	0	0	0
Seawater (total)	580	520	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)	0	0	0	0
Other water (>1,000 mg/L Total Dissolved Solids)	0	0	0	0
Produced water (total)	0	0	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids)	0	0	0	0
Other water (>1,000 mg/L Total Dissolved Solids)	0	0	0	0
Third-Party Produced water (total)	0	0	0	0
Total third-party water withdrawal by withdrawal source	0	0	0	0
Surface water	0	0	0	0
Groundwater	0	0	0	0
Seawater	0	0	0	0
Produced water	0	0	0	0
Total water withdrawal in ALL AREAS: Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	580	520	0	0

Data Sources

303-3-d

The source data or information above was taken from the combined records of Amanpulo's Engineering Department and Pamalican Utilities, Inc. IPUI) a wholly owned subsidiary of SSRLI which for the covered period both managed the water resources of the Resort. For ensuing years, data on power and water consumption and wastewater treatment will be sourced by SSRLI from PUI as the former has spun-off its utilities assets to PUI.

Water discharge

303-4

Total water discharge to All Areas

303-4-a

Table 3

Water discharge by the following types of destination	ALL AREAS In Mega liters (2023)	ALL AREAS In Mega liters (2022)
Surface water (total)	0	0
Groundwater (total)	0	0
Seawater (total)	336	312
Total third-party water discharge	0	0
Specify Organizations if applicable:	N/A	N/A
Organization A		
Organization B		
Total water discharge in ALL AREAS	336	312

Total water discharge to All Areas by Categories

303-4-b

Table 4

Water discharge to all areas by categories	ALL AREAS In Mega liters (2023)	ALL AREAS In Mega liters (2022)
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)	336	312
Freshwater (≤1,000 mg/L Total Dissolved Solids);		
Other water (>1,000 mg/L Total Dissolved Solids).		
Total third-party water discharge	0	0
Freshwater (≤1,000 mg/L Total Dissolved Solids);		
Other water (>1,000 mg/L Total Dissolved Solids).		
Total water discharge in ALL AREAS	336	312

Total water discharge to all areas with water stress
303-4-c

No water discharge (zero) was made in areas with water stress, whether in freshwater or other categories of water.

The Resort does not discharge any gray water into the sea instead, treated wastewater is stored in a 1,800 cubic meter holding pond that employs the continuous aeration process that keeps the water fresh until needed.

The Resort has a total of 3 units with the following capacities:

- Conventional Type STP No. 1 = 100 cubic meter/day
- Conventional Type STP No.2= 100 cubic meter/day
- Sequence Batch Reactor Type STP no. 3 = 300 cubic meter per day.

For 2023, water discharge to STP (gray water) is at 59 megaliters.

Water consumption
303-5

Total water consumption by All Areas and; In Areas with Water Stress
303-5-a and; 303-5-b

Table 5

Total water consumption by source	ALL AREAS (In Mega liters) 303-3-a		AREAS WITH WATER STRESS (In Mega liters) 303-3-b	
	2023	2022	2023	2022
Surface water (total)	0	0	0	0
Groundwater (total)	0	0	0	0
Seawater (total)	0	0	0	0
Produced water (total) *	224	204	0	0
Third-Party Produced water (total)	0	0	0	0
Total third-party water withdrawal by withdrawal source	0	0	0	0
Surface water				
Groundwater				
Seawater				
Produced water				
Total water consumption in ALL AREAS = Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	224	204	0	0

**Post-production water after seawater passed through the desalination process.*

Water consumption
303-5-c

Table 6

Total water consumption by source	ALL AREAS (In Mega liters) 303-3-a		AREAS WITH WATER STRESS (In Mega liters) 303-3-b	
	2023	2022	2023	2022
Total water consumption (303-5-a) and, (303-5-b)	224	204	0	0
Change in water storage, if water storage has been identified as having a significant water-related impact (303-5-c)	There was no change in water storage and no identified significant water impact has occurred during the period.		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 seawater desalination plant and therefore, no water suppliers are needed. For ensuing years, data on water consumption will be sourced by SSRLI from PUI as the former has spun-off its water utilities assets to PUI.

Amanpulo Water Bottling Plant

Purified, alkaline water, filtered and bottled right on the island, is the Resort's drinking water for all guests and team members. The Resort's filtration and bottling plant successfully started its operations in December 2020, and in the early phases was able to achieve its target of providing the drinking water requirements of its guests. From zero, the capacity of the bottling plant has been expanded and is now able to successfully supply drinking water for everyone in the island. The project estimates an annual cost saving of up to PhP 1 million versus the purchase of bottled drinking water from Manila with the reduction of single-use plastic bottles by 179,134 units.

Using the latest technology, desalinated seawater passes a reverse osmosis filtration system that includes nine stages of purification. The purified water is then bottled in customized reusable glass bottles after sterilization to ensure safety. The project strengthens Amanpulo's commitment to sustainability in minimizing its carbon footprint by reducing the use of single-use plastic bottles.

WASTE 2020

306

Management of Material Topic

3-3

PDP

As a wire and cable manufacturing company, the operation of PDP generates wastes classified into biodegradable, non-biodegradable, and hazardous wastes. While waste management primarily deals with mitigating negative impacts, there are potential positive outcomes as well.

PDP acknowledges and is committed to addressing both the negative and positive impacts of waste it has generated as a result of the organization's manufacturing processes and operational activities including industrial by-products and packaging materials. Further, it recognizes its responsibility for the waste management practices within its supply chain and business relationships. Suppliers providing raw materials, equipment, and packaging materials may engage in practices that generate waste or contribute to environmental pollution such as using materials that are not recyclable or those that employ manufacturing processes with high waste outputs. In addition, downstream partners involved in the distribution may not be adhering to sustainable waste management practices in the disposal of products.

PDP implements waste reduction strategies, promotes recycling and reuse initiatives, and collaborates with suppliers and partners to improve waste management practices. By identifying specific activities and business relationships associated with waste generation and disposal, PDP aims to mitigate its environmental footprint and promote sustainable development. As such, it has established comprehensive policies and commitments addressing primarily the negative impacts associated with waste generation and disposal, as well as maximizing positive impacts through sustainable practices. These policies and commitments are as follows:

Key Topic and Concerns	Commitment	Engagement Channel
• Integration of waste management considerations into product design, procurement decisions, and operational planning to minimize the environmental footprint across the entire value chain. • Implementation of waste minimization strategies such as process optimization, material substitution, and efficient resource utilization to reduce the generation of waste at the source. • Adoption of environmentally friendly practices such as recycling, reuse, and recovery of materials to minimize the amount of waste sent to landfills or incineration facilities. • Regular monitoring and assessment of waste management practices to identify areas for improvement and implement corrective measures proactively.	• Implementation of remediation measures to mitigate the environmental and social impacts of past waste disposal practices, including site remediation and cleanup efforts where necessary. • Collaboration with local communities, regulatory authorities, and relevant stakeholders to address any adverse effects of waste disposal on human health, ecosystems, and livelihoods. • Provision of support and assistance to affected communities through community development programs, healthcare initiatives, and educational campaigns aimed at raising awareness about waste management and environmental conservation.	• Investment in innovative technologies and green infrastructure to enhance waste management efficiency, promote resource recovery, and create value from waste streams. • Engagement with suppliers, partners, and customers to promote sustainable practices throughout the product lifecycle, including waste reduction, recycling, and circular economy principles. • Participation in industry-wide initiatives, research collaborations, and knowledge-sharing platforms to exchange best practices, drive innovation, and accelerate progress towards a more sustainable circular economy. • Commitment to waste management extends beyond regulatory compliance, reflecting its dedication to environmental stewardship, social responsibility, and sustainable business practices. • Aligns its waste management policies with authoritative inter-governmental instruments and international standards to ensure transparency, accountability, and continuous improvement in its waste management efforts.

PDP employs robust processes tracking the effectiveness of its actions in managing waste and addressing associated impacts:

Processes Used to Track Effectiveness	Goals, Targets, and Indicators Used for Evaluation	Effectiveness of Actions and Progress Toward Goals	Lessons Learned and Incorporation into Policies and Procedures
• Regular monitoring and evaluation of waste management practices to assess its efficiency and effectiveness preventing or mitigating potential negative impacts. • Implementation of key performance indicators (KPIs) and metrics to measure progress in waste reduction, recycling rates, and diversion from landfills. • Utilization of internal audits, inspections, and environmental assessments to identify areas for improvement that ensure compliance with waste management policies and regulations. • Internal and external auditing or verification procedures to assess compliance with waste management policies, regulations, and performance targets.	• Setting specific goals and targets for waste reduction, recycling rates, and landfill diversion to track progress and measure the effectiveness of remediation efforts. • Establishing indicators such as waste generation per unit of production, recycling rates, and waste disposal volumes to evaluate the success of waste management initiatives. • Implementing remediation measures and corrective actions to address actual negative impacts identified through internal assessments, stakeholder engagement, or regulatory compliance obligations. • Utilizing grievance mechanisms and remediation processes to facilitate dialogue, address community concerns, and provide appropriate remedies for actual negative impacts identified. • Setting clear and measurable goals and targets for waste reduction, recycling rates, and landfill diversion, taking into account sustainability context, regulatory requirements, and stakeholder expectations. • Establishing baseline data and timelines for achieving waste management goals and targets based on authoritative intergovernmental instruments and scientific consensus. • Utilizing indicators such as waste generation per unit of production, recycling rates, and waste disposal volumes to assess the progress and effectiveness of waste management actions.	• Continuously evaluate the effectiveness of waste management actions based on performance metrics, KPIs, and stakeholder feedback to ensure progress toward goals and targets. • Assessing the extent to which waste reduction measures, recycling programs, and remediation efforts have contributed to minimizing negative impacts on the environment, economy, and society. • Reporting on progress toward waste management goals and targets, including achievements, challenges, and areas for improvement, to promote transparency and accountability. • Assessing the effectiveness of waste management actions based on outcomes of internal and external audits, verification processes, and measurement systems. • Utilizing data collected through impact assessments, stakeholder feedback, and performance indicators to demonstrate a credible link between specific actions and the effective management of waste impacts.	• Importance of conducting thorough reviews and analyses of data gathered from stakeholder engagement, and performance evaluations • Incorporating insights and recommendations derived from the results of assessments into operational policies, procedures, and strategic plans to enhance the effectiveness of waste management efforts. • Fostering a culture of continuous improvement and innovation by leveraging knowledge gained from past experiences guiding the company in decision-making, resource allocation, and other future actions • Implementing changes in policies or practices based on lessons learned enhances the effectiveness of waste management efforts and minimizes negative impacts on the economy, environment, and society. • Promoting a culture of continuous improvement by leveraging insights from past experiences and feedback mechanisms for an informed decision-making and drive innovation in waste management strategies.

In order to mitigate of potential negative impacts, PDP has installed an environmental management system that has passed the standards of ISO, in particular ISO 14001:2015. The goal of managing hazardous and non-hazardous waste has always been 100%.

SSRLI

A well-managed waste disposal system reduces and/or eliminates the impact of non-hazardous and hazardous waste on the environment including the people working in the Resort and the surrounding communities. The Resort practices sustainability initiatives for waste management for a more environmentally friendly operation. In compliance with the Philippine Ecological Solid Waste Management Act (Republic Act [RA] No. 9003) and Hazardous Waste Control Act (RA No. 6969), the Resort ensures that all waste generated due to its operation will not pose a hazard to the surrounding coastal water and nearby communities whose main livelihood source is fishing. The Resort has PCOs who are certified by training institutions of the Department of Environment and Natural Resources (DENR). In addition, the Resort has a dedicated Environmental, Safety, and Sustainability Manager. SSRLI has not identified any involvement with any negative impacts through its activities or because of its business relationships during the covered period.

The Resort has long-term solutions to managing its waste which effectively allows the Resort to maintain the natural fauna and flora of the island; habitats of various endemic and local species of birds and animals are protected and conserved including coastal and marine resources on the surrounding seas such as healthy live coral cover, seagrasses, and mangrove trees. It also ensures that all its fuel tank-related facilities are compliant with standard bund wall requirements to prevent spillage incidents.

One hundred percent of the resort's solid wastes are classified and segregated at its designated Material Recovery Facility including identified hazardous waste from used oil, batteries, and light fittings to clinic wastes which are all hauled out by a DENR-accredited Treater. The hazardous and non-hazardous wastes generated from the operation and maintenance of power plants are safely and properly disposed of in compliance with the rules and regulations issued by the DENR and the local government unit. Hazardous wastes are stored at the hazardous waste storage building on-site and these are hauled, treated offsite, and disposed of by a DENR-accredited treatment and disposal facility in compliance with the R.A. No. 6969 or The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990.

During the covered period, there was no (zero) hazardous waste spillage incident from the point of origin to the third party Treater facility.

The DENR – Environment Management Bureau (EMB) annually inspects and validates all reports submitted on-site. The Resort employs PCOs who assess compliance and management of island-generated waste and ensure that waste management processes are implemented.

Managing waste on remote islands presents unique challenges, but SSLRI is committed to investing significantly in ensuring that waste disposal is handled responsibly, directed towards an accredited shore reception waste facility, and meeting all certifications mandated by regulatory bodies. The hauling involves close coordination with an accredited shore reception facility accredited by the Department of Environment and Natural Resources, the Philippine Coast Guard, and the Philippine Ports Authority.

Waste generation and significant waste-related Impacts

306-1

PDP

There were no significant waste-related impacts reported nor recorded by PDP during the covered period.

SSRLI

Amanpulo acknowledges the significant actual and potential waste-related impacts stemming from its operations, guest activities, and supply chain in producing waste. The types of waste generated by the island operation include:

- Recyclable wastes
- Operational materials or residual wastes
- Food wastes
- Single-use plastics for packaging of deliveries coming from the mainland
- Debris from engineering works

The island's remote location makes food waste disposal a laborious and time-intensive process. In 2023, there was a noticeable focus on cleaning the island and expediting the process of disposal, marked by a substantial investment in bulk waste hauling. The initial phase of the waste hauling project allowed the disposal from the island of 860 cubic meters of waste. This extnesive effort yielded significant success in the immediate removal of waste from the island

The resort is committed to continuously improving its waste monitoring, evaluation, and improvement of its waste management practices with the aim of reducing waste-related impacts over time.

Management of significant waste-related Impacts

306-2

Please see discussion on Management of Material Topic for Waste 2020 in the 2022 SR.

Waste generated

306-3

Table 1. Waste by composition, in metric tons (MT)

PDP

	2023			2022		
	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Waste composition						
Hazardous	63.418		63.418	120		120
Non-hazardous	1,081.39			943		
Recycled/Reused		1,065.03			912	
Compost						
Residual			16.362			31
Total waste	**1,144.80**	**1,065.03**	**79.78**	**1,063**	**912**	**151**

SSRLI

	2023			2022		
	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Waste composition						
Hazardous	63		63	8.2	0	8.2
Non-hazardous	806			164.2		
Recycled/Reused		89			70.8	
Compost					57.6	
Residual			717			35.8
Total waste	**869**	**89**	**780**	**172.4**	**128.4**	**44**

Note: The noticeable increase is credited to the comprehensive island cleanup and waste hauling project in 2023, which helped identify waste more effectively.

PDP's Waste Segregation Facility. The company ensures that it is compliant with existing environmental laws and ISO Standard.

Waste diverted from disposal

306-4

Table 2. Waste diverted from disposal by recovery operation, in metric tons (MT)

PDP

	2023			2022		
	ONSITE	OFFSITE	TOTAL	ONSITE	OFFSITE	TOTAL
Hazardous waste*						
Preparation for reuse						
Recycling						
Other recovery operations						
Total						
Non-hazardous waste*						
Preparation for reuse						
Recycling		1,065.03	1,065.03	912		912
Other recovery operations						
Total		**1.065.03**	**1,065.03**	**912**		**912**
Waste prevented						
Waste prevented			1,065.03			912

** After the hazardous waste is treated by an accredited Treater, no recovery operation or recycling is done. It is then disposed to the DENR-accredited site.*

SSRLI

	2023			2022		
	ONSITE	OFFSITE	TOTAL	ONSITE	OFFSITE	TOTAL
Hazardous waste						
Preparation for reuse						
Recycling						
Other recovery operations						
Total						
Non-hazardous waste						
Preparation for reuse						
Recycling		89	89	70.8		70.8
Other recovery operations				57.6		57.6
Total		**89**	**89**	**128.4**		**128.4**
Waste prevented						
Waste prevented			89			128.4

** After the hazardous waste is treated by an accredited Treater, no recovery operation or recycling is done. It is then disposed to the DENR-accredited site.*

Waste directed to disposal

306-3

Table 3. Waste directed by disposal operation, in metric tons (MT)

PDP

	2023			2022		
	ONSITE	OFFSITE	TOTAL	ONSITE	OFFSITE	TOTAL
Hazardous waste						
Incineration (with energy recovery)						
Incineration (without energy recovery)						
Landfilling		63.418	63.418	120		120
Other disposal operations						
Total		**63.418**	**63.418**	**120**		**120**
Non-hazardous waste						
Incineration (with energy recovery)						
Incineration (without energy recovery)						
Landfilling		16.362	16.362		31	31
Other disposal operations						
Total		**16.362**	**16.362**			**31**

SSRLI

	2023			2022		
	ONSITE	OFFSITE	TOTAL	ONSITE	OFFSITE	TOTAL
Hazardous waste						
Incineration (with energy recovery)						
Incineration (without energy recovery)						
Landfilling		63	63			
Other disposal operations					8.2	8.2
Total		**63**	**63**		**8.2**	**8.2**
Non-hazardous waste						
Incineration (with energy recovery)						
Incineration (without energy recovery)						
Landfilling		717	717		35.8	35.8
Other disposal operations						
Total		**717**	**717**		**35.8**	**35.8**

ENVIRONMENTAL COMPLIANCE

307

Management of Material Topic

3-3

PDP

PDP is committed to complying with all relevant environmental regulations and standards set forth by the Philippine government and international bodies. It recognizes the value of continuous improvement in the area of environmental performance and is dedicated to implementing best practices in pollution prevention, resource conservation, and waste management.

PDP has initiated activities in collaboration with other sectors to manage actual and potential positive impacts such as supporting community-based environmental initiatives like tree planting campaigns and environmental education programs.

Please see the 2022 SR for further information on the subject.

SSRLI

The Resort acknowledges the presence of negative impacts, such as carbon fuel reliance, waste generation, and within-normal emissions that it is continuously mitigating through improvement initiatives and adherence to best practices in environmental management.

Some of the Resort's environmental protection efforts include the use of recycled water for landscaping; waste segregation and island farming using compost; solar energy adoption and LED lighting usage.

Amanpulo has institutionalized robust policies and initiatives on environmental sustainability. Actions taken include implementing renewable energy sources, waste segregation programs, and water conservation measures. These efforts align with its commitment to minimizing environmental impacts and promoting responsible stewardship of natural resources.

Please see the 2022 SR for further information on the subject.

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
Responsive Stakeholder Relationships

ASF takes pride in working closely with the small vegetable farmers of island communities and providing them with technical assistance on integrated farming systems to ensure food security, improved mothers' and children's nutrition, and additional livelihood incomes. Excess vegetable produce is delivered to the community marketing cooperative and the latter, sells them to Amanpulo.

EMPLOYMENT 2016

401

Management of Material Topic

3-3

Please see the 2022 SR for further information on the subject.

PDP

PDP has not identified any negative impacts of its employment practices on the economy, environment, people, and their human rights. On the other hand, PDP has created job opportunities and nurtured the development of human resources which resulted to positive effects of creating quality of life for its employees including respect for their human rights. PDP supports the professional growth, improved morale, and well-being of its employees. The commitment to fair employment practices upholds human rights principles by providing equal opportunities and adhering to non-discriminatory practices. PDP prioritizes internal sourcing for vacancies, which supports employee growth and morale, and seeks external hires only when no internal candidates are qualified, ensuring a fair opportunity for current employees.

There is no evidence of involvement in child labor or any practices that violate human rights in PDP's operations or through its business relationships. PDP adheres to regular audits by the Department of Labor and Employment (DOLE) ensuring compliance with employment standards.

The goal of PDP is to ensure full compliance with labor laws and the indicators used to monitor the achievement of this goal include labor performance audit results, employee satisfaction surveys, and retention rate. Progress towards achieving the goal such as full legal compliance and high employee satisfaction is likely above satisfactory based on these audits. Lessons learned are integrated into the employment policies and practices that are aligned with both legal requirements and best practices in human resources management.

PDP's state-of-the-art testing facility manned by its highly trained Associate.

SSRLI

SSRLI has not identified negative impacts when it comes to its employment practices related to the economy, environment, and people including their human rights. Instead, the employment generated by the Resort has created positive impacts on the lives of its employees and other workers. SSRLI is committed to providing long-term employment opportunities directly and indirectly to qualified applicants from both the local communities where the Resort operates or from the outside areas, e.g., from Metro Manila.

a. Total number of new employee hires at the end of December 2023.

		ANSCOR			PDP			SSRLI			ASF		
		2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
By Age Group	18 years old & below		-	-	-	-	-	-			-	-	-
	19–30 years old		-	-	19	22	22	35	36	10	-	1	-
	31–40 years old	1	1	1	10	5	3	25	28	10	2	-	1
	41–50 years old		-	-	-	-	1	18	12	12	-	-	-
	51 years old & above		-	-	-	-	-	2	3	2	1	-	-
	Total	**1**	**1**	**1**	**29**	**27**	**26**	**80**	**79**	**34**	**3**	**1**	**1**
By Gender	Female	1	-	-	5	18	4	25	24	6	2	1	1
	Male		1	1	24	9	22	55	55	28	1	-	-
	Total		**1**	**1**	**29**	**27**	**26**	**80**	**79**	**34**	**3**	**1**	**1**
By Region	NCR	1	1	1	11	12	5	29	34	24	1	-	-
	Luzon		-	-	16	11	18	51	45	10	2	1	1
	Visayas		-	-	1	1	2	-	-	-	-	-	-
	Mindanao		-	-	1	3	1	-	-	-	-	-	-
	Total	**1**	**1**	**1**	**29**	**27**	**26**	**80**	**79**	**34**	**3**	**1**	**1**

The rate of New Employee Hires for Anscor is 0.033%; PDP's 10.14%; SSRLI's 4.48% and; ASF is .05%. Reasons for new hires were due to available/vacant positions, and replacements of retired and resigned employees.

b. Total number of employee turnover during the reporting period

		ANSCOR			PDP			SSRLI			ASF		
		2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
By Age Group	18 years old & below	-	-	-	-	-	-	-	-	-	-	-	-
	19–30 years old	-	-	-	14	15	3	20	23	10	2	1	-
	31–40 years old	-	1		8	3	2	32	26	32	-	-	1
	41–50 years old	-	-	-	1	2	12	16	16	17	-	-	-
	51 years old & above	-	-	-	1	1	-	4	7	10	-	1	-
	Total	**-**	**1**	**-**	**24**	**21**	**17**	**72**	**72**	**69**	**2**	**2**	**1**
By Gender	Female	-	-	-	11	6	9	26	15	13	-	-	1
	Male	-	-	-	13	15	8	46	57	56	2	2	-
	Total	**-**	**1**	**-**	**24**	**21**	**17**	**72**	**72**	**69**	**2**	**2**	**1**
By Region	NCR	-	1	-	15	11	7	38	46	34	-	-	-
	Luzon	-	-	-	7	7	5	34	26	35	2	2	-
	Visayas	-	-	-	1	2	1	-	-	-	-	-	1
	Mindanao	-	-	-	1	1	2	-	-	-	-	-	-
	Total	**-**	**1**	**-**	**24**	**21**	**15**	**72**	**72**	**69**	**2**	**2**	**1**

Remove: entirely the sentence. this is the footnote for Table A

c. Rate of Employee Turnover during the reporting period

ANSCOR			PDP			SSRLI			ASF		
2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
-	0.034%	-	12.5%	7.3%	30%	4.97	4.86%	5.89	7.3%	9.5%	-

The reason for turnover was mostly due to the completion of a contract, retirement, and other job opportunities such as the new employment being 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

Please see the 2022 SR for information on the subject.

Further, employment benefits packages for each of the covered companies in this SR applies to its full time employees.

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 who were entitled to parental leave, only one has availed of parental leave.

SSRLI

Employees entitled to parental leave are those employees who are covered by organizational policies, agreements, or contracts that contain parental leave entitlements.

	Female	Male	Total
a. Total number of employees who were entitled to parental leave	38	134	172
b. Total number of employees who took parental leave	7	2	9
c. Total number of employees who returned to work in the reporting period after parental leave ended	4	2	6
d. Total number of employees who returned to work after parental leave ended that were still employed 12 months after their return to work	4	2	6

Return to work rate and Retention Rate after parental leave:

	Return to Work Rate		Retention Rate	
	Female	Male	Female	Male
e. Return to work and retention rates of employees who took parental leave	57%	100	57%	100%

OCCUPATIONAL HEALTH & SAFETY 2018

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Management of Material Topic

3-3

PDP

PDP's wire and cable manufacturing operations are underpinned by a steadfast commitment to safety, recognized through its ISO 45001 certification. Its Occupational Safety and Health (OSH) Program exemplifies this commitment, aiming to ensure the well-being of its employees, the local community, and the environment. Its policies and practices are not only aimed at preventing negative impacts in the workplace but also on the safety of the community where it operates through community engagements. Its adherence to international safety standards, and various employee initiatives like the Family Welfare, Drug-Free Workplace, and Breastfeeding Policies showcase PDP's dedication to fostering positive impacts on the economy, the environment, and people's rights and well-being.

Recognizing its responsibility towards minimizing negative impacts associated with its operations and business relationships, PDP continuously assesses manufacturing activities to prevent any negative social impacts. Its supply chain and business relationships are carefully screened and managed to ensure

PDP ensures that its employees, aside from being trained in operating machines, are safe from harm and are given a healthy work environment. The associate pictured is operating a machine while wearing a safety helmet and goggles.

adherence to high standards of ethical conduct and environmental stewardship.

PDP has not identified any direct involvement in causing significant negative impacts by way of its operations or business relationships. Nonetheless, it remains vigilant and committed to addressing any potential indirect impacts that may be linked to its business activities.

PDP's commitment to managing OSH goes beyond regulatory compliance. Its policies in preventing or mitigating negative impacts focus on rigorous safety protocols, regular employee training, and adherence to ISO 45001 standards to prevent workplace incidents and environmental damage. In addressing actual negative impacts in the event of incidents, there are established procedures for immediate response, investigation, and remediation, including cooperation with local authorities and stakeholders to address any impacts effectively. On the other hand, in managing positive impacts the company actively pursues opportunities to enhance employee well-being and community health including community engagement programs and sustainability initiatives. These efforts are documented in its comprehensive OSH Program and supported by ISO 45001 certification.

PDP sets specific goals and targets at the beginning of the period to measure progress in managing OSH, environmental sustainability, and community engagement. The goal is centered on achieving zero recordable incidents. Indicators include reduction in workplace accidents, improvement in waste management and emissions, and increased participation in community programs.

PDP implements regular tracking and evaluation of the effectiveness of its actions, and interventions are implemented with the use of set indicators involving integrated processes across all levels of the organization. Responsibility for managing impacts is assigned to specific line functions, with oversight from senior management to ensure alignment with its safety and environmental commitments. The processes utilize internal and external audits that regularly review the outcomes, engagement with stakeholders from employee feedback, suppliers, and community members, and, benchmarking vis-à-vis industry standards. This enables PDP to assess the efficacy of its actions. Outcomes of safety training, the implementation of safety measures, and environmental sustainability practices are regularly evaluated. When goals are not met, reasons for deviation are analyzed and strategies are calibrated accordingly. This multifaceted approach ensures that PDP is not only compliant with its policies and commitments but also allows it to establish a credible link between its actions and the impact on OSH performance, environmental sustainability, and community welfare. The approach is holistic and proactive, focusing on continuous improvement and adherence to international standards mitigating potential and actual negative impacts while enhancing positive ones.

Learnings derived from the processes are integrated into PDP's operational policies and procedures, fostering a culture of safety and responsibility across all levels of the organization such as the importance of proactive risk management and the value of engaging employees in safety initiatives. These insights have led to enhanced training programs, more rigorous safety audits, and the implementation of advanced reporting systems for near-misses, which in turn contribute to preventing incidents before they occur. Also recognized is the need for stronger collaboration with suppliers to ensure that they meet PDP's safety standards.

Engagement with stakeholders, including employees, suppliers, and community members, plays a crucial role in shaping and evaluating PDP's actions related to OSH. Feedback mechanisms and dialogue forums are two common engagement channels that allow PDP to understand the effectiveness of its policies and identify areas for improvement. This interaction has led to significant adjustments in its practices, ensuring that remedies for negative impacts are appropriate and that the actions remain aligned with stakeholders' needs. By incorporating stakeholder feedback into decision-making processes, PDP continuously refine its approach to managing both positive and negative impacts, striving for enhanced safety, well-being, and sustainability in all aspects of its operations.

SSRLI

As part of its commitment, SSRLI continuously revisits its OSH practices in compliance with government requirements, particularly adhering to RA No. 11058 or the Act Strengthening Compliance to Occupational Health and Safety Standards.

SSRLI recognizes that there may be some potential negative impacts when potential risks and hazards involving OSH are not mitigated. On the economic aspect, while investing in OSH measures can yield long-term economic benefits, there may be initial costs associated with implementing and maintaining these practices. This could include expenses related to training, equipment upgrades, and compliance with regulatory standards which may affect the company's financial resources in the short term. On the business operation side, challenges may be experienced when adhering to stringent OSH standards as it may require changes in existing operational procedures and workflows, which could potentially disrupt day-to-day activities and incur additional administrative burdens. Moreover, maintaining compliance with evolving regulations may necessitate ongoing monitoring and adjustments, adding complexity to management processes. On the social impacts, despite efforts to prioritize employee health and safety, there may still be instances of work-related injuries or incidents, which can have negative repercussions on the affected individuals and their families. Further, if SSRLI fails to uphold adequate OSH standards, it could face criticism from advocacy groups and may damage its reputation, leading to potential economic losses and/or legal repercussions.

On the other hand, there are a number of actual and potential positive impacts and benefits when the company's OSH practices are institutionalized. On the economic benefits, giving priority to OSH, SSRLI can reduce or prevent the likelihood of workplace accidents and injuries, leading to decreased costs associated with medical treatment, insurance premiums, and potential legal liabilities. Additionally, a safer working environment can improve employee morale and productivity contributing to SSRLI's overall financial performance. Environmentally, integrating OSH practices often involve implementing measures to reduce environmental hazards and promote sustainability. In general, prioritizing the health and safety of employees demonstrates SSRLI's commitment to social responsibility and ethical business practices. This can enhance its reputation among guests, investors, and stakeholders, leading to increased brand loyalty and positive publicity.

For Amanpulo, safety and health are always at the top of its priorities; it acknowledges that OSH hazards are always present which can affect its employees and guests. Ensuring that its OSH practices are operational and in compliance with RA No. 11058 and that DOLE falls under the responsibility of the Resort's appointed Safety Officer Level 4 (Environmental, Safety and Sustainability Manager) and the team of the Resort's Medical Clinic headed by its seasoned occupational health physician. The The Resort has undertaken the following actions to improve its OSH commitments:

- Functional OSH Program
- Conduct DOLE's mandated 8-hour OSH Awareness Training for employees
- Fire Safety Awareness and Fire Drill by the Bureau of Fire Protection MIMAROPA
- Basic Life Support with Cardiopulmonary Resuscitation Training from the Philippine Red Cross (PRC)
- Water Safety and Rescue Training from the PRC
- Lifeguarding Training from the PRC
- In-house New Hire Training on the Resort's Food Safety and Management System
- In-house Refresher Training Course on the Resort's Food Safety and Management System
- Water Emergency Drill
- Emergency Landing Drill
- Unidentified Plane Landing Drill

SSRLI's goals and targets relating to OSH are based on the universal goal of having zero work-related- accidents and incidents and zero fatalities for everyone working in the island. Amanpulo continuously assesses its OSH system through annual external audits by concerned government agencies such as the Philippine Economic Zone Authority, LGU, Bureau of Fire Protection (BFP), DOLE, DENR, and the Philippine Coast Guard. SSRLI likewise initiates internal audits, training, drills, and corrective and preventive actions.

Tracking and evaluating the effectiveness of its actions as expressed in SSRLI's annual goals and targets, is done by way of conducting various activities and simulations/drills where reaction time is observed and/or monitored and documented. Post-simulations and drill analysis are done and immediate feedback is provided by the Aviation and Security Manager in terms of synchronicity and harmony of actions, coordination of all departments involved, and incident command system up to the highest level of the resort's overall operation.

During the covered period, Amanpulo has not recorded any negative impacts through its activities or business relationships and no major work-related accidents/incidents and fatalities has occurred inside the island resort. During the period, SSRLI has achieved its target of conducting the DOLE-mandated 8-hour OSH Training for its employees to further strengthen the OSH practices in the resort.

Advancing a culture of health and safety among its employees, a modular training and awareness seminar has been prepared by its Safety Officer IV resulting in 1,684 Training man hours and savings for the company of over PhP 1,000,000 (USD 18,000) when hiring external trainers and/or resource persons. The crafted OSH program of SSRLI has been updated and tailor-fitted for the requirements of the Resort with its island setting.

Some of the occupational benefits for SSRLI's employees include:

- Social Security System (SSS)
- Phil Health Insurance
- Home Development Mutual Fund
- Working Hours and Holiday Pay
- 13th Month Pay
- Service Incentive Leave
- Sick Leave
- Maternity and Paternity Leave
- Employee Accommodations
- Safe Drinking Water
- Meals (Breakfast, Lunch, and Dinner) at the cafeteria
- Access to island medical clinic with medical services

Occupational health and safety management system

403-1

PDP

PDP has implemented an OSH Management System aligned with legal requirements, including the government's OSH law, and adheres to ISO 45001 standards. The OSH system covers all employees and contractors within the plant vicinity. PDP employs safety officers trained in Basic OSH and a licensed safety practitioner, alongside a nurse and a doctor-consultant to ensure constant improvement of the management system. It also established a network of medical institutions to provide much needed care to its employees. This comprehensive approach demonstrates PDP's commitment to maintaining a safe working environment for all its workers, addressing both legal and recognized standard requirements.

SSRLI

SSRLI has an OSH program and its implementation is based on the recognized risks of working in an island resort located in the middle of Sulu Sulawesi Sea. The program covers all its employees and other workers in the island. In particular, the OSH program recognizes those critical work areas in engineering, electrical, and carpentry, housekeeping, preparing and serving food to guests and those in sports and recreation

Hazard identification, risk assessment, and incident investigation

403-2

PDP

PDP ensures the quality of OSH processes through comprehensive training programs such as BBS Training Material for observer and potential risk detection. These programs equipped employees and contractors with the skills to identify work-related hazards and assess risks effectively. Workers are encouraged to report hazards without fear of reprisal, supported by policies that protect them. PDP allows workers to remove themselves from unsafe situations, ensuring their right to a safe work environment. Incident investigation processes involve identifying hazards, assessing risks, and implementing corrective actions, all aimed at continuing the improvement of the safety management system. These measures demonstrate PDP's commitment to maintaining a safe workplace and its adherence to legal requirements and ISO 45001 standards.

SSRLI

SSRLI acknowledges that OSH hazards and risks are always present and real and may affect its employees and guests alike therefore, safety and health are always at the top of its priority list and the Resort strive to continuously improve its performance in this area.

SSRLI demonstrates its commitment and dedication to ensuring the health and safety of its workers under its control as well as its guests by providing transparent and detailed information on safety and health processes to all its stakeholders. Listed below are vital information that workers and guests are oriented about:

- To ensure the quality of its OSH processes, Amanpulo employs competent personnel trained in OSH practices. Regular OSH training programs are conducted to enhance the competency of employees. Guests are assured that there are personnel available to assist them whenever safety and health concerns arise
- Feedback mechanisms and reporting are utilized to gather and share information on the effectiveness of OSH processes. The results of feedback (areas of concern) from stakeholders are analyzed and OSH processes are evaluated continuously against standards and current trends and consider these as opportunities to further improve the program
- Continuous identification of all safety hazards at the workplace
- A standing committee conducts a full investigation, documentation, and reporting of work-related hazards occupational accidents, and incidents

Occupational health services

403-3

PDP

PDP ensures the quality of occupational health services by employing trained safety officers and a licensed safety practitioner, alongside providing access to a nurse and a doctor-consultant. Services are provided at the workplace, aligning with legal and ISO 45001 standards. PDP facilitates easy access to these services during working hours, including transport arrangements to clinics if needed, and ensures that information is accessible in understandable languages. Confidentiality of health-related information is maintained, ensuring that it is not used for any form of discrimination or treatment of workers, aligning with best practices for privacy and ethical treatment.

PDP provides round-the-clock health services to its employees through the company's clinic.

SSRLI

Amanpulo has a medical clinic that provides basic health services to its employees and workers and such services are available at any time and, usually, every day. The facility is manned by competent medical professionals headed by a medical doctor and two registered nurses having complied with medical-legal requirements and/or recognized standards and guidelines.

Employees and workers are provided with orientation on the various health and safety services they can avail of from the medical clinic in a manner and language that the employees and workers can understand. Further, they are afforded break time during working hours that would allow them to see the doctor when needed.

Amanpulo strictly adheres to the Data Privacy Act of 2012 and ensures the confidentiality of personal information to protect an individual from data breaches of medical information and unauthorized intrusion of privacy pertaining to health matters. Health-related information is strictly confidential and protected as long as it will not pose a risk or hazard to others.

Worker participation, consultation, and communication on occupational health and safety

403-4

PDP

PDP involves workers in OSH decisions through a Safety Committee and an Environmental, Health, and Safety (EHS) Committee, that both meet monthly to make recommendations to management. Worker participation is further supported by annual refresher courses and daily safety dialogues, ensuring ongoing and open communication channels and education. Although there is no union organization in PDP, the above-mentioned structured committees and educational initiatives facilitate active engagement and consultation with workers on safety matters.

SSRLI

SSRLI has no formal joint management-worker health and safety committee at present and employees are represented by their department heads/supervisors in meetings, consultations, and communication as regards occupational health and safety. As a standard procedure, department heads cascade this information and seek employees' and workers' comments and recommendations on matters that are important to them.

There is a plan to establish in 2024 an Environment, Health, and Safety Committee to be spearheaded by the Safety Officer Level IV and with members coming from all departments as representatives to propose, plan, craft, and implement annual health and safety programs aimed at preventing incidents from happening in the workplace.

Worker training on occupational health and safety

403-5

PDP

PDP provides a variety of OSH training to its workforce throughout the year. These trainings cover a range of topics including general safety refreshers, specific equipment handling, risk assessment, emergency response, and more specialized subjects such as quality management and environmental standards like ISO 9001 and ISO 45001.

Training needs are assessed regularly, with content tailored to meet both general and specific requirements of various roles within the organization. The frequency of these trainings varies from monthly to annually, ensuring that all employees receive the necessary updates and refreshers to maintain a high level of safety awareness and competence.

The trainings are designed and delivered by qualified professionals, ensuring that the content is both relevant and delivered competently. These are provided free of charge to the employees as part of staff development training, often during paid working hours, which encourages full participation without financial burden.

The effectiveness of the training is evaluated through a combination of feedback, direct observation of workplace practices, and monitoring of incident rates to ensure that the training is translated into safer work practices. This comprehensive approach demonstrates PDP's commitment to continuous improvement in OSH.

SSRLI

During the covered period, Amanpulo's employees and workers attended the following OSH trainings:

- OSH Program for Amanpulo
- DOLE mandated 8-hour OSH Awareness Training for the employees
- Fire Safety Awareness from BFP MIMAROPA
- Basic Life Support with Cardiopulmonary Resuscitation Training from PRC
- Water Safety and Rescue Training from PRC
- Lifeguarding Training from PRC
- 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
- Fire Drill; Water Emergency Drill; Emergency Landing Drill; Unidentified Landing Drill

Promotion of worker health

403-6

PDP

PDP has a Health and Medical Benefits policy that includes medical and hospitalization coverage for employees and their spouses, supported by Phil Health Insurance benefits. The company facilitates annual physical examinations with coverage details specified by age and position. Health services are accessed through reimbursement or direct engagement with accredited hospitals with the inclusion of dental benefits. PDP ensures confidentiality and ethical use of workers' personal health-related information.

SSRLI

SSRLI facilitates workers' access to non-occupational medical and healthcare services by providing comprehensive health maintenance organization coverage to permanent employees giving them access to a network of healthcare providers, including hospitals, clinics, and specialist services to address a wide range of medical needs. Emergency medical services are available on-site through Amanpulo's medical clinic or through established protocols for rapid response and evacuation in case of medical emergencies. This protocol applies to all employees and their families residing in nearby communities who do not have access to a medical facility.

Further, the Resort offers voluntary health promotion services and programs aimed at addressing major non-work-related health risks and promoting overall well-being among employees and non-employee workers. Specific health risks being addressed may include but are not limited to stress management and mental health support programs to address psychological well-being; nutrition education and healthy eating initiatives to promote healthy dietary habits and combat lifestyle-related diseases; and fitness and exercise programs to encourage physical activity and maintain a healthy lifestyle.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

403-7

PDP

PDP's approach to preventing or mitigating negative OSH impacts in its business relationships includes:

- Rigorous supplier and contractor evaluations ensuring compliance with health and safety standards.
- Mandatory safety training for contractors and suppliers' employees.
- Regular audits and inspections of suppliers' and contractors' operations to identify and address potential risks.
- Collaboration with business partners in improving their health and safety practices.
- Implementing corrective actions and continuous improvement programs when hazards or risks are identified.
- These efforts reflect PDP's commitment to upholding high standards of occupational health and safety throughout its value chain.

SSRLI

SSRLI recognizes its responsibility to prevent or mitigate significant negative OSH impacts associated with its operations, products, or services through its business relationships. The approach encompasses proactive measures aimed at identifying, assessing, and addressing OSH hazards and risks throughout the Resort's supply chain and business partnerships. It continuously revisits all its OSH practices to meet and comply with government standards.

Workers covered by an occupational health and safety management system

403-8

PDP

PDP has an OSH system in place. Based on the data:

a. The total number of employees is 294.

i. All 294 employees (100%) are covered by the OSH management system.
ii. All 294 employees (100%) are covered by a system that has been internally audited.
iii. All 294 employees (100%) are covered by a system audited or certified by an external party.

b. There are no workers excluded from this system within PDP's control. However, 271 contractor workers are not covered as they are not under the control of PDP.

The data compilation is based on the headcount and employment status reported for the year 2023.

SSRLI

Please see the 2022 SR for information on the subject.

Work-related injuries

403-9

PDP

All employees and all workers who are not employees and whose work and/or workplace is controlled by the contractor contracted by PDP:

Work-related injuries	Employees	Other Workers	Remarks
Number and rate of fatalities as a result of work-related injury;	NONE	NONE	January 2023 incident - The contractor personnel tried to insert back the Doug pin at take-up while the Doug pin holder was still rotating. November 2023 incident - The contractor personnel tried to guide the filler to put it back inside the die while the machine was still running, instead of turning off the machine.
Number and rate of high-consequence work-related injuries (excluding fatalities);	NONE	Two Incidents - contractual employees, laceration wound at left index finger last January 4, 2023, and laceration and avulsion of left index finger last November 4, 2023.	
Number and rate of recordable work-related injuries;	NONE	One Recordable incident	
Main types of work-related injury;	First aid incident	First aid incident	

SSRLI

For 2023, zero fatality and eight non life threatening injuries were recorded covering all employees and third party workers.

Work-related ill health

403-10

PDP

All employees and all workers who are not employees and whose work and/or workplace is controlled by the contractor contracted by PDP:

Work-related ill health	Employees	Other Workers
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 & joint pain)	work-related musculoskeletal disorder (muscle & joint pain)

SSRLI

For 2023, no record of ill health aggravated by work (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, posttraumatic stress disorder]) has been observed nor documented.

Work-related Ill Health	All Employees				Third-Party Workers				Remarks
	2023		2022		2023		2022		
	No.	Rate	No.	Rate	No.	Rate	No.	Rate	
Number and rate of fatalities as a result of work-related ill health;	0	0	0	0	0	0	0	1.53	For 2023, zero fatalities have been recorded. 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, posttraumatic stress disorder).
The number of cases of recordable work-related ill health;	0	0	0	0	0	0	0	0	
The main types of work-related ill health.	N/A				N/A				

TRAINING AND EDUCATION 2016

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Management of Material Topic

3-3

PDP

PDP has not identified any significant actual negative impacts on the economy, environment, and people in the implementation of PDP's training and education program for its employees. In case any potential negative impacts arise, these may generally be economic resource allocation or training budget constraints, use of employees' time during training periods, and environmental footprints of training materials used during the actual training which can be considered short-term impacts. And, while there may be long-term negative impacts these are viewed as insignificant and can be considered individual incidents rather than systemic issues.

On another hand, the actual and potential positive impacts of training and education programs include improved employees' productivity and professional and personal development leading to broader community benefits. The immediate benefits include skill enhancement while long-term benefits involve continuous professional growth, career development, and employee satisfaction.

If and when any negative impacts occur due to the implementation of its training and education programs, a mitigating mechanism is in place including the use of regular feedback and performance evaluation tools to help manage and/or address these impacts. The most likely initiative to undertake in addressing actual negative impacts would be to make appropriate resource (budget) allocation forecast and time management strategies. On the other hand, positive impacts generated by continuing training and education programs should be used to determine the various types of training to be implemented in the future to ensure they remain effective and beneficial.

PDP has a comprehensive Organizational and Employee Development Policy which includes guidelines for third-party contractors and employees. In identifying the type of training to be conducted, the company is guided by its HR policy that employees shall undergo a Training Needs Assessment (TNA) before any training and education programs are implemented. In crafting these training and education programs, goals are established based on organizational needs identified through TNA. These training goals are aligned with PDP's sustainable development ethics and, aimed at sustained enhancement of employee skills. Further, these are aligned with regulatory standards and best practices in employee development. While some training goals are mandatory, complying with industry and legal requirements, others are voluntary focusing on broader skill development that applies to all organizational activities involving employee development and training.

In the conduct of training activities, progress is measured against set baselines, with timelines established for achieving specific training outcomes. To track the effectiveness of this training, various processes such as feedback mechanisms, performance evaluations, and impact assessments are used with goals, targets, and indicators included in the organization's scorecard to help measure employees' progress and production outcomes. Specifically, the feedback mechanism includes the use of:

- post-training feedback forms to gather immediate responses from participants and evaluate the relevance, effectiveness, and areas for improvement of the training programs; it establishes a direct link between the training provided and the perceived value and impact from the employees' perspective
- performance evaluation includes the conduct of regular performance reviews to assess the impact of training on employee performance and productivity; it involves direct engagement with employees, allowing the organization to understand how training impacted their skills and productivity outcomes. This feedback helps tailor-fit future training programs to better meet employee needs and organizational goals
- impact assessments are periodic evaluations conducted to understand the broader impact of training programs on organizational production goals and employee development.

Analysis of feedback and performance data demonstrates a positive correlation between training programs and improved employee performance. Regular evaluations show satisfactory progress towards achieving training goals but in instances where goals are unmet, underlying causes are analyzed and addressed accordingly.

Engaging employees in various stages of training and education development ensures that the training programs are aligned with their skills development needs and career aspirations. This stakeholder engagement is pivotal in designing training programs that are both relevant and effective. On the other hand, evaluating the performance metrics post-training involves understanding the direct impact of training on employees' work. This is a key indicator of the effectiveness of the training programs in enhancing skills and productivity.

Lessons learned from feedback and performance data have led to continuous adaptation and improvement of training programs, and insights from these evaluations have been incorporated into updated training policies, ensuring they remain relevant and effective. Where training programs have not met expected outcomes, root – cause analysis is used to identify areas for improvement.

SSRLI

Amanpulo, as a hotel, requires knowledge and skill set as well as interpersonal and soft skills from its various departments. The Resort'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. As such, Amanpulo has an in-house training unit under its HR Department whose training program is focused on enhancing customer service skills and operational efficiency leading to increased guest satisfaction. It invests in communication and language training for staff as this will surely provide a more welcoming environment for international guests. Also, investments in, for example, culinary training of staff would enhance its dining offerings, attracting more guests and supporting local food suppliers. As the local workforce becomes more skilled, there is potential for job creation and fuels the local economy and increases positive reviews which attracts more guests, and contributes to an inclusive economic growth of the company as well as its supply chain that includes the nearby communities where it operates.

On its impact on the environment, SSRLI incorporates environmental sustainability into its training programs by educating its staff on sustainable practices such as energy-saving measures, waste reduction, and responsible sourcing of supplies and materials required for the operation of the Resort. Further, training programs such as teaching employees the value of water conservation lead to a reduction in water usage throughout the Resort. Continuous emphasis on sustainable practices can position resorts as leaders in eco-friendly tourism inspiring other establishments in the area to follow suit, creating a positive impact on the broader environment.

On its impact on the employees' well-being, training programs that prioritize employee well-being can create a positive work environment, improve job satisfaction, and contribute to the overall health and happiness of the workforce. The Resort offers stress management and mental health awareness training aimed at reducing the level of employee turnover and increase morale. Opportunities that would enhance employee well-being have the potential of attracting and retaining skilled professionals in the hospitality industry. These lead to a more experienced and committed workforce, positively impacting the quality of service and overall guest experience.

In terms of community engagement, SRLI has separate training programs that involve training of various sectors from the local community such as partnering with a local senior high school for the internship program at the Resort; offering skills training to local residents, and hiring qualified trainees after a successful assessment and still others, are placed on the employment list as back-up manpower pool on peak seasons. Active involvement in community events generates goodwill and support from residents and positively impacts on community – company relationships. A continuing community engagement has the potential to create partnerships that benefit both the Resort and the local community through collaboration and shared resources.

There would be potential and actual negative impact only when these training programs are not inclusive or inaccessible, as it may lead to economic, knowledge, and skills disparities within the workforce when excluding certain groups from the opportunity to learn and improve themselves and hindering the broader economic benefits for the local community. To avoid this, rigorous trainings are conducted for new hires. It is a conscious decision on the part of the Resort to have a program for the employees to deter resentments and tensions within the workforce and the community by always prioritizing hiring from and training the local residents' talent pool.

Only when the Resort neglects to give equal emphasis on the importance of environmental sustainability in their training program that potential and actual negative impacts present themselves through excessive resource consumption and waste generation resulting in environmental degradation of the island impacting local ecosystems and communities. Continuous training and learning opportunities on environmental protection will thus eliminate the risks of reputational damage and decrease in tourist interest in the area. As part of its mitigating strategies, the Resort's learning and development direction is primarily on investing in customer service training, emphasizing communication skills, problem-solving, and awareness of local cultures.

In preventing or mitigating potential negative impacts, Amanpulo ensures that all new employees go through a comprehensive orientation program, introducing them to the Resort's culture, values, and expectations. This helps in preventing misunderstandings and sets a positive tone from the start. The Resort conducts regular assessments to identify any gaps in training. This proactive approach helps in addressing issues before they escalate and ensures that all staff members are equipped with the necessary skills. In addressing actual negative impacts, the Resort has established an open channel for employees to provide feedback. Employees are encouraged to share their concerns related to training without fear of reprisal. This allows the management to promptly address any actual negative impacts. In case of any identified negative impacts, the Resort takes swift action to rectify the situation. Additional training sessions, personalized coaching, or even revision of certain training programs to better suit the needs of the employees were implemented.

In managing actual and potential positive impacts, the Resort has a system in place to recognize and reward employees who excel in their training and development. This not only motivates the staff but also creates a positive culture around continuous improvement. Also, personalized career development plans for its employees are provided, helping them see a clear path for growth within the organization. This not only benefits the employees but also ensures a pool of skilled and motivated individuals for future leadership positions.

As part of the identification and assessment process, the HR Training Unit regularly conducts training assessments and gathers feedback from employees through open channels. An established cross-functional task force that includes representatives from HR, operations, and department heads is

The Resort's employee learning and development direction is primarily on investing in customer service training, emphasizing communication skills, problem solving, and awareness of local cultures.

responsible for analyzing the assessment findings and feedback comprehensively. The task force meets regularly to discuss the identified impacts.

Each department within the Resort takes ownership of the identified impacts relevant to their functions. For example, if the kitchen staff requires additional training on new cooking techniques, the head chef and kitchen management take responsibility for implementing the necessary changes while the HR department plays a pivotal role in overseeing the entire training and development process. It ensures that department heads are addressing the identified impacts and provide support where needed. This way, Amanpulo ensures that identified impacts are not only addressed but also woven into the fabric of each department's functions. The cross-functional collaboration and clear responsibility assignment streamline the process of managing both negative and positive impacts, creating a more agile and responsive training and development framework.

During the period, various training interventions were undertaken to prevent and/or mitigate identified potential impacts related to resort operations such as water conservation and proper waste disposal practices. Regular internal audits are conducted to assess compliance with the sustainability policy, identify systemic issues, and implement corrective measures. A comprehensive sustainability policy that addresses systemic issues (such as energy efficiency, waste reduction, and community engagement) was adopted to guide decision-making across all departments ensuring a holistic approach to preventing negative impacts.

Following the Precautionary Principle, the Resort proactively informs the public about potential negative impacts through regular updates on its website, social media, and signage within the premises. It actively encourages guests and the community to voice concerns or complaints related to its activities. It contributes to scientific research by collaborating with local environmental organizations. For instance, it financially supports research on sustainable tourism practices and actively participates in studies assessing the environmental impact of hospitality operations. It also engages in collaborative efforts with industry peers and local stakeholders to share knowledge and best practices. This includes participating in regional sustainability forums, where experiences and insights are exchanged to collectively prevent negative impacts.

To track the effectiveness of its actions, Amanpulo employs KPIs related to sustainability goals, regularly tracking metrics on the performance of its employees as a result of various training conducted. Regular performance reviews are held and discussed with concerned employees their strengths and areas for improvement.

Amanpulo Training and Development Goals, Targets, and Progress Evaluation:

Goals	Targets and Indicators	Actions Taken to Remediate Actual Negative Impacts	Effectiveness of Actions and Progress Toward Goals	Lessons Learned and Incorporation into Operational Policies
Enhance Customer Service Skills: Improve customer satisfaction scores by 15% within the next year through targeted training programs.	Customer Service Target: Attain an average customer satisfaction score of 4.5 out of 5 in guest surveys.	Situation 1: A decrease in customer satisfaction scores prompted an analysis of staff interactions. Amanpulo remedied this by implementing targeted customer service workshops, including role-playing scenarios and personalized coaching sessions.	Customer Service Improvement: Customer satisfaction scores increased by 12% within the reporting period, showing progress toward the goal. The emphasis on practical training and personalized coaching proved effective in enhancing the staff's customer service skills.	Lesson 1: Regular feedback is crucial. Amanpulo now incorporates continuous feedback mechanisms into its training programs to ensure real-time adjustments based on employee and guest input.
Boost Employee Well-being: Achieve a 10% increase in employee engagement and job satisfaction by implementing wellness and development initiatives.	Employee Engagement Target: Achieve a score of 80% or higher on employee engagement surveys.	Situation 2: An increase in employee turnover indicated potential dissatisfaction. Amanpulo addressed this by introducing wellness programs, and mental health support initiatives, and conducting stay interviews to identify and remedy specific concerns.	Employee Engagement Boost: Employee engagement scores improved from 75% to 82%, surpassing the target. The introduction of wellness initiatives and proactive measures to address concerns contributed to the positive change.	Lesson 2: Holistic well-being matters. The success of employee engagement initiatives highlighted the importance of addressing not only professional but also personal aspects of employees' lives.

Goals	Targets and Indicators	Actions Taken to Remediate Actual Negative Impacts	Effectiveness of Actions and Progress Toward Goals	Lessons Learned and Incorporation into Operational Policies
Leadership Development: Develop a leadership pipeline by ensuring that 20% of mid-level managers participate in leadership development programs.	Leadership Development Target: Ensure that 20% of mid-level managers complete at least one leadership development program annually.	Situation 3. Lack of leadership pipeline. Amanpulo is addressing this by integrating leadership training as part of career development plans of mid-level managers.	Leadership Development Success: Amanpulo successfully met its leadership development target, with 25% of mid-level managers completing relevant programs. This achievement ensures a continuous pipeline of skilled leaders within the organization.	Lesson 3: Leadership development is an ongoing process. Amanpulo now integrates leadership training as a continuous element in the career development plans of mid-level managers, ensuring sustained growth.

Grievance Mechanisms and Remediation Processes:

The Resort has a robust grievance mechanism that allows employees and guests to report concerns related to the negative impacts of training and development programs. For example, if an employee feels a training program is not adequately addressing their needs, they can submit a grievance. On another hand, remediation processes include personalized coaching, additional training opportunities, and, if necessary, adjustments to training program content based on the feedback received.

This approach to setting and achieving training and development goals, coupled with responsive remediation processes, reflects Amanpulo's commitment to continuous improvement in its staff's skills and overall organizational performance.

Key Result Area	Goal	Indicators	Initiative/ Intervention	Effectiveness	Remediation processes
I. Customer Service Skills Enhancement	Improved customer satisfaction scores by 15%.	• Average customer satisfaction score in surveys. • A number of positive customer feedback instances. • Actions Taken and Remediation	Implemented customer service workshops, role-playing scenarios, and personalized coaching sessions	The introduction of practical training and personalized coaching positively impacted the staff's customer service skills	Included additional one-on-one coaching for specific staff members identified through customer feedback
II. Employee Well-being and Engagement	Achieve a 10% increase in employee engagement	• Employee engagement survey scores. • Employee turnover rates. • Actions Taken and Remediation	Introduced wellness programs, mental health support initiatives, and stay interviews	The focus on holistic well-being and proactive measures to address concerns contributed to the positive change	Additional well-being workshops and personalized support for employees expressing dissatisfaction
III. Leadership Development	Ensure 20% of mid-level managers complete leadership development programs	• Percentage of mid-level managers completing programs. • Leadership effectiveness assessments	Incorporated leadership development programs into career development plans	Integrating leadership training as a continuous element in career development plans ensured sustained growth	Ongoing mentorship for mid-level managers to apply their leadership skills in real-world scenarios

In terms of overall training effectiveness, SSRLI has achieved positive results in all targeted areas with improvements noted in customer satisfaction, employee engagement, and leadership development.

The Lessons Learned:

1. Continuous feedback and real-time adjustments are crucial for effective training programs.
2. Holistic well-being initiatives contribute significantly to employee satisfaction and engagement.
3. Leadership development should be an ongoing, integral part of career development plans.

Insights gained have been integrated into updated training and development policies while continuous feedback mechanisms are now standard practice in all training programs. Amanpulo actively participates in industry benchmarking studies that assess overall training and development effectiveness. Comparative analysis provides valuable insights into the organization's performance relative to industry standards. Periodic external audits by training and development experts evaluate the overall effectiveness of Amanpulo training programs. This external validation ensures that the organization continues to align with industry best practices. The lessons learned from feedback mechanisms, external audits, and benchmarking studies are incorporated into a continuous improvement feedback loop. This ensures that the organization remains responsive to changing training and development needs.

In summary, the company employs a multifaceted approach, utilizing internal and external auditing, impact assessments, measurement systems, stakeholder feedback, grievance mechanisms, external performance ratings, and benchmarking to comprehensively track the effectiveness of its training and development initiatives.

Average hours of training per year per employee

404-1

PDP

Employee Category 2023	Number of Employees		Number of Training Hours	
	Male	Female	Male	Female
Senior Management	4	1	292	8
Middle Management	8	0	21	0
Technical	41	20	84.5	45.15
Administrative	67	29	47.56	20
Production	123	0	1.067	0
Others, specify:				
Total No. of Employees	243	50		
	Total Number of Training Hours		446.127	73.15

Employee Category 2022	Number of Employees		Number of Training Hours	
	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

In 2023, the average hours of training that employees have undertaken is 1.77 hours. In terms of gender, a male employee averages 1.84 training hours while a female employee's average is 1.46 hours. The decrease in the number of training hours in 2023 is mainly due to the 95% increase in the number of production people trained during the period but with less number of training hours.

Average training hours by gender and employee category

Period Covered	2023	2022
By Gender	Average Training Hours	
Female	1.46	14.82
Male	1.84	20.66
By Employee Category		
Senior	60	17.22
Middle Management	2.63	20.90
Technical	2.12	18.57
Administrative	0.70	16.18
Production	0.008	19.50

SSRLI

Employee Category 2023	Number of Employees		Number of Training Hours	
	Male	Female	Male	Female
Senior Management	9	1	174.96	8.00
Middle Management	21	18	471.03	462.78
Technical	60	2	973.2	32.00
Administrative	43	17	751.64	254.49
Production	222	113	5,716.50	2,588.83
Others, specify:				
Total No. of Employees	355	151		
	Total Number of Training Hours		8,087.73	3,346.10
	Average Number of Training Hours		22.78	22.16

Employee Category 2022	Number of Employees		Number of Training Hours	
	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

PDP offers a variety of internal training courses focusing primarily on safety and lean manufacturing processes. Additionally, training in areas such as business writing, sales, and marketing is provided based on the result of training need analysis. On the other hand, external training and education support is given for further education including MBA programs to further enhance employee skill sets. This demonstrates PDP's strong commitment to employee development. During the period, PDP did not offer sabbatical periods with a guaranteed return to employment to its employees.

PDP does not have Transition Assistance Program offered for pre-retirement planning to its retiring employees and no retraining program is available for employees intending to continue working post-retirement or after termination. Further, PDP has no job placement services provided for employees who are retiring or whose employment have been terminated nor does it provide assistance on counseling or training for transitioning to non-working life.

PDP has a structured retirement plan policy which includes provisions for early retirement, regular retirement, and late retirement. This policy takes into account factors like employee age and years of service, ensuring a fair and respectful approach to career endings.

PDP Plant Employee

SSRLI

SSRLI is committed to enhancing the skills and capabilities of its workforce through a comprehensive range of training programs. Internal training courses are regularly conducted, covering a diverse array of topics, from technical skills to leadership development. Additionally, the Resort provides financial support for employees seeking external training or education, empowering them to pursue advanced qualifications relevant to their roles. Sabbatical periods with guaranteed return to employment are offered to facilitate continuous learning and personal development.

As part of SSRLI's commitment to employee well-being, our organization provides robust transition assistance programs to support employees during significant career transitions, such as retirement or termination of employment. For those planning to retire, we offer pre-retirement planning services, equipping them with the necessary resources and guidance for a smooth transition. Employees intending to continue working receive retraining opportunities to align their skills with evolving industry demands.

In the event of employment termination, the Resort recognizes the importance of providing comprehensive support. This includes fair and considerate severance pay structures, taking into account factors such as employee age and years of service. The Resort's commitment extends to offering job placement services to facilitate a swift re-entry into the workforce. Additionally, the Resort provide assistance, including training and counseling, to support individuals in transitioning to a non-working life, ensuring a holistic approach to career endings.

By implementing these programs, SSRLI aims to not only upgrade employee skills but also to foster a supportive and inclusive environment that acknowledges and addresses the various stages of employees' professional journeys.

Percentage of employees receiving regular performance and career development reviews

404-3

PDP

Employee Category by level & function	2023				2022			
	Female		Male		Female		Male	
	Number	%	Number	%	Number	%	Number	%
Senior Management	1	0.34	4	1.36	1	0.35	4	1.39
Middle Management	0	0.00	9	3.06	1	0.35	8	2.79
Technical	20	6.80	41	13.94	19	6.62	41	14.29
Administrative	29	9.86	67	22.79	33	11.50	62	21.60
Production	0	0.00	123	41.84			118	41.11
Others, specify:								
Total	50	17%	244	83%	54	18.82%	233	81.18%

SSRLI

Employee Category by level & function	2023				2022			
	Female		Male		Female		Male	
	Number	%	Number	%	Number	%	Number	%
Senior Management	1	0.31	3	0.94	3	0.88	5	1.47
Middle Management	14	4.39	19	5.96	28	8.21	39	11.44
Technical	2	0.62	53	16.61	1	0.29	58	17.01
Administrative	9	2.82	16	5.02	8	2.35	22	6.45
Production	56	17.55	146	45.77	53	15.54	124	36.36
Others, specify:								
Total	82	25.7%	237	74.3%	93	27.27%	248	73.73%



Senior High School Learners' actual demonstration of their knowledge and skills acquired from classroom instructions at the School's Tech-Voc Laboratory Facility donated by ASF and its partners.

The First Ever to Implement a Tech-Voc Track
(Hospitality Service) for Public Senior High School in the MIMAROPA Region in 2016

A Partnership Between the Local Communities, Amanpulo and The Andres Soriano Foundation

Teaching minds, touching hearts, transforming lives are at the core of the ASF's advocacy, a mission that resonates with Amanpulo's commitment to uplifting the community. With this, education comes to the forefront to uplift and ensure sustainable community development initiatives in the assisted communities. Today, Barangay Manamoc in Cuyo, Palawan is home to the first-ever public senior high school in the region to implement a technical-vocational curriculum track on hospitality service focused on training and preparing students for a successful career in the hospitality industry. The ASF was instrumental in building the tech-voc laboratory facility for Culinary (Cookery and Bread and Pastry), Food and Beverage Service, Housekeeping, and Carpentry providing students with the proper venue for learning. Amanpulo takes great pride in playing a key role in making this possible by providing the necessary tools and equipment complementing the assistance provided by ASF.

Since the start of the curriculum implementation in 2016, Amanpulo has hosted over 200 senior high school students for their immersive on-the-job training program in the Resort. This was temporarily disrupted during the pandemic, and in May of 2023, Amanpulo re-opened its doors to a new batch of 41 students. This is one of the most important contribution of Amanpulo to Manamoc because this partnership has allowed the school and its students to reap the rewards of a technical-vocational education. This deep connection between Amanpulo and Manamoc resonates in the minds, hearts, and lives of the next generation of Manamoc, serving as a testament to their symbiotic relationship.

LOCAL COMMUNITIES 2016

413

Management of Material Topic

3-3

SSRLI

SSRLI 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 that would benefit current and future generations.

Potential negative impacts may take place in cases where the Resort ignores the pool of employees/ workers that are available from the surrounding communities; also, if it does not promote inclusive business where local supplies and products available are not patronized, effectively denying communities to improve livelihood incomes. In terms of potential negative impact on the environment, this may occur when the Resort indiscriminately disposes of its waste affecting the livelihood and health of its employees and nearby communities alike in violation of people's human right to live a healthy life. These actions may result to strained relationships and loss of trust. However, there is no actual negative impact that has been recorded as a result of the company's activities and business relationships.

The Resort's high awareness of the importance of engagement with the local communities has generated actual positive impacts on the lives of the people in the communities where it operates. It has created access and opportunities for these communities to improve their lives. Various corporate social responsibility (CSR) projects have been initiated to help improve people's quality of life ranging from providing jobs to the locals provided they are qualified which has resulted to having a sustainable manpower pool; students can access its on-the-job and work immersion programs; community members who are sick can get access to medical services from the Resort's medical clinic; local suppliers of products and supplies needed by the Resort enjoy patronage thereby improving their incomes and; other socio-cultural initiatives are implemented as well that benefit both the company and the surrounding communities.

The Resort has achieved its target to maintain a manpower ratio of 60% local hire and 40% external hire; it has substantially increased its spending for local/community supplies from 2% in 2022 to 15% in 2023; it opened its doors to senior high school students after 3 years of pandemic disruption, spending about P400,000 in accommodating 41 students in 10 days for their immersion program requirement.

In 2023, Amanpulo Spa launched a 15-day training program for community members interested in pursuing a career as Masseuse and six women were interested in learning the skills for body massage. All the trainees passed with flying colors. Amanpulo has committed to give the opportunity to work at the Spa during peak season of the Resort.

Operations with local community engagement, impact assessments, and development programs

413-1

SSRLI's local community engagement and/or development programs include:

- Sourcing local ingredients for Culinary
- Boutique items sourced from local products handcrafted by women
- Food supplies for Staff Cafeteria
- Local products needed for room amenities
- Recreation experiences such as local community tours
- Local hire for manpower

Local community development programs based on local communities' needs such as students' scholarships; distribution of school supplies to students in the public schools; residents' hotel skills training and holding speaking engagements with experts to the local community on relevant subject matters.

Operations with significant actual and potential negative impacts on local communities

413-2

The Resort has not identified any significant actual and potential negative impacts of operations on local communities.

Please see the 2022 SR for information on the subject.

CUSTOMER PRIVACY 2016

418

Management of Material Topic

3-3

ANSCOR

Please see the 2022 SR for information on the subject.

During the covered period, no data breach occurred and was reported by Anscor or its stock transfer agent.

PDP

PDP is committed to upholding and protecting the private information of its operations and stakeholders including employees and supply chain. It adheres to the Data Privacy Act of the Philippines and conducts regular Privacy Impact Assessments (PIA) ensuring compliance with regulatory standards. As a manufacturing company, it is critical to directly deal with its upstream supply chain where it sourced its materials for manufacturing, and its downstream supply chain involving getting its products to market (sellers) to the end consumer. With this process, countless information and data of over 600 individuals, organizations, and big companies under its supply chain are entrusted and in return, PDP has to ensure that these data are kept protected.

In an effort to safeguard these personal data, PDP is highly aware of and understands the potential risks of data breaches that may include unauthorized access to personal data, leading to privacy violations. While these risks may primarily be short-term, they will have long-term implications, particularly on stakeholders' trust and PDP's reputation. Though the impact may be mostly related to individual incidents (specific data breaches), PDP does not discount the existence of systemic risks in broader data handling practices. Along with this, is the economic implication when breaches occur in terms of cost of data management and breach mitigation and stakeholders' confidence (customers, employees, suppliers) mainly, within the Philippines.

On the other hand, having robust data privacy practices would enhance the trust and confidence of stakeholders leading to a sustained stakeholder relationship in the long-term. Compliance with the Data Privacy Act, conducting regular PIAs, and security audits by the company's IT, and employee training are some interventions being employed.

To date, PDP has not been involved with nor experienced any negative impacts through its activities or as a result of its business relationships. While there were no data breaches reported, policies on addressing grievances as part of the remediation process are in place including continuous review of processes involving personal information and updates in policies based on best practices, setting up response teams and protocols for potential breaches. These actions towards maintaining data privacy have been effective, as evidenced by the absence of data breaches or privacy violations.

The main goal of protecting the privacy of data involving personal information under HR and Marketing has been satisfactory. The organization has consistently adhered to its set targets, with no deviations or lapses reported. This steady progress is a clear indication of the effectiveness of the actions taken in regard to data privacy. Despite the absence of significant data privacy issues, the organization has learned the importance of continuous vigilance in data protection and continuous review and enhancement of data privacy policies to align with emerging challenges and changes in regulatory standards. These proactive measures ensure that the organization remains ahead in its data privacy practices, reinforcing its commitment to safeguarding stakeholder data.

Stakeholder engagement in the organization's data privacy practices has been limited, as there have been no specific concerns or feedback reported by stakeholders such as customers, employees, and suppliers. This lack of feedback, in itself, indicates a general satisfaction with the current data privacy measures. However, the organization remains open to stakeholders' input, which would be crucial in shaping responses to any future data privacy challenges.

SSRLI

Please see the 2022 SR for information on the subject.

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 complaints on data breach or data theft in accordance with the Data Privacy Act of 2012 (RA No. 10173)

CORPORATE SOCIAL RESPONSIBILITY

THE ANDRES SORIANO FOUNDATION, INC.

The post-pandemic implementation of ASF's development programs and services in 2023 becomes more significant as these initiatives correspond to the identified socio-economic needs and issues that the assisted communities are confronted with. Unlike the past three years during the pandemic when the implementation of mandated and regular projects and activities are done few and far between due to mobility restrictions, this year however, ASF staff are all hyped up about going full-time to project sites.

Through sustained partnerships with current and new partners and donors, ASF is able to implement its programs and projects while initial engagement with potential partners for future projects has commenced. During the period in review, ASF was able to mobilize over P21.71 million used to support its regular programs compared to last year's P21.1 million where 10% of which consisted of COVID-19 Vaccine donations.

Small Islands Sustainable Development Program

ASF's core programs continued to be implemented in the 4th and 5th-class municipalities of Northeast Palawan.

Health

After three (3) years of inactivity due to disruption caused by the COVID-19 pandemic, the 14th Annual Health Caravan/Medical Mission which provided access to free medical services such as basic laboratory tests, dental services, ECG, General and Prenatal Ultrasound and OB-GYN services, was conducted from May 31 to June 02, 2023, participated

Under ASF's health and nutrition initiative, it launched its "First 1000 Days of the Baby" project in partnership with local health authorities. The project ensures that pregnant mothers can access free basic maternal health services such as monthly pre-natal, vaccines, vitamins, milk, and iodized salt. ASF continues to conduct Information and Education Campaigns to couples on the right nutrition and care during the first 1000-day window or until the child reaches 2 years old.

ASF has a pool of over a hundred weavers across eight island and coastal communities with varied weaving skills producing diverse hand-crafted products. Amanpulo Resort is the primary market of these hand-crafted products especially, beach hats for women, men, and children.

by 26 medical doctors with a total of 2,310 medical services rendered to 1,630 patients in the islands of Manamoc, Algeciras and Concepcion. Free medicines courtesy of DOH Region 4-B was also provided.

Further, ASF sustained its implementation of the Supplemental Feeding for children from two to seven years old and, the First 1000 Days of a Baby. Both projects were complemented by small-scale backyard vegetable farming. During the year, two feeding cycles were implemented, and as a result, from a total of 438 children assisted, 57% regained normal weight while continued nutrition support is provided to children who are still in the underweight category until they reach the ideal weight.

In a deliberate effort to sustain the well-being of both pregnant mother and the baby, ASF continues to conduct Information and Education Campaigns to couples on the right nutrition and care during the first 1000-day window or until the child reaches 2 years old. Ensuring the birth of well-nourished and healthy babies, pregnant mothers are provided with regular supplies of milk, vitamins, and iodized salt. With the addition of eight (8) this year, a total of 96 pregnant mothers have been assisted.

Safeguarding delivery at the birthing clinic is crucial, therefore, three (3) midwives were provided with cellphone units installed with a Safe Delivery App to guide them during the pregnant mother's labor and delivery. More midwives assigned in geographically isolated island barangays will be provided with gadgets in the coming year.

As ASF continues its role in sustaining communities' health security alongside local health authorities, with the conduct of active case-finding activities of TB cases and by the end of the year, 39 were medically cleared and the rest continued to be treated.

One hundred sixty families in Manamoc continue to access potable water from the community's water system installed by ASF. Another 50 to 60 families also access potable water in mainland Agutaya from the water system constructed by ASF in prior years.

Two children with cleft lip and palate disorders completed surgeries facilitated by ASF with support from a donor from France, restoring their confidence to interact with peers and which would hopefully lead them to have better opportunities in the future.

Education

ASF continues to provide scholarship assistance through its Education program. With funding support from chosen donors and in partnership with DualTech, a total of 10 Tech-Voc scholars are currently enrolled

One of ASF's health projects is the distribution of one-year supply of dental and hygiene kits to over 500 school children in Manamoc Elementary Schools as a way to combat malnutrition among children.

The War on Plastic project is successfully gaining traction in engaging the communities to reduce the use of single-use plastic and segregate it. Once segregated, the plastic is cook with used cooking oil through the extrusion process using a densifier machine. The resulting products are hardened tiles that can be used in schools and community's playgrounds.

in the program with some scholars already undergoing on-the-job training in their chosen field.

Also, ASF supports academic scholars enrolled in college with one who has just graduated with a degree in BSBA majoring in Human Resource Management while two other scholars are in their first year. With the newly forged partnership with TORM Philippines Education Foundation, Inc. (CSR arm of TORM Shipping company based in Denmark with Philippine Office) after signing the Memorandum of Agreement, support to at least six college scholars from the island communities assisted by ASF is assured to start for the school year 2024 – 2025.

ASF has continued its commitment to providing basic school supplies and bags to 563 Daycare and Kinder learners across three island communities. ASF's "Adopt-a-School" project supports the Senior High program of Manamoc National High School through assistance in the maintenance of their laboratory facility. The school forged its partnership anew with Amanpulo to resume the annual 10-day immersion program for senior high school students for the next five years.

ASF has continued its assistance for the enhancement of the Senior High School program of its supported island community in Manamoc. Through the provision of maintenance for the laboratory facility, ASF 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-building of the school's personnel.

Livelihood

ASF's Social Enterprise program continues to make great headway for the communities' level of food and income security through sustained handicraft production, improved product quality, and, sustained operation of its assisted Marketing Cooperative. To date, ASF has a pool of over a hundred weavers across eight communities with varied weaving skills producing diverse hand-crafted products. Native knowledge and skills in handicraft weaving are complemented by ASF with various product development training and capacity-building workshops.

Recognizing the management capability of ASF, the DTI has committed to providing five additional machines for other hand-crafted products to ASF scheduled for release by the first quarter of 2024.

To increase the availability of food supply leading to food security, ASF organized the farmers of Manamoc to consolidate the marketing of various vegetable produce including pork and other locally sourced supplies through the Manamoc Marketing Cooperative.

Environment
In 2023, ASF expanded its Coastal Resource Management program to two additional island barangays and gained support from barangay officials in securing budget allocation for the stipend of the local "Bantay Dagat" groups. Continuous monitoring of ASF-initiated 11 marine-protected areas in collaboration with local authorities, ASF has been at the forefront of sustainable and eco-friendly development. With the active participation of the schools, LGUs, and community residents, more than 4,150 propagules were planted for Mangrove conservation, with these efforts, a new mangrove nursery was established.

On solid waste management, with regular information and education campaigns, the War on Plastic project is successfully gaining traction in engaging the communities which has resulted in waste segregation and reduction.

Cancer Care Program

Aimed at increasing the number of oncology doctors serving indigent cancer patients in far-flung communities, seven medical Oncology fellows in the UP-PGH Oncology Department are supported through a fellowship program in partnership with five pharmaceutical companies.

Funded by ASF, the provision of chemotherapy maintenance medicines to 54 indigent breast cancer patients is sustained in partnership with the UP-PGH Cancer Institute. For the year 2024, the Foundation's goal is to increase the number of assisted indigent patients to 200.

GRI CONTENT INDEX

102-55

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 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 USED

GRI 1: Foundation 2021

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General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational Details	Page 1, & 3
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	2-3 Reporting period, frequency and contact point	Page 1, & 4, and Inside Back Cover
	2-4 Restatements of Information	Page 4
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	2-6 Activities, value chain and other business relationships	Page 4
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	2-8 Workers who are not employees	Page 13
	2-9 Governance structure and composition	Page 13
	2-10 Nomination and selection of the highest governance body	Page 15; Refer to 2022 SR for details.
	2-11 Chair of the highest governance body	Page 15; Refer to 2022 SR for details. The 2022 SR of the Company may be dowloaded at this link https://www.anscor.com.ph/corporate-governance/sustainabilityreports
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 15
	2-13 Delegation of responsibility for managing impacts	Page 15
	2-14 Role of the highest governance body in sustainability reporting	Page 15
	2-15 Conflicts of interest	Page 15; Refer to the Policy posted in the Company's website at this link: https://www.anscor.com.ph/corporate-governance/
	2-16 Communication of critical concerns	Page 16
	2-17 Collective knowledge of the highest governance body	Page 16
	2-18 Evaluation of the performance of the highest governance body	Page 16
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	2-21 Annual total compensation ration	Page 16 Confidential Data
	2-22 Statement on sustainable development strategy	Page 16; Refer to 2022 SR for further information on Sustainable Development Strategy.
	2-23 Policy commitments	Page 17, Refer to Company's website: https://www.anscor.com.ph/corporate-governance/companys-policies/; Refer to 2022 SR for details on Policy Commitments.

GRI STANDARD	DISCLOSURE	LOCATION
	2-24 Embedding policy commitments	Page 18
	2-25 Processes to remediate negative impacts	Page 19; Refer to 2022 SR for information on Anscor's & ASF's processes on the subject.
	2-26 Mechanisms for seeking advice and raising concerns	Page 19; Refer to 2022 SR for information on Anscor's & ASF's processes on the subject.
	2-27 Compliance with laws and regulations	Page 20
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MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 23
	3-2 List of material topics	Page 23
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GRI 3: Material Topics 2021	GRI 3-3 Management of Material Topics	Page 25; Refer to 2022 SR for information on the management of the material topic.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 25
	201-2 Financial implications and other risks and opportunities due to climate change	Page 26; Refer to 2022 SR for information.
	201-3 Defined benefit plan obligations and other retirement plans	Page 26; Please see the 2022 SR for information on the subject.
	201-4 Financial assistance received from the government	Page 26
GRI 204: Procurement Practices 2016		
GRI 3: Material Topics 2021	GRI 3-3 Management of Material Topics	Page 26
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 27
GRI 303: Water ad Effluents 2018		
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